



PAPUA NEW GUINEA TAXATION REVIEW (2013 – 2015)

UPDATE No. 2 as at 31 JULY 2014

This is the second update of the work of the Taxation Review Committee. The update is in two parts. Part. 1 is in respect of *Stakeholder Engagement*, and Part.2 covers *Research and Policy Development*.

Part I. STAKEHOLDER ENGAGEMENT

(a) Background

As reported in Update No.1, the Tax Review Committee as part of its modus operandi is maintaining a program of inclusive and participatory stakeholder consultations. This consultative engagement is making it possible for the Committee to interface directly with a broad spectrum of stakeholders who to date, have made constructive contributions to the design of tax reforms.

Throughout all stages of the consultation processes, the Tax Review Committee and the Secretariat have remained engaged with stakeholders. Already the Committee and the Secretariat have met with a number of Government agencies, business associations, economic sector-specific groups, workers union, tax practitioners, industry groups, individuals and civil society.

The Review Committee would like to encourage you to continue to voice your concerns, offer constructive comments, and share your experiences for this important tax reform project.

As at 31 July 2014 the methods of information sourcing has been as follows:-

Method 1.	'Blue Sky Consultation. In December 2013, the Committee (through newspaper advertisement and social media) invited all interested parties to provide comments, constructive critique and ideas on the broad directions for the tax reform and key priority areas. This "blue sky consultation" closed on 15 May 2014. A total of 45 submissions on a broad range of direct and indirect tax as well as economic papers and submissions were received. All submissions from the "Blue Sky Consultation" were logged, analysed and categorized by the
-----------	--

technical team and, in addition to independent research work undertaken by the Committee, will form part of the repository of information and data for consideration and deliberation by the Tax Review Committee.

Method 2. Consultation/Dialogue by Issues Papers. This involves a series of Issues Papers on specific taxation areas and issues in accordance with the broad range of Terms of Reference of the Tax Review. The purpose and objective of the Issues Papers are to crystalize and integrate key reform options including addressing technical anomalies. Public release of the Issues Papers is structured to inform, generate debate, objective critiquing and more targeted discussions including about the practical implications of specific reforms propagated in the papers. Two (2) issues papers have been released while others will be released in due course. The first Issue Paper on extractive industries (mining, petroleum and gas) elicited six (6) formal responses (one from the Chamber of Mines and Petroleum and five from industry players).

Method 3. Tax Reform Symposium. The Review Committee in conjunction with the National Research Institute (NRI) co-sponsored a 2-day “PNG Taxation Research and Review Symposium” in May (29-30 May, 2014) in Port Moresby. The NRI made invaluable contribution to this joint initiative as a policy “Think Tank” by commissioning a number of high level international and local experts to analyse the various areas of taxation in PNG. The symposium generated considerable intellectual discourse on options of tax reforms. It also brought about some degree of international dimension by expanding the scope and range of tax reform options. The presentations and ensuing discussions have added value to the review process. A total of fourteen (14) research papers were presented on direct and indirect tax which were recorded together with all panel and rapporteur discussions.

The Tax Review Committee would like to acknowledge and thank NRI Board and its Director of NRI, Dr Thomas Webster and his team for their efforts and support for the tax review.

Method 4. Regional Visits. The Tax Review Committee and its technical team have visited Lae, Kokopo, and Madang and together with Port Moresby-based stakeholders (as groups or individuals) to source input and information for the Review. There was also a special visit to Bougainville to commence dialogue with the Autonomous Bougainville Government. The Committee plans to visit Goroka in the coming months.

In using an open public forum format and one-on-one group and individual discussions with stakeholders from the Chambers of Commerce, provincial governments, businesses, IRC and Customs regional managers, senior officers etc. the Committee can better understand and appreciate the dynamics and challenges facing local economies including individual businesses and civil society. In most cases, this type of interface allows participants to become more aware about PNG’s broad range of direct and indirect tax matters. The Review Committee is grateful for the responses especially in instances where there has been short advance notices. The consultations have resulted in over 500 stakeholders learning more about PNG’s tax system, the current review exercise and likely reforms. The Committee regrets that time and resource constraints have prevented it from visiting more and other provinces.

of the views from over forty one (41) different one-on-one consultations and

numerous comments and contributions from the three (3) open public forums in Lae, Kokopo and Madang were received, logged, analysed and categorized by the technical team. This along with information and input from independent research undertaken by the Committee will form part of the repository of information and data for consideration and deliberation by the Review Committee.

Method 5. **Radio Talk Back Shows.** The Review Committee also used FM100 with Roger Hau'ofa to discuss the Review. This exercise eventually included coverage of a wider range of tax reform issues and challenges which generated quite robust discussions and debate. Recordings from this talk-back have been analysed and summarised. A similar talk back radio show was done on Radio RENB in Kokopo, East New Britain.

Method 6. **Social Media and Dedicated Tax Review Website.** The Review Committee recognises the impact of social media in PNG. It has a dedicated Facebook page and Open Group with over 1,200 followers. The technical team monitors this blog daily to see what stakeholders are sharing about tax matters in PNG. The Review Committee also hosts a website (www.taxreview.gov.pg). This website has a repository of information and reports of the work of tax review. This medium is also providing a useful forum to generate informed discussions and dialogue about the tax review.

Consultation on Draft Final Report. All of the foregoing will culminate in dedicated deliberations by the Review Committee and with other supplemental research material enable the preparation of a Draft Final Report. The Draft Final Report will further consider all of the facts and issues at hand as well as the qualitative integrity of any reform measures the Committee would recommend to the Government on PNG's taxation and non-tax revenue system.

Any enquiries on Tax Review should be directed to the Head of Secretariat, PNG Tax Review Secretariat via this email address: info@taxreview.gov.pg or by telephone (325 5977). Alternatively, you can visit the Tax Review website (www.taxreview.gov.pg) for further information.

Sir. Nagora Bogan, KBE
Chairman
Tax Review Committee