



Internal Revenue Commission



## SMALL BUSINESS TAX

“Build our Nation. Pay your taxes so Government can fund initiatives and programs to support the growth of your business and other small business.”



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A simpler tax regime for  
Small Businesses

Small Business Tax (SBT) applies to an individual who conducts business as a sole trader. The small business tax regime was introduced in 2019 and is expected to come into operation in April 2021 soon after gazettal and is aimed at making it easy for micro and small businesses to comply with the tax law.

#### Who is eligible to be in the SBT regime?

A sole trader must satisfy all these conditions to qualify as a small business taxpayer:

- Must be an individual
- Not a salary or wage earner
- Business operated solely in PNG
- Business income earned must be below K250,000 in a year.
- Must not be registered for Goods and Services Tax (GST)
- Not registered for income tax in the previous year( new registrant)
- Not in the business of providing professional services

Professional services mean medical, dental, legal, accounting, financial, managerial, engineering, architecture, consulting or other similar services.

#### Do you meet all the conditions above?

If you meet all the conditions above and are a new registrant, complete the SBT TIN4 Application form to register. You will receive a SBT TIN Certificate when your application is approved. The TIN Certification will have your Taxpayer Identification Number e.g. TIN 5xxxxxxx. Use the TIN in all communication with the IRC or when making your tax payment.

#### Do you have an existing TIN and satisfy all the conditions above?

If you meet all the SBT conditions and you are currently registered for income tax but now want to switch to small business tax, you can make an election by completing the **Election to be subject to SBT Application**.

#### I have incorporated a company to conduct my SME business, does SBT apply to me?

The answer is no. SBT applies to small business operated by a sole trader and who is an individual and not a company.

#### What are the things I need to know and do as a registered SBT taxpayer?

Here are your filing and payment obligations depending on the SBT segment your business fall under:

SBT segment	SBT Rate	SBT due date for filing and payment	Documents to lodge with payment.	SBT income reporting period
<b>SMALL</b> (Income range from <b>K60,000</b> to less than <b>K250,00</b> )	K62.50 plus 2% on turnover/quarter income in excess of K15,000	1)! 28 April 2)! 28 July 3)! 28 October 4) 28 January	SBT Quarterly Return	1)!01 Jan - 31 March 2)! 01April – 30 June 3)! 01 July – 30 September 4)! 01October-31 December
<b>MICRO</b> (Income range under <b>K60,000</b> )	K250.00 fixed tax/year	28 January	SBT Annual Return	01 Jan-31 December

#### Do I need to keep record of my business activities?

All business that operates in PNG are required to keep records of all financial transactions carried out by the business.

For small businesses, the basic record books would be:

- Record of sales including cash and credit sales and;
- Wages Register( if employing people)

#### Where can I get additional information on Small Business Tax?

Contact the IRC SBT team on email [SBT@irc.gov.pg](mailto:SBT@irc.gov.pg) or visit the IRC website [www.irc.gov.pg](http://www.irc.gov.pg) for additional information on small business tax. You can also call into any IRC office within your location.

