



Internal Revenue Commission

# COMPLIANCE WITH NATIONAL TAXES IN THE AUTONOMOUS REGION OF BOUGAINVILLE (ARoB)

**An IRC Presentation at the Bougainville Revenue and  
Tax Summit, 27<sup>th</sup> September 2017  
Hutjena High School, Buka, ARoB**



# Presentation Outline

- ▶ Current State of Tax Collections
- ▶ Compliance Barriers and Challenges
- ▶ Remedies to Challenges
- ▶ Partnership between IRC and ABG Tax Office



# Current State of Tax Collections

- ▶ SIGTAS rolled out in 2013 to assist in enforcing increased voluntary compliance under the four pillars of tax compliance
- ▶ Taxpayers in the ARoB are closely monitored to ensure they meet their tax obligations which include registration, filing and payments



# Some Statistics

- ▶ Total number of taxpayers in the ARoB

Corporate entities – 504

Individuals – 1,029



# Statistics

- ▶ Lodgements – Corporates
- ▶ – Individuals
  
- ▶ Non Lodgers – Corporates
- ▶ – Individuals
  
- ▶ Payments – Corporates
- ▶ – Individuals
  
- ▶ Non Payments – Corporates
- ▶ – Individuals



NO	ACTIVITIES	2017 (SEPTEMBER )	2016	2015	2014	TAX ESTABLISHE D
1	AWARENESS	5	5	0	3	
2	INSPECTIONS	101	124	115	90	
3	AUDITS – JESSIE	0	4	0	0	2,239,131
4	AUDITS– 4R PROJECT BUIN DISTRICT	43	0	0	0	4,275,814
5	AUDITS –4R PROJECT BUKA/ ARAWA		138 CASES	0	0	52,663,931 SWT
6	AUDITS –4R PROJECT BUKA/ ARAWA		152 CASES			38,064,440 CIT
7	AUDITS 4 R PROJECT – BUKA/ ARAWA		145 CASES			39,031,629 GST

# Compliance Barriers and Challenges

- ▶ Inadequate taxpayer outreach programs
- ▶ Poor record keeping by businesses
- ▶ Insufficient resources
- ▶ Isolation of Arawa and Buin from Buka
- ▶ High cost of doing business with the IRC
- ▶ One tax rule for all taxpayers



# Remedies to Challenges

- ▶ Conduct more taxpayer outreach programs
- ▶ Mobilise resources
- ▶ Open an IRC office in Arawa
- ▶ Consideration of Buka as a Tax Centre





# IRC/ABG Tax Office Partnership

- ▶ Continued implementation of the MoU
- ▶ Quarterly meetings in future to involve stakeholders and dependencies



# Opportunities into the Future

- ▶ Bougainville Incentive
- ▶ Consideration of Rural Development Incentive
- ▶ Varying of corporate income tax rate under the Financial Arrangements of the BPA
- ▶ Introduction of presumptive taxes
- ▶ Branch profits tax
- ▶ Withholding tax on commodities
- ▶ Review the Financial Arrangements under the BPA
- ▶ Build townships for future large investments



# Questions and Discussion

IRC contacts on IRC/ABG Tax Matters.

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