

Workshop on Tax Amendments

10 March 2026



Overview of Tax Amendments

1

The Income Tax Act 2025 replaces the Income Tax Act 1959. The legislation was significantly reduced in size and complexity

2

Put in place necessary processes, controls, and financial recording to capture new requirements
Some contracts may need to be renegotiated

3

Understand what is changing and how it affects your business
This includes Regulations and Tax Administration Act

4

The devil is in the detail
Know enough to understand what you need to know more of

5

Interpretations will vary and evolve
Test outcomes early and form a position

Implications for Business- Salary and Wages Taxes

- Salary Packaging Policy approval
- Benefits and its tax implications
 - Motor Vehicle
 - Medical Insurance
 - Discounted loan interest
 - Discounted goods and services
 - Debt Waiver
- Exempt Income
 - Benefit on an infrequent or irregular basis – value cannot exceed prescribed value (PGK 250)
 - Medical Insurance
 - Meals

Implications for Business-- Withholding Taxes

- Technical Fees
 - Recharges are now considered technical fees.
- Foreign Contractor Withholding Tax
 - Have you considered the transition provisions
 - Permanent Establishment (Transfer pricing, Thin Cap, WHT, Substantiation)
- Royalty Withholding Tax
 - Have you spoken to all your software suppliers
 - Lease of equipment
 - DTA outcomes remain
- Local Withholding Tax
 - COC vs Nil Withholding Tax Authority

Implications for Business-- Corporate Income Tax

- Depreciation
 - Straight-line vs Pooling
 - Intangible Assets
 - Low value assets
- Foreign Exchange Loss
 - To be substantiated
- Finance Lease
- Other important changes
 - Payments subject to withholding taxes (no payment no deduction)
 - Charitable donations – restrictions
 - Tax losses – losses transferred between groups

Compliance requirements and timelines

- Salary and Wages Tax changes – 01 Jan 2026
- Withholding Taxes – 01 Jan 2026
- Corporate income tax – first return under the new Act – 2026 – Lodged in 2027
- FCWT – transitional rules introduced
- Long term contracts and finance lease
- No other major changes in terms of timelines for lodgements
- Tax Administration Act , Regulations and IRC Guidelines

Thank you

