PNG Income Tax Reform

巴新所得税改革

Income Tax Act 1959 vs Income Tax Act 2025

Key changes, business implications and action points

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Scope: the certified 2025 base Act compared with selected legacy provisions. Later amendments and regulations are not fully consolidated. For technical review before website publication.

The 2025 Act changes the framework and selected tax outcomes

新法重构框架，并改变部分税务处理

The base Act commenced on 1 January 2026. It applies to tax years beginning on or after that date.

Priority reviews: tax losses, depreciation, overseas payments, employee benefits and resource transactions.

Existing contracts, resource projects and fiscal stability arrangements can have different transitional outcomes.

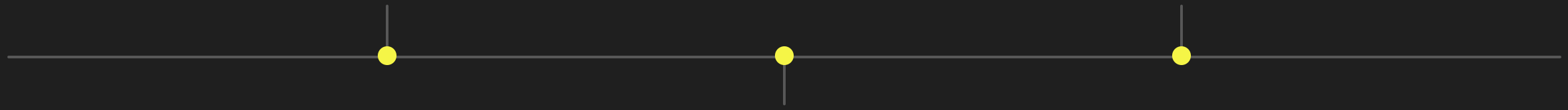
Source: ITA 2025 ss 163–165, especially s 164(8), (12), (16). https://www.treasury.gov.pg/wp-content/uploads/2025/10/Certified-Income-Tax-Act-2025.pdf

A new Act does not erase prior-year obligations

旧年度仍须按适用旧法处理

Timeline: pre-2026 tax years remain under repealed legislation, subject to applicable rules.

Tax years beginning on or after that date fall within the new Act.



1 January 2026 is the base Act commencement date.

A company’ s existing tax year continues unless IRC decides otherwise in writing.

Annual returns for 2026 are not due until 2027, but withholding taxes, reorganisations and transactions apply from January 2026.

Management action: map each entity’ s tax year, contracts and project arrangements before changing computations.

Source: ss 164(2), (8), (9), (12), (16), 165. https://www.treasury.gov.pg/wp-content/uploads/2025/10/Certified-Income-Tax-Act-2025.pdf

The legislation consolidates previously separate rules

法律结构更加集中

OLD: the 1959 principal Act operated alongside separate income tax rates, salary and wages rates, withholding rates and international agreements legislation.

NEW: s 163 repeals the five listed Acts, subject to savings. Schedule 1 contains rates, Schedule 4 depreciation classes, and s 75/Schedule 5 address treaties.

DETAIL: exempt income is codified in one schedule; other legislation granting exemptions or reduced rates not reflected here is ineffective. Dividends between resident companies become exempt income (no dividend withholding); liquidator profit distributions are dividends. 95% group rollover relief applies by election of both companies, and group loss transfers are available; reorganisation transfers need Commissioner General prior approval.

BUSINESS IMPACT: update tax manuals and statutory references. Separate renumbering from a substantive change in treatment.

Source: ITA 2025 s 163, s 75 and Schedules 1, 4, 5. https://www.treasury.gov.pg/wp-content/uploads/2025/10/Certified-Income-Tax-Act-2025.pdf

Ordinary tax losses face a shorter carry-forward period

一般税务亏损结转期限缩短

OLD: s 101(3) in the legacy statutory text provides a general 20-year look-back, subject to exceptions.

NEW: s 35(4) limits net losses to seven tax years after the year incurred. Business and property losses are calculated separately. Earliest losses are deducted first.

ACTION: rebuild the loss register by year and income category. Review company loss limitations under s 65 and deferred tax recoverability.

Do not assume all pre-2026 losses expire immediately or automatically receive seven fresh years. Confirm the applicable transition and any subsequent clarification.

Sources: old s 101 https://s3.amazonaws.com/rgi-documents/1b18a56ade019837cda3be7581e7785e1b7e8025.pdf; new ss 35, 65 https://www.treasury.gov.pg/wp-content/uploads/2025/10/Certified-Income-Tax-Act-2025.pdf

Legacy copy is historical and is not a complete consolidation through 2025.

Depreciation requires a new asset mapping exercise

折旧须重新梳理资产分类

OLD: depreciation sat in the legacy deductions framework, including s 73 and following provisions.

NEW: five asset classes. Straight-line treatment is the default. An irrevocable pooling election can apply to Classes 1–3. Classes 4–5 remain on an individual straight-line basis.

TRANSITION: existing depreciated assets require the specific s 164(6) treatment. Resource-project exceptions matter.

ACTION: reconcile tax written-down values, classify each asset and document elections before adjusting the model.

DETAIL: depreciable assets below K1,000 may be deducted immediately. Classes 1–3 pool under diminishing value, elected for all assets or none. Class 4 structural improvements and Class 5 business intangibles (patents, copyright, technical information, brand name, customer lists) are straight-line only, generally over ten years. Old law: individual assets, no pooling, diminishing value default, plant only. Certain accelerated allowances are removed; incentives remain: manufacturing additional 20%, solar heating plant 100%, environmental protection 100%, primary production capex 100%.

Sources: legacy s 73 https://s3.amazonaws.com/rgi-documents/1b18a56ade019837cda3be7581e7785e1b7e8025.pdf; new ss 36–40, 164(4)–(6), Schedule 4 https://www.treasury.gov.pg/wp-content/uploads/2025/10/Certified-Income-Tax-Act-2025.pdf

Overseas payments need classification under the new regime

跨境付款须重新分类

OLD: separate withholding provisions covered dividends, interest, royalties and other payments.

NEW: s 14 creates the non-resident tax framework for specified PNG-source income. Check whether income is attributable to a PNG permanent establishment and whether a treaty changes the result.

Base Act domestic rates: interest and technical fees 15%. Royalties to associates 30%, other royalties 10%. Standard dividends and repatriated PE profits 15%, with specified exceptions.

ACTION: review contracts, invoices, gross-up clauses, recipient residency and treaty eligibility before payment.

DETAIL: PE-based non-residents are taxed at 30% on net PE income, replacing the 15% gross contractor withholding. Non-resident tax covers dividends, interest, royalties, annuities, insurance premiums, natural resource amounts and technical fees (broadly defined, 15%). PE triggers: fixed place of business; consulting over 183 days in 12 months; equipment or construction/assembly/installation over 90 days in 12 months (associates included); agent who regularly negotiates or signs contracts or keeps stock; treaty PE.

Sources: ITA 2025 ss 14, 71–75, 152 and Schedule 1 Part I cl 9. https://www.treasury.gov.pg/wp-content/uploads/2025/10/Certified-Income-Tax-Act-2025.pdf

Transfer pricing has explicit documentation provisions

转让定价文件要求更加明确

OLD: the 1959 Act already contained transfer pricing provisions in Division III.15. Related-party pricing was already a tax issue.

NEW: s 73 addresses cross-border transactions between associates and permits IRC adjustments. Section 74 provides for regulations on local files, master files and country-by-country reporting for specified persons.

ACTION: inventory intercompany transactions, explain commercial substance and retain pricing evidence.

The Act alone does not establish that every taxpayer must file every report. Check operative regulations and thresholds.

Sources: legacy Division III.15 https://s3.amazonaws.com/rgi-documents/1b18a56ade019837cda3be7581e7785e1b7e8025.pdf; ITA 2025 ss 73–74 https://www.treasury.gov.pg/wp-content/uploads/2025/10/Certified-Income-Tax-Act-2025.pdf

Financing needs both tax and balance-sheet analysis

融资安排须结合税务与资产负债结构

OLD: the legacy regime included interest deduction restrictions. The 2012 amendment introduced s 68AF.

NEW: s 77 contains thin-capitalisation rules. For an in-scope foreign-controlled resident company other than a financial institution, a ratio above 2:1 can disallow a portion of interest. Relevant treaty conditions and PE rules need separate analysis.

ACTION: calculate monthly average debt and equity using statutory definitions, then test exceptions. An EBITDA limit should not be substituted for the base Act’ s debt/equity test.

Sources: 2012 amendment https://www.parliament.gov.pg/uploads/acts/12A_17.pdf; new s 77 https://www.treasury.gov.pg/wp-content/uploads/2025/10/Certified-Income-Tax-Act-2025.pdf

Capital gains tax targets defined resource-linked assets

资本利得税针对法定资源相关资产

OLD: trading and profit-making gains could already be income. The 2025 Act adds a dedicated capital gains framework.

NEW: taxable assets include resource rights, related information, relevant options, and interests deriving more than 50% of value from specified resource-linked assets. The value threshold can be met during the 365 days before disposal.

Base Act CGT rate: 15%. A non-resident disposal may also trigger purchaser withholding. The two taxes should not be confused.

DETAIL: CGT is transaction-based. The seller files a CGT return aligned with Stamp Duty, payable on filing. The opening cost base is 1 January 2026 market value or historic cost at the taxpayer’ s election, with no indexation. Capital losses carry forward indefinitely against later taxable-asset gains. A change of 10% or more in beneficial ownership of a resource-right licensee requires licensee notification, and the licensee acts as agent.

ACTION: identify asset scope and ownership chains before signing. Ordinary property and all share sales should not automatically be described as subject to this CGT.

Sources: old s 47 https://s3.amazonaws.com/rgi-documents/1b18a56ade019837cda3be7581e7785e1b7e8025.pdf; new ss 16, 81–84, 152 and Schedule 1 Part I cls 18, 21 https://www.treasury.gov.pg/wp-content/uploads/2025/10/Certified-Income-Tax-Act-2025.pdf

Opening valuations can affect future taxable gains

期初估值可能影响后续应税资本利得

For a taxable asset held before commencement, s 164(10) generally uses fair market value at commencement unless the taxpayer elects a substantiated statutory cost basis. The election deadline is linked to the relevant CGT return.

Illustration only: disposal consideration K10m less qualifying opening value K8m gives a K2m gain. At 15%, illustrative CGT is K300,000 before costs, losses, exemptions or treaty effects.

ACTION: retain evidence for 1 January 2026 valuations and transaction costs. Check s 82 company loss conditions before using capital losses.

Sources: ITA 2025 ss 81–82, 88, 164(10)–(11), Schedule 1 cl 21. https://www.treasury.gov.pg/wp-content/uploads/2025/10/Certified-Income-Tax-Act-2025.pdf

Payroll reviews must look beyond headline rates

薪酬复核须覆盖福利估值

OLD: salary and wages rules and prescribed benefits were spread across the legacy Act and subsidiary legislation.

NEW: ss 19–22 and 78 provide the employment income and non-cash benefit framework. Benefit valuation and salary packaging require a separate review.

DETAIL: rates and thresholds are unchanged from the old Act. The dependent credit is renamed the personal tax credit. An assessment can be raised on an individual for a withholding shortfall. Benefits fall into six classes plus a residual class; motor vehicle benefits are valued on acquisition cost. Prescribed benefits above 40% are taxed in full (the 60/40 rule is now in the Act). Draft regulations (not final) may require case-by-case approval of salary packaging.

Resident annual income bands in the certified base Act: up to K20,000 0%; K20,000–33,000 30%; K33,000–70,000 35%; K70,000–250,000 40%; above K250,000 42%. Rates apply marginally.

ACTION: reconcile taxable benefits and payroll settings against operative regulations and current IRC guidance. A rate table alone does not determine take-home pay.

Sources: ITA 2025 ss 19–22, 78 and Schedule 1 Part I cl 1. https://www.treasury.gov.pg/wp-content/uploads/2025/10/Certified-Income-Tax-Act-2025.pdf

Resource projects require a separate transition assessment

资源项目须单独评估过渡安排

OLD: specialised resource rules operated under Division III.10 and project-specific arrangements.

NEW: ss 100–114 address extractive industries, including ring-fencing, resource transfers and expenditure.

SAVINGS: s 164(12) continues the legacy Division III.10 for a resource project commenced before the new Act. Section 164(16) protects qualifying pre-commencement fiscal stability arrangements on its terms.

DETAIL: exploration expenditure pooling and some specialised provisions are not in the new Act. Fiscal stabilisation agreements are recognised.

ACTION: identify project commencement, agreements and applicable savings before applying general new-law assumptions.

Source: ITA 2025 ss 100–114, 164(12), (16). https://www.treasury.gov.pg/wp-content/uploads/2025/10/Certified-Income-Tax-Act-2025.pdf

The 2026 amendment document remains a separate watch item

2026年修订文件须单独跟踪

Treasury’ s supplementary-budget page links an Income Tax (Amendment) Bill 2026. The inspected document says Draft of 06/07/2026, proposes replacement of s 128 and a new s 128A, and focuses on infrastructure tax credits and a development board.

Status in this review: certification and commencement have not been verified. Its proposed measures are excluded from the confirmed base-law comparisons.

ACTION: obtain the certified amendment and commencement evidence before updating client calculations or publishing definitive current-law guidance.

Source: draft Bill, clauses 1–2 https://www.treasury.gov.pg/wp-content/uploads/2026/09/NCOME-TAX-AMMENDMENTBILL-2026.pdf

A focused implementation plan supports a reliable transition

企业实施计划

Finance: reconcile tax losses, asset values and deferred tax balances.

Treasury and procurement: review offshore payments, financing and withholding clauses.

HR and payroll: test benefit valuations and applicable employee rules.

Legal and tax: map contracts, projects, treaties and savings provisions.

Also review fixed assets, employment arrangements, cross-border contracts and the operating model for non-resident entities. Complementary legislation (Tax Administration Act, Income Tax Regulations) and further amendments may follow.

Before website publication: complete the latest-amendment and regulation check, review the final comparison and approve the issue date.

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Actions are WABC practical analysis, not additional statutory obligations.

Source register and review boundaries

资料来源及复核边界

1. Certified Income Tax Act 2025, No. 11 of 2025. Treasury official copy. Main statutory basis. https://www.treasury.gov.pg/wp-content/uploads/2025/10/Certified-Income-Tax-Act-2025.pdf
2. Income Tax Act 1959, historical statutory text preserved in NRGI’ s source library. Useful for selected legacy provisions, not a complete consolidation at 31 December 2025. https://s3.amazonaws.com/rgi-documents/1b18a56ade019837cda3be7581e7785e1b7e8025.pdf
3. Income Tax (2013 Budget) (Amendment) Act 2012, Parliament. https://www.parliament.gov.pg/uploads/acts/12A_17.pdf
4. Treasury Income Tax (Amendment) Bill 2026. Inspected draft, not treated as enacted. https://www.treasury.gov.pg/wp-content/uploads/2026/09/NCOME-TAX-AMMENDMENTBILL-2026.pdf

Research date: 18 October 2026. This is a selected comparison for technical review. Later amendments, final regulations and IRC guidance need a final consolidation check before external publication. General information, not advice for a specific taxpayer.