



# B.C. ENTERPRISES LIMITED

---

**PORT MORESBY**

Scratchley Road, Badili  
Port Moresby, National Capital District  
P.O. Box 209, Konedobu, N.C.D  
Tel: 321 1197 / 321 0553 / 343 6545  
Fax: 321 1157  
Email: bce@bcepng.com

**RABAUL**

Portion 1337, William Road, Talina  
Kokopo, East New Britain Province  
Tel: 982 9519  
Fax: 982 9521

*All correspondence to: P.O. Box 209, Konedobu, National Capital District, Papua New Guinea*

---

28<sup>th</sup> August 2014

Our Ref: **8947**/WWJ:jwa

Head of Secretariat  
Tax Review Secretariat  
C/- Department of Treasury  
PO Box 542,  
**WAIGANI**  
National Capital District

By email: [papers@taxreview.gov.pg](mailto:papers@taxreview.gov.pg)

Dear Sir/Madam,

## **B.C. ENTERPRISES LTD – SUBMISSION TO THE TAX REVIEW COMMITTEE**

We have perused the prior submissions and believe there is a common theme throughout requesting simplification and streamlining of the current Act. In line with this we would propose that the committee attempt to find an easier method of collecting the desired tax revenue and minimise the involvement of the current IRC administration.

A suggestion is to look at taxing all overseas remittances through the banks and foreign exchange dealers. If this generates sufficient revenue at a reasonable tax percentage, all of the current tax regimes could be abolished. If not, some regimes may need to be kept but would surely be at a reduced rate.

If the existing regimes are to be maintained we would suggest that the following be considered:-

1. GST to be calculated on a cash basis only. This would prevent taxpayers from being able to obtain refunds without proof of payment.
2. Training levy – The wages threshold to be raised to K500,000 (currently K200,000) and the function of collection and monitoring be handed over to the National Training Council.

3. The current salary and wages tax free threshold be raised to either K130,000 or K260,000 and the tax rate be constant above this level. If company tax is to be maintained at 30%, maybe the maximum wage tax should be the same.
4. Abolish Provisional Tax as it is an unfair burden on businesses.
5. Abolish the Paying Authority Tax regime and Certificates of Compliance. The system is time consuming and unwieldy. Clients that have withholding tax deducted cannot obtain refunds from the IRC and it usually takes many months for Certificates of Compliance to be issued.
6. Force IRC to raise income tax assessments within 60 days of lodgement of returns. This will speed up the collection of income tax.
7. Force IRC to issue refunds within 30 days of assessment, or pay penalty interest at the equivalent rate to penalty interest imposed by the IRC. Make it 20% if this is maintained as the penalty rate imposed by IRC. This will level the playing field for IRC and taxpayers.
8. Remove flat penalties for late lodgement/payment, unless the taxpayer is determined to be a problem. This should be monitored by senior staff only.
9. Hold tax agent liaison meetings on a regular basis (say quarterly) to overcome areas of concern from both sides and improve communications between the IRC and tax agents.
10. Set a deadline for the IRC to finalise outstanding issues regarding assessments and objections etc. If they are not resolved by the deadline, the IRC to write them off.
11. Establish a tax agent liaison officer at IRC with the ability to correct obvious errors without referrals back to the originating division. Many errors are blatant and require minimal time to make the corrections.
12. Review the due dates for lodgement and payments for tax agents as the current timeframes are not user friendly.
13. Establish an on-line portal service similar to the Australian Tax Office system. This would enable tax agents to enquire on and view the tax accounts of their clients.

If you would like to discuss any of these proposals in further detail, please do not hesitate to contact the undersigned.

Yours sincerely,  
**B.C. ENTERPRISES LTD.**



**WILLIAM W. JACKSON**  
Director.