

No. 35 of 2003.

Stamp Duties (Debits Tax Amendment) Act 2003.

Certified on: 13.04.04

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INDEPENDENT STATE OF PAPUA NEW GUINEA.

No. of 2003.

Stamp Duties (Debits Tax Amendment) Act 2003.

ARRANGEMENT OF SECTIONS.

New Division III.16.

"Division 16. – Debits Tax.

- "81CA. DEFINITIONS."**
 "account"
 "exempt debit"
 "financial institution"
 "taxable debit"
- "81CB. STAMP DUTY PAYABLE."**
- "81CC. RECOVERY OF DEBITS TAX BY FINANCIAL INSTITUTIONS."**
- "81CD. LODGEMENT OF RETURNS."**
- "81CE. OFFENCE."**
- "81CF. ADDITIONAL TAX FOR OFFENCE."**
- "81CG. COLLECTOR MAY RECOVER DEBITS TAX."**



INDEPENDENT STATE OF PAUA NEW GUINEA.

AN ACT

entitled

Stamp Duties (Debits Tax Amendment) Act 2003,

Being an Act to amend the *Stamp Duties Act* (Chapter 117),

MADE by the National Parliament to come into operation on the coming into operation of the *Stamp Duties (2003 Budget Provisions) Act 2002*.

NEW DIVISION III.16.

The Principal Act is amended in Part III by repealing Division 16 and replacing it with the following:-

"Division 16. – Debits tax.

"81CA. DEFINITIONS.

In this Division -

“account” means an account held with a financial institution, being an account to which payments by the institution to an account holder, or persons nominated by the account holder, may be debited, whether electronically or by cheque, bill of exchange payable on demand or payment order;

“exempt debit” means a debit made to an account kept with a financial institution where -

- (a) a person who would be entitled, by virtue of any other law of Papua New Guinea, to exemption from the debits tax, being a debit made in respect to a transaction not related to activities that constitute the carrying on of a business in Papua New Guinea; or

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- (b) the debit is made to an account held by a government of a country other than Papua New Guinea; or
- (c) the debit is made by another financial institution, to the extent the debit relates to a banking business carried on by that institution; or
- (d) the debit is made by that financial institution and is -
 - (i) made in the country by bankers solely for the purpose of settling or clearing accounts; or
 - (ii) made for accommodation purposes between two financial institutions; or
- (e) the debit is made by a charity or non-profit organization exempt from income tax under the provision of the *Income Tax Act 1959*; or
- (f) the debit is made to an account that is denominated in a currency other than Kina or Toea;
- (g) the debit results from the conversion of a term deposit into a further term deposit to an account within that financial institution held by the owner of the term deposit;
- (h) the debit is the reversal, by the financial institutions, of a debit or credit made incorrectly;
- (i) the debit relates to the payment of debits tax or interest withholding tax;

"financial institution" means the Bank of Papua New Guinea or a bank or licensed financial institution licensed under the *Banks and Financial Institutions Act 2000*;

"taxable debit" means a debit (other than an exempt debit) made to an account."

"81CB. STAMP DUTY PAYABLE.

There shall be charged, levied, collected and paid a stamp duty, in this Division referred to as a 'debits tax', on each taxable debit, as follows :-

- (a) where the debit in question is less than K50.00, the debits tax shall be nil;
- (b) where the debit is between K50.00 and K100.00, the debits tax shall be one toea;
- (c) where the debit is between K100.00 and K125,000.00, the debits tax shall be 0.01% of the debit, rounded up to the nearest toea; and
- (d) where the debit is K125,000.00 or a greater amount, the debits tax shall be K12.50."

"81CC. RECOVERY OF DEBITS TAX BY FINANCIAL INSTITUTIONS.

A financial institution may charge to and recover from the holder of an account any amount of debits tax it is liable to pay in respect of transactions, chargeable with debits tax under this Division, in that account.

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"81CD LODGEMENT OF RETURNS.

Not later than the 14th day of each month, each financial institution shall –

- (a) lodge with the Collector of Stamp Duties, a return in a form approved by the Commissioner General, showing –
 - (i) the total amount of taxable debits made to accounts held in that financial institution during the previous calendar month; and
 - (ii) the amount of debits tax payable on those debits; and
 - (iii) such other particulars as are prescribed; and
- (b) pay to the Collector of Stamp duties the amount of debits tax charged in the previous calendar month."

"81CE. OFFENCE.

A financial institution which –

- (a) fails to lodge a return as required under Section 81CD; or
- (b) lodges a return that is false in any particular; or
- (c) fails to charge debits tax as required under Section 81CB; or
- (d) fails to pay the debits tax as required under Section 81CD;

is guilty of an offence.

Penalty: A fine of not less than K5,000.00 and not exceeding K10,000.00."

"81CF. ADDITIONAL TAX FOR OFFENCE.

(1) In addition to any penalty under Section 81CE, a financial institution that is guilty of an offence under that Section is liable to pay as debits tax an amount equivalent to twice the debits tax that would have been payable had a return been lodged and payment made in accordance with this Division.

(2) Amounts payable under this section are not recoverable from the holder of an account."

"81CG. COLLECTOR MAY RECOVER DEBITS TAX.

The Collector of Stamp Duties may recover, in any Court of competent jurisdiction, any amount of unpaid debits tax."

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I hereby certify that the above is a fair print of the *Stamp Duties (Debits Tax Amendment) Act 2003* which has been made by the National Parliament.

Clerk of the National Parliament.

I hereby certify that the *Stamp Duties (Debits Tax Amendment) Act 2003* was made by the National Parliament on 1 December 2003.

Acting Speaker of the National Parliament.