



# INTERNAL REVENUE COMMISSION

## NOTICE TO ALL GOVERNMENT ENTITIES, CONTRACTORS, INVESTORS AND TAXPAYERS

### Lawful Procedure for Government Agreements Granting Taxation Exemptions & Concessions

There are instances where State agreements or contracts with developers, investors and other private entities are signed off or committed to by State agencies which are inconsistent with the taxation laws of PNG or have significant tax revenue implications for the State. In most of these instances, there is no consultation with the Internal Revenue Commission (IRC) or the Department of Treasury, who are only made aware of such commitments after execution.

The IRC is legally mandated under Section 6 of the *Internal Revenue Commission Act 2004* as the agent of the State on taxation matters and hence IRC should be consulted on all matters to do with taxation including the consultation on such matters with other relevant Government agencies.

There are existing tax exemptions and concessions under the tax laws concerning certain industries and subject matters (*See link: to [Taxation Incentives Guide on the website](#)*). These are already accorded by the tax laws to taxpayers, businesses and companies that meet the criteria spelt out in those provisions. The IRC administers this and confers the status accordingly upon compliance with the respective criteria.

In the case of new tax exemptions or concessions, these can only be granted by the National Parliament through the enactment of such in the tax laws of this country. There is no other mode of granting a tax exemptions or concessions.

The granting of tax exemptions or concessions is not a subject matter left to the discretion of individuals or authorities other than Parliament to determine. It is a subject matter of significant importance to the revenue of the Government which requires an in-depth economic analysis against all factors and hence should not narrowed to target a particular project.

No contractual arrangement, project agreement, MOU, MOA, golden handshake or promise entered into or made by a representative of the State has legal force or overrides the tax laws. Taxpayers who push for and receive such favours without following the lawful process do so at their own risk.

The IRC wishes to remind all Governmental officials and institutions to immediately cease this illegal practice of entering into contractual arrangements with investors, developers or other private entities with promises of new tax exemptions and concessions without the proper consultation with the IRC and the Department of Treasury.

All proposed State project agreements or contracts which have tax implications or seeks to grant a tax exemption or concession, must go through a proper consultation with the IRC and Treasury.

**Authorised by**

**Mr. Sam Koim (OBE)  
Commissioner General**

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