

No 30 of 2003.

Income Tax (2004 Budget Provisions Amendment) Act 2003.

Certified on: 13.04.04



INDEPENDENT STATE OF PAPUA NEW GUINEA

No. of 2003.

Income Tax (2004 Budget Provisions Amendment) Act 2003.

ARRANGEMENT OF SECTIONS.

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**“69K. DOUBLE DEDUCTION FOR GIFTS TO PNG SPORTS
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**“97B. DEDUCTION FOR THE PROVISION OF AGRICULTURAL
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INDEPENDENT STATE OF PAPUA NEW GUINEA

AN ACT

entitled

Income Tax (2004 Budget Provisions Amendment) Act 2003,

Being an Act to amend the *Income Tax Act 1959*,

MADE by the National Parliament to come into operation on 25 November 2003.

1. **INTERPRETATION (AMENDMENT OF SECTION 4).**

Section 4 of the Principal Act is amended in Subsection (1) by inserting after the definition of "resident" or "resident of Papua New Guinea" the following new definition :-

""retirement savings account" means moneys allocated by the trustee of an Authorised Superannuation Fund to a member for the purpose of paying that member's entitlement to a distribution by the fund in the form of periodic payments.".

2. **EXEMPTION OF PENSION, ETC. (AMENDMENT OF SECTION 29).**

Section 29 of the Principal Act is amended in Subsection (1) by adding after Paragraph (s) the following new Paragraphs:-

- “(t) income derived from investments held by a retirement savings account, to the extent prescribed;
- (u) amounts not exceeding the prescribed sum, drawn from a retirement savings account.”.

3. **REPEAL OF SECTION 36A.**

Section 36A of the Principal Act is repealed.

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4. CAPITAL AMOUNT OF ALLOWANCE, ETC., DEEMED SALARY OR WAGES (AMENDMENT OF SECTION 46B).

Section 46B of the Principal Act is amended by repealing Subsection (2A) and replacing it with the following:-

“(2A) Income referred to in Subsection (1), except where it relates to income covered by Subsection (2), to the extent it is a distribution from an authorised superannuation fund being a prescribed sum and –

(a) is made in respect of contributions made on behalf of that employee, where –

(i) the contributions have been made for not less than 15 years; or

(ii) the contributions have been made for not less than 7 years and the employee is either not less than 50 years of age or is subject to enforced early retirement; or

(iii) the distribution is made as the result of the death or permanent disablement of the employee,

shall be deemed to be salary or wages income taxable at the rate declared by Section 1(2) of the *Income Tax (Salary or Wages Tax) (Rates) Act 1979*; or

(b) in any other case, shall be deemed to be salary or wages income taxable at the rate declared by Section 1(3) of the *Income Tax (Salary or Wages Tax) (Rates) Act 1979*.”.

5. LOSSES AND OUTGOINGS (AMENDMENT OF SECTION 68).

Section 68 of the Principal Act is amended by repealing Subsection (8).

6. REPEAL OF SECTIONS 69B, 69D, 69F, 69G AND 69J.

Sections 69B, 69D, 69F, 69G and 69J of the Principal Act are repealed.

7. NEW SECTION 69K.

The Principal Act is amended by inserting after Section 69J the following new section :-

“69K. DOUBLE DEDUCTION FOR GIFTS TO PNG SPORTS FEDERATION INC.

(1) An amount by way of gift (the value of which is equal to or exceeds K5000.00) of money, or property (other than money) purchased by a taxpayer in the 12 months immediately preceding the making of the gift, made by the taxpayer to the Papua New Guinea Sports Federation Inc in respect of the 2003 South Pacific Games or the 2004 Inaugural PNG National Games shall be an eligible amount.

(2) An amount equal to twice the eligible amount shall be an allowable deduction under this section.

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"(3) Where an eligible amount (or part thereof) allowed under this section is recouped or recoupable, an amount shall be included in assessable income to the extent that a deduction has been allowed.

"(4) Where a double deduction is allowable under this section, the amount deductible shall be allowable only to the extent that the tax saving resulting from the allowance of the deduction does not exceed 75% of the eligible amount.

"(5) This section applies to gifts made in the period 1 January 2003 to 31 December 2004."

8. EXPENDITURE ON SCIENTIFIC RESEARCH (AMENDMENT OF SECTION 95).

Section 95 of the Principal Act is amended by inserting the following new subsections:-

"(9) Where scientific research is carried out as prescribed, the deduction allowable under Subsection (1) shall be increased to 150% of the expenditure incurred under the provisions of this section.

"(10) The amount of the expenditure that would otherwise be deductible under Subsection (9) at a rate equal to 150% of the amount incurred shall be reduced by the amount (if any) of the expenditure that the taxpayer has been recouped or is entitled to recoup from the Government, an authority of the Government or any other person."

9. NEW SECTION 97B.

The Principal Act is amended by the inserting after Section 97A the following new section:-

"97B. DEDUCTION FOR THE PROVISION OF AGRICULTURAL EXTENSION SERVICES.

(1) Where a taxpayer engaged in primary production in Papua New Guinea provides, in the year of income, to smallholder primary producers, extension services as prescribed, he shall be entitled to a deduction equal to 150% of the expenditure incurred.

"(2) The amount of the expenditure that would otherwise be deductible under Subsection (1) at a rate equal to 150% of the amount incurred shall be reduced by the amount (if any) of the expenditure that the taxpayer has been recouped or is entitled to recoup from the Government, an authority of the Government or any other person."

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10. NEW SECTION 156G.

The Principal Act is amended by inserting after Section 156F the following new section :-

“156G. MODIFICATION OF THE ACT IN RELATION TO PORGERA PARTIES.

The provisions of this Act are modified by the provisions of the Porgera Acquisition Agreements, insofar as they govern or affect the imposition of taxation under this Act on the Sellers, the Shareholders and the Other Shareholders mentioned in the Agreements.”.

11. AMENDMENT OF TITLE OF DIVISION III.14A.

Part III of the Principal Act is amended in the title of Division 14A by repealing the word “CONSTRUCTION”.

12. CREDITS IN RESPECT OF PRESCRIBED INFRASTRUCTURE DEVELOPMENT (AMENDMENT OF SECTION 219C).

Section 219C of the Principal Act is amended by adding the following new subsection :-

“(10) Where an eligible taxpayer incurs, in the year of income 2003, expenditure on the construction of roads between Gobe-Semberigi-Erave, the amount of such expenditure is, subject to this section, deemed to be income tax paid in respect of that taxpayer's liability assessed for the year of tax relating to that year of income, limited to the lesser of –

(a) 1.25% of the assessable income derived by the taxpayer in the year of income, which shall be additional to the amounts provided in Subsections (2)(a) and (7)(a); or

(b) the amount of tax payable,

and expenditure incurred or income tax deemed to be tax paid under this Subsection may be carried forward, separately from expenditure deemed to be income tax paid under Subsection (2) and the provisions of Subsections (3), (4) and (5) shall apply in the same manner they apply to expenditure incurred or tax deemed under the provisions of Subsection (2).

13. LIMIT TO REBATE ENTITLEMENT (AMENDMENT OF SECTION 213E).

Section 213E of the Principal Act is amended –

(a) in Paragraph (a) Subparagraph (i), by repealing the percentage “45%” and replacing it with the following:-

“35%”; and

(b) in Paragraph (a) Subparagraph (ii), by repealing the figure “K135.00 and replacing it with the following:-

“K105.00”; and

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(c) in Paragraph (b), by repealing the figure "K1,350.00" and replacing it with the following:-

"K1,050.00".

I hereby certify that the above is a fair print of the *Income Tax (2004 Budget Provisions Amendment) Act 2003* which has been made by the National Parliament.

Clerk of the National Parliament.

I hereby certify that the *Income Tax (2004 Budget Provisions Amendment) Act 2003* was made by the National Parliament on 2 December 2003.

Acting Speaker of the National Parliament.

