A Guide to the Taxation Incentives for Business & Investment in Papua New Guinea

PNG Internal Revenue Commission

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PNG Internal Revenue Commission
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TAXATION INCENTIVES FOR BUSINESS & INVESTMENT IN PAPUA NEW GUINEA

Summary	Industry	Conditions	Legislative Reference
TAXATION INCENTIVES			
GENERAL INCOME TAX INCENTIVES			
Reduction in effective Income Tax Rates payable by residents The part of taxable income that:- Does not exceed 10,000is taxed at 0% Exceeds K10,000 but does not exceed K18,000 is taxed at 22% Exceeds K18,000 but does not exceed K33,000 is taxed at 30% Exceeds K33,000 but does not exceed K70,000 is taxed at 35% Exceeds K70,000 but does not exceed K250,000 is taxed at 40% Exceeds K250,000 is taxed at 42%	Individual Income Earners in all Industries and Sectors		Schedule 1 of **the Income Tax, Dividend (Withholding) Tax and Interest (Withholding) Tax Rates (2012 Budget) (Amendment) Act 2011**
Reduction in Effective Income Tax Rates Payable by Non-Residents The part of taxable income derived in PNG that:- Does not exceed K18,000 is taxed at 22% Exceeds K18,000 but does not exceed K33,000 is taxed at 30% Exceeds K33,000 but does not exceed K70,000 is taxed at 35% Exceeds K70,000 but does not exceed K250,000 is taxed at 40% Exceeds K250,000 is taxed at 42%	Individual Income Earners in all Industries and Sectors		Schedule 1A of the **Income Tax and Dividend (Withholding) Tax Rates 1984**

Summary	Industry	Conditions	Legislative Reference
TAXATION INCENTIVES			
GENERAL INCOME TAX INCENTIVES			
Accelerated & Flexible Depreciation Capital Assets can be written off at a faster rate than would otherwise be possible. Depreciation is normally calculated using the straight-line method based on effective life but: • Using a diminishing value method, the percentage rate of depreciation can optionally be accelerated to 1.5 times that under ordinary effective life. • Depreciation deductions may be an extra 20% of the cost price for new capital plant or articles, being eligible property, acquired in the year of income. In the case of tourism, the depreciation deduction may be an extra 55% of the cost price for new capital plant or articles, being eligible property, acquired in the year of income. • Depreciation methods can be switched to maximize amounts to be depreciated • Taxpayers acquiring industrial plant may elect in any year to increase the amount of depreciation deductions by the lesser of the amount of the taxpayer's income remaining after all other deductions, or the remaining depreciable value of the plant. • For taxpayers in the Tourism Industry this initial year additional depreciation has been increased to 55% from 1st January 2007. • In the year of income in which expenditure is incurred, an extra 20% depreciation deduction is available for expenditure on existing plant for the purpose of fuel conservation. • Expenditure on acquiring the following types of new plant or article is provided a 100% deduction : - property used directly for agriculture production; - property used for fishing by residents engaged in commercial fishing; - Boats or ships and ancillary equipment used as dive boats by an accredited scuba diving/snorkeling operator.	**All**	Comments: Mining, Petroleum & Gas–companies – taxpayer has to make an election to depreciate plant and equipment with an effective useful life of less than 10 years under normal depreciation provision. In the case of the additional depreciation for the industrial plant,: (1) Effective life has to be more than five years and, (2) The plant should be used in manufacturing process	Section 73-78 of **Income Tax Act** Section 155F of **Income Tax Act**

Summary	Industry	Conditions	Legislative Reference
TAXATION INCENTIVES			
GENERAL INCOME TAX INCENTIVES			
Exclusion of dividend Income Dividend income is not included in the assessable income of the following taxpayers who have already paid their Dividend Withholding Tax (DWT): (1) an individual whether he is a resident or non-resident, (2) any other non-resident person (including a company) and, (3) a resident trust .	All	DWT must have been paid first.	s189D **Income Tax Act**
Double Tax Agreements (DTAs) We have DTAs with 9 countries. The aim of the Double Tax Agreement is to avoid double taxation on the taxpayers of both countries in respect of the same income and to allow a tax credit to the other country's taxpayer (eg Aust taxpayer) when it pays taxes in the other treaty partner country (eg, PNG) so as to prevent discrimination between taxpayers operating in both countries and provide a reasonable element of legal and fiscal certainty.	All	The provisions of double tax agreements apply. Countries which we have DTAs with are:- Canada, Australia, Singapore, United Kingdom, Malaysia, China, Germany, Korea, Fiji,; (Thailand pending signing & Indonesia and New Zealand pending ratification by the National Parliament).	**Income Tax (International Agreements) Act**
Scientific Research and Development 150% income tax deduction for expenditure on Scientific Research and Development undertaken under an approved R&D plan for investigative and experimental activities for acquiring new knowledge or creating new improved materials, products, devices or services.	All	Research must be undertaken under a plan approved by a committee chaired by IRC with representatives with business and research experience. The Income Tax Regulations specify the types of activities that are eligible.	Section 95 of **Income Tax Act** **Income Tax Regulations** 5L.

<table>
<tr><th>Summary</th><th>Industry</th><th>Conditions</th><th>Legislative Reference</th></tr>
<tr><td>TAXATION INCENTIVES</td><td></td><td></td><td></td></tr>
<tr><td>GENERAL INCOME TAX INCENTIVES</td><td></td><td></td><td></td></tr>
<tr><td>Double Deduction for Staff Training

Double deduction is allowed to companies who sponsor their citizen staff to undertake full time professional training at a Government Training Institute or at a prescribed tertiary place of education. Double deduction is also provided on salary and wages of full time training officers, who are not engaged directly in derivation of assessable income, and of bona fide registered apprentices.

Since 1st January 2007 a double deduction is also available for all tourism staff training costs.</td><td>All</td><td>Tertiary institutions providing training eligible for double deduction are listed in Regulation 9B of the Income Tax Regulations such as Divine Word Uni, PNG Fisheries College etc…

The tax saving that arises from the double deduction allowed cannot exceed 75% of the actual expenditure.</td><td>Section 72A of Income Tax Act

Income Tax Regulation 9B.</td></tr>
<tr><td>The Rural Development Incentive

An income tax exemption is provided on the net income of new businesses set up in specifically designated under-developed areas that are not dependent on the exploitation of natural resources.

Income earned by “rural development industries” (as defined under the Income Tax Act) is exempt from income tax for ten years after the year the business commences operation.

Losses arising from the exempt activities may be deducted against taxable income from other activities.

The scheme is only available to new businesses in the specific rural districts listed in the Regulations[i].</td><td>Agriculture
Construction
Financial
Manufacturing
Real Estate
Services Transport, Storage
Communication
Tourism</td><td>Districts containing Petroleum Development Licenses or Special Mining Leases are ineligible for the incentive. Industries extracting, processing or transporting PNG non-renewable resources are ineligible for the incentive.

The income that will be exempted must be derived in that district.

Regulation 6AA of the Income Tax Regulations prescribes the industries and districts eligible for the incentive:

(i) Agriculture production;
(ii) Manufacturing;
(iii) Construction;
(iv) Hotels and restaurants;
(v) Transport storage & communication;
(vi) Financial intermediation;
(vii) Real Estate, renting and business activities; and
(viii) Other community, social and personal service activities.</td><td>Sections 45I – 45M (Part III, Division 1B) of the Income Tax Act 1959.

Income Tax Reg s6AA.</td></tr>
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Summary	Industry	Conditions	Legislative Reference
TAXATION INCENTIVES			
MANUFACTURING INCENTIVES			
Wage Subsidy for new manufactured products. Taxpayers who manufacture new products may receive a monthly wage subsidy for five years from the commencement of operations. For each citizen employee, a subsidy is paid which is a proportion of the minimum wage relevant to that area. The subsidy is phased out over the five year period: Year 1: 40% of relevant minimum wage for each Employee Year 2: 30% Year 3: 20% Year 4: 15% Year 5: 10%	Manufacturing	The Commissioner General must first agree to list the product as a "new manufactured product". Goods to be imported which form the main Components used to manufacture the proposed new product which are already subject to Customs tariff protection are specifically excluded in the legislation from being listed as New Manufactured Products and the Commissioner General cannot legally list such products for the subsidy.	**Industrial Development (Wage Subsidy) Act 1984**
Exemption of Income from Sale of Exports Income from the export sales of qualifying goods[ii] are exempted from company tax for the first three years. For the following four years, an exemption is provided for that portion of export sales income that exceeds the average over the preceding three years.	Manufacturing	Qualifying goods are prescribed under the Income Tax Regulation (Regulation 10A) such as canned, loined or smoked fish, cement & concrete products etc.. or are those listed by the Commissioner as "new manufactured products" for the purposes of the **Industrial Development (Wage Subsidy) Act** 1984 NOTE: This exemption will cease on 31st December 2014.	Sections 45A – 45H of **Income Tax Act** Income Tax Regulation 10A
Export Market Development Deduction A double deduction is available for expenditure on developing an export market for PNG manufactured products and development of tourism overseas through publicity, sample provision, market research, trade fairs, preparation of tenders, certain travel expenses, technical information provision expenses, sales office expenses and expenses incurred in bringing buyers to PNG.	- Manufacturing - Tourism	The Commissioner General can limit deductions considered to be excessive. The tax saving from the double deduction cannot exceed 75% of the actual costs incurred. Reimbursements to the taxpayer are not included.	Section 72C of the **Income Tax Act**

Summary	Industry	Conditions	Legislative Reference
TAXATION INCENTIVES			
TOURISM INCENTIVES			
Concessional tax rate for new or substantially improved large scale tourist accommodation facility A tax rate of 20% for taxpayers whose sole income is derived from the operation of such a facility, and who are registered for such purposes with IRC. This tax rate only applies for 10 years from the time income is first derived.	Large scale touristt aaccommodation facilities	Large scale tourist accommodation facilities are for the provision of temporary accommodation in PNG and must: (a) have construction commenced between 1 January 2007 and 31 December 2011; and (b) involve expenditure of US$10 million or more; and (c) provide 150 rooms or more for such accommodation	Sections 154E–154G of the **Income Tax Act** Section 6D of the **Income Tax Dividend(Withholding) Tax and Interest (Withholding) Tax Rates Act**
PRIMARY PRODUCTION TOURISM, MINING & PETROLEUM INCENTIVES			
General Infrastructure Tax Credit An income tax credit (i.e. An offset to income tax payable, rather than a deduction) is available up to the value of 0.75% of assessable income derived in the year of income for expenditure on prescribed infrastructure for mining, petroleum and gas operations. For primary production and large scale tourist facility operations the tax credit available is up to 1.5% of assessable income. Unused credits can be carried forward for two years. Expenditure in excess of the 0.75% and 1.5% limits can be carried forward to the succeeding year of income within this time limit. Expenditure incurred on TCS project in a year should not exceed these limits. Excess tax credit not allowed in the year due to credit exceeding tax payable is carried forward to next succeeding year, and so on.	Petroleum, Gas, Mining Companies, Primary Production Companies & Large Scale Tourist accommodation facility Companies.	The Tax Credit allowable cannot exceed tax payable in any one year. Expenditure on Prescribed Infrastructure must first be approved by the Department of National Planning & Monitoring.	Section 219C of the **Income Tax Act** **Income Tax Regulation** 10F

Summary	Industry	Conditions	Legislative Reference
TAXATION INCENTIVES			
AGRICULTURAL INCENTIVES			
Tax deductibility of certain agriculture development expenses A 100% deduction is provided for expenditure in the year of income by a taxpayer engaged in primary production on any land in Papua New Guinea: (a) the eradication of animal or vegetable pests from the land; (b) the destruction and removal of timber, scrub or undergrowth indigenous to the land; (c) the destruction of weed or plant growth detrimental to the land; (d) the preparation of land for agriculture; (e) ploughing and grassing the land for grazing purposes; (f) the draining of swamp or low-lying lands where that operation involves the agriculture or grazing value of the land; (g) preventing or combating soil erosion on the land, otherwise than by the erection of fences; (h) the construction of dams, earth tanks, underground tanks, irrigation channels or similar structural improvements, or the sinking or bores or wells, for the purpose of conserving or conveying water for the use in carrying on primary production on the land; (i) the construction on the land of levee banks or similar improvements; (j) the construction on the land of roads, including bridges, culverts or similar works forming part of the road; (k) the planting of the land with trees, including the purchase of seed, seedlings, cuttings and similar material; (l) the construction or alteration of fences with the sole purpose of preventing animal pests entering upon the land or any part of the land; or (m) the construction and improvement of plantation employees' accommodation (subject to certain conditions)	Agriculture	The deduction is reduced to the extent that the taxpayer has recouped any of the expenditure from the Government, an authority of any other person.	Section 97 of **Income Tax Act**

Summary	Industry	Conditions	Legislative Reference
TAXATION INCENTIVES			
AGRICULTURAL INCENTIVES			
Pass through to shareholders of tax deductions for agriculture companies. Tax deductions available to agriculture companies for expenditure on agriculture development under Section 97 of the ITA and for depreciation of agricultural plant and equipment can be passed through directly to shareholders for deduction at shareholders' marginal tax rates.	Agriculture	The company must make a declaration to the Commissioner General that it is relinquishing deductions in favour of its shareholders. Deductions are passed through to share holders in proportion to the monies paid on shares. The value of deductions cannot exceed the monies paid on shares.	Section 97A of the **Income Tax Act.**
Agriculture Extension Services 150% deduction for expenditure on agriculture extension services undertaken under an approved plan.	Agriculture	Extension services must be undertaken under a plan approved by a committee chaired by the Dept of Agriculture & Livestock. The Income Tax Regulation specifies the types of activities that are eligible. Detailed guidelines on the types of expenditure that can be undertaken are available from the Dept of Agriculture & Livestock.	Section 97B of **Income Tax Act** Income Tax Regulation 5M
Concessional tax rate on income from new agricultural activities. 20% income tax rate for new primary production projects that commence construction, clearing or planting between 1 January 2004 to 31 December 2011 eg: plantation	Agriculture	(a) The capital cost must be at least K1 million; (b) The project must be in an area where production of the crop/livestock has not previously occurred (or has only occurred in a marginal way); and (c) The project must not be an extension of an existing primary production facility.	Section 1 of **Income Tax Dividend (Withholding) Tax and Interest (Withholding) Tax Rates Act**

Summary	Industry	Conditions	Legislative Reference
TAXATION INCENTIVES			
PETROLEUM, OIL & GAS, MINING & AGRICULTURAL INCENTIVES			
Extra 0.75% infrastructure tax credit An extra 0.75% -1.5% of assessable income (in addition to that under the general ITC) may be claimed as credit against tax payable for expenditure on infrastructure by primary production projects and mining, petroleum & gas companies as per: - mining, petroleum & gas, 0.75% of assessable income. -primary production , 1.5% of assessable income. - tourism, 1.5% of assessable income Unused credits can be carried forward for two years. Expenditure in excess of 0.75/1.5% can be carried forward to succeeding years of income. Credit for expenditure on TCS Project not allowed in the year may be carried forward to next succeeding year of tax (indefinite).	Agriculture, Mining, Petroleum & Gas operations & Tourism Industry	Credit cannot exceed tax payable in any one year.	Section 219C of **Income Tax Act** **Income Tax Regulation** 10F

Summary	Industry	Conditions	Legislative Reference
TAXATION INCENTIVES			
PETROLEUM, OIL & GAS, MINING INCENTIVES			
1.25% credit for expenditure on "emergency repairs" on Highlands Highway A special tax credit of 1.25% for emergency repairs to the Highlands Highway from Law to Koroba and Wabag introduced in the 2012 Budget tax amendments.	**All "eligible taxpayer" but mainly taxpayers engaged in mining, oil and gas operations.**	Highlands Highway is main highway from Lae to Koroba (Fugwa turn off) and Togoba Junction to Wabag	Sec 219C (6) – **of the Income Tax Act 1959 (new Subsection).**
1.25% credit for expenditure on Gas Project Roads 1.25% of assessable income in any year following PNG Gas Project decision may be claimed as a n income tax credit for expenditure on construction, upgrading or repairs of a road defined in the Gas Agreement as State Road Commitments. Unused credits can be forwarded for 2 years. Expenditure in excess of 1.25% can be carried forward to future years within this time limit. This only applies to the PNG Gas Pipeline Project.	**Petroleum**	Credit cannot exceed 50% of the amount of tax payable in any one year. Applies when a gas/pipeline Development License is issued.	Section 219C (9) **of the Income Tax Act.**

Summary	Industry	Conditions	Legislative Reference
TAXATION INCENTIVES			
PETROLEUM, OIL & GAS, MINING INCENTIVES			
Incentive Rate for Petroleum Operation Petroleum operations that qualify for the incentive are taxed at a reduce income tax rate of 30%	Petroleum Companies	To qualify for the incentive rate , companies need to be granted a Petroleum Prospective Licence within a designated period of 1st January 2003 to 31 December 2007 from which a Petroleum Development Licence is granted on or before 31 December 2017.	Schedule 4.4 to the **Income Tax** and **Dividend (Withholding) Tax Rates Act**
Additional Income Tax Deduction **Exploration Expenditure** Expenditure incurred by a taxpayer for the purpose of exploration in Papua New Guinea for minerals, petroleum and gas for a period of 20 years pursuant to the issue of a Resource Development Licence . This can be deducted from the income of a development project derived from that exploration license area during the course of its life period. Even the expenditure incurred in relation to other exploration areas which have been surrendered can be claimed. This deduction is in addition to the normal business deductions.	Mining, Petroleum and Gas companies	Expenses which have been transferred to another taxpayer or amounts recovered would be excluded from the allowable deduction.	Section 155A & S155C of the Income Tax Act

Summary	Industry	Conditions	Legislative Reference
TAXATION INCENTIVES			
PETROLEUM, OIL & GAS, MINING INCENTIVES			
Additional General information on gas, Petroleum & Mining operations. **Tax Incentives for Mining & Petroleum Companies (Oil & Gas)** ❖ **New incentive rate of tax for petroleum operations and mining operations carried by non-resident companies.** From 2003 onwards, for petroleum development licences granted within the following 15 years, a special 'incentive' rate of 30% was introduced. This rate is available to petroleum companies that are holders of new exploration licences, or existing licence holders who reapply, issued within five years from 2003 (and out of which development licences have been issued within ten years) whose planned exploration program is acceptable to the Department of Petroleum and Energy. Moreover, income tax rate on non resident mining companies was reduced from 48% to 40%. ❖ **Abolition of Additional Profits Tax (APT)** APT was removed **except** in respect of operations pursuant to the Gas Agreement signed on 6 June 2002. ❖ **Carry forward of losses** Taxpayers involved in mining petroleum and gas operations can now carry forward tax losses indefinitely. Other companies are subject to a 20 year limitation.	Gas, Mining & Petroleum	**Tax rates for resource projects** Different tax rates apply for different types of resource projects. They are as follows: **Type of project rate of tax** Petroleum 50%-45%-30% Gas 30% Resident Mining 30% Non Resident Mining 40% The rate of income tax for petroleum projects which commence deriving assessable income from petroleum operations prior to 31 December 2000 is 50%. For new projects it is 45% or, 30% if the incentive rate applies. Royalty and Development Levy (both calculated at 2% of well value of petroleum) is also payable by petroleum and gas companies while Mining Levy has been phased out. Where total of royalty and development levy paid exceeds 2% of the wellhead value of petroleum or gas sales during that year of income, the excess is deemed to be income tax paid for that year of income. Any excess tax credit not utilised during that year is deemed tax paid in respect of the next succeeding year	**Income Tax & Dividend (Withholding)Tax Rates Act** **Section 101 of Income Tax Act**

❖ **Pooling of exploration expenditure** • Mining, Petroleum & Gas Companies can elect at the end of each year of income to bring in exploration expenditure incurred outside of the project operation during that same year of income and claim this expenditure as a deduction against the project income. ❖ **Double deduction** Mining companies may also claim a double deduction for exploration expenditure. They may claim exploration outside of a mining project as a deduction from income of current mining projects (within limits set out in S.155N). They can also claim a deduction for the same exploration expenditure if a successful development arises in the licence where the exploration occurred. In other words, they may claim a deduction twice for the same exploration expenditure - if that expenditure ultimately gets transferred to a production licence. For new mining projects which arise from 2003 onwards, all capital expenditure may be amortized at rate of 25% of un-deducted balance of the allowable capital expenditure pool. For existing projects (and for petroleum projects) there is a slower rate of write-off for 'long-life' capital expenditure (with expected life in excess of 10 years) which is 10% per annum (straight line).		Amount allowed as a tax deduction should not exceed the lesser of 25% of the un-deducted pool balance or such amount that would reduce income tax payable by 10%. Election must be made at the end of the year of income in which the expenditure was incurred.	Section 155N of **Income Tax Act** (NOTE: Section 155N appears to apply to exploration companies as well, not just companies engaged in resource projects. A taxpayer engaged in "resource operations" can elect to pool exploration expenditure.

Summary	Industry	Conditions	Legislative Reference
TAXATION INCENTIVES			
PETROLEUM, OIL & GAS, MINING INCENTIVES			
Fiscal Stability Provisions The fiscal stability provision allows the State to enter with the resource companies in an agreement which guarantees the fiscal stability of the project in respect of duplicable taxes, duties, fees and other fiscal imposts and the rates at which such taxes, duties, fees and other fiscal imposts will be charged and the manner in which liability in respect thereof will be calculated in the event of a change in the applicable law after the effective date of the agreement.	Gas, Mining & Petroleum	Mining and petroleum companies have the option of applying for fiscal stability for the original financing period or twenty years whichever is the lesser. Gas companies can apply for a period of time necessary to produce a volume or quantity of resource as defined in the relevant gas agreement to be a foundation volume or quantity for that long-term gas project. Where such a provision applies, a 2 percent premium applies to the income profit tax rates.	**Resource Contracts Fiscal Stabilization Act 2000** **Income Tax and Dividend (withholding) Tax.**
Interest Withholding Tax Concession Interest paid by mining, petroleum and gas projects to non-resident lenders is exempted from the withholding of a 15% interest tax.	Petroleum, Oil & Gas & Mining	Financing arrangement has to be approved by the Bank of Papua New Guinea (Approval by BPNG is no longer required – Section 35 (2)(e) of the ITA will have to be amended).	Section 35(2) (e) of the **Income tax Act**
Dividend Withholding Tax Concession Petroleum and gas companies are exempted from the payment of dividend withholding tax on dividend payments to their shareholders. Mining companies pay a dividend withholding concessional tax rate of 10%on dividend payments to their shareholders instead of the 17% applicable.	Petroleum, l & Gas Mining		Section 42(3) of the **Income Tax Act** Income Tax & Dividend (Withholding) Tax Rates
Exemption from Income Tax/Salaries and Wages Tax of Certain Travel Benefits In addition to the exemption of one annual leave fare from places of employment to the place of origin or recruitment, employees of resource companies are entitled to: 1)- Exemption on their domestic fares within Papua New Guinea and, 2)-Additional Exemption on their international fares	Petroleum, Oil & Gas & Mining	Additional exemption on international fares is granted if the hardship and remoteness of the employment location from urban centres can be demonstrated.	Section 40AA of the **Income Tax Act**

Summary	Industry	Conditions	Legislative Reference
STAMP DUTY INCENTIVES			
PETROLEUM, OIL&GAS & MINING INCENTIVES			
Stamp Duty Concession on Transfer of Mining Information The stamp duty on the transfer of mining information for both exploration and development licences has been limited to K10, 000.00 this was designed to encourage mining, petroleum and gas exploration	Petroleum, Oil & Gas & Mining		**Stamp Duties Act,** schedule.
Stamp Duties Concession on Transfer of Exploration Licences If an exploration licence is transferred for the historical cost of obtaining the mining information, total stamp duties to be paid will be: (1)- A K 10, 000.00 incentive rate for the mining information transfer. (2)- An incentive rate of K10, 000 for the transfer of the licence. Or a total of K 20,000.00. If an exploration licence is transferred for more than the historical cost of obtaining the mining information, total stamp duties to be paid will be: (1)- A K 10, 000.00 incentive rate for the mining information transfer. (2)- An incentive charge of 2 percent applied on the excess between the price charged and the historical cost (instead of 5 percent previously).	Petroleum, Oil & Gas & Mining		**Stamp Duties Act,** schedule.
Stamp Duties Concession on Transfer of Development Licences If a development licence is transferred, total stamp duties to be paid will be: (1)- A K 10, 000.00 incentive rate for the mining information transfer. (2)- An incentive rate of 2 percent of licence value instead of the 5 percent usually charged on transfers of real property valued at over K 140,000.00.	Petroleum, Oil & Gas & Mining		**Stamp Duties Act,** schedule

Summary	Industry	Conditions	Legislative Reference
STAMP DUTY INCENTIVES			
PETROLEUM, OIL&GAS & MINING INCENTIVES			
Stamp Duties Concession for Intra-Company Transfers Transfers resulting from company reorganization or what is known as "intra-group" transfers attract a concessional stamp duty that is limited to K600.00 per transaction up to a maximum of K12, 500.00.	All Companies	➢ The parent company must own at least 95% of the subsidiary for at least three years prior to the date of the application for exemption. ➢ At least 20% of the issued capital or voting rights of the ultimate parent company has to have held a minimum of 20% of the issued capital or voting rights for at least three years prior to the date of the application for exemption. ➢ the conveyance must not have the purpose or effect of avoiding or delaying the payment of any tax under the Income Tax Act 1959. ➢ The companies must operate as an intra-group operation for a period of 5 years, otherwise the full stamp duty and penalties will apply.	**Stamp Duties Act**

Summary	Industry	Conditions	Legislative Reference
GST INCENTIVES			
GST Zero Rating of Exports Exported goods are not subject to Goods & Services Tax (GST). Exporters receive a full refund of GST paid on all inputs to production of exported goods or services.	Exports		Division 6 of **Goods & Services Tax Act**
Zero rating of GST on goods supplied to resource companies. Goods or services, other than cars, supplied to a resource company for use in resource operations are zero-rated for GST.	Petroleum, Oil & Gas & Mining	Applies to registered holders of mining, petroleum or gas tenements and that the Goods must used for the resource operations.	Section 7 (f) & 20(d) of **Goods & Services Tax Act**
GST Zero Rating of Exports Exported goods are not subject to Goods & Services Tax (GST). Exporters receive a full refund of GST paid on all inputs to production of exported goods or services.	Exports		Division 6 of **Goods & Services Tax Act**

Authorized by:

(SIGNED)

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Commissioner General of Internal Revenue

[i] Prescribed "rural development areas" pursuant to Regulation 6AA of the **Income Tax Regulations**

DISTRICT	PROVINCE
Amanab	West Sepik
Ambunti	East Sepik
Angoram	East Sepik
Bogia	Madang
Finschhafen	Morobe
Goilala	Central
Gumine	Simbu
Henganofi	Eastern Highlands
Ialibu	Southern Highlands
Jimi	Western Highlands
Kabwum	Morobe
Kagua	Southern Highlands
Kaiapit	Morobe
Kaintiba	Gulf
Kandep	Enga

Kandrian	West New Britain
Karimui	Simbu
Kikori	Gulf
Koroba	Southern Highlands
Lagaip	Enga
Lake Murray	Western
Losuia	Milne Bay
Lufa	Eastern Highlands
Lumi	West Sepik
Maprik	East Sepik
Menyamya	Morobe
Mumeng	Morobe
Nipa	Southern Highlands
Nuku	West Sepik
Okapa	Eastern Highlands
Pangia	Southern Highlands
Pomio	East New Britain
Rabaraba	Milne Bay
Rai Coast	Madang

Ramu	Madang
Tambul	Western Highlands
Tari	Southern Highlands
Telefomin	West Sepik
Wabag	Enga
Wapenamanda	Enga
Wonenara	Eastern Highlands

[ii] Subject to any legislative changes, as at 02nd July 2007, the following are the prescribed 'qualifying goods'_

Activated carbon
Artifacts
Beverages ready for consumption
Biscuits
Canned fruit and vegetables
Canned, loined and smoked fish
Cement and concrete products
Ceramics
Chopsticks
Cigarettes
Clothing and manufactured textiles
Confectionary
Dairy products
Dry cell batteries
Electrical appliances

Essential oils/oleoresins
Fabricated steel
Fibreglass products
Fishing nets
Flexible packaging materials
Flour
Foam products
Founded and manufactured metal products
Glass products
Hand tools
Industrial and medical gases
Instant coffee
Instant full cream milk
Instant noodles
Jewellery
Livestock feeds
Matches
Motor vehicles
Non-dairy creamer
Paint
Paper products
Plastic products
Powdered cocoa beverages
Powdered coconut milk
Processed and canned meat products
Processed ginger
Refined petroleum
Rubber products
Sawn timber, mouldings, plywood and laminated products
Ship and boat building and repairing
Soap
Treated and processed Crocodile skins

Wood pulp
Wooden furniture components and doors