

Status of VAT/GST

VAT was introduced in July 1999 as part of the country's Tariff Reform Program. Legislations passed and implemented were the Value Added Tax Act 1998, VAT Revenue Distribution Act 1998 and VAT Regulations 1999. All supplies in PNG attracted 10% VAT, with the exception of exempt and zero-rated supplies. VAT also replaced the countries sales tax system and reduced import duties by 10% which means most goods can be imported duty free. VAT was changed to Goods and Services Tax in 2004.

Taxation reforms currently implemented

Tariff Reform Programme (TRP) --- Implemented in 1999 and will be concluded in 2006.

Phased reduction of mining levy --- Phasing down began in 1999 and will be completed in 2008.

Proposed Domestic Tax Reform in 2007

The tax reforms initiatives in 2007 are:

	Status
reform the personal income tax	Implemented
Tourism incentives	Implemented
Green Revolution (Agriculture) initiatives	
increase infrastructure tax credit to 1.5%	implemented
extend incentive tax rate for new agricultural projects	implemented
Relief for Agriculture Research & Development	undertaken
widen tractor excise exemption	implemented
Tax relief for Agricultural Extension Services	undertaken
Development levy for Resource Owners	Undertaken
Flat log export tax	implemented
Excise Relief	implemented
New distribution arrangement for GST	undertaken

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