

No. 2) of 2004.

Goods and Services Tax Revenue Distribution (Amendment) Act 2004.

Certified on: 11.02.05



INDEPENDENT STATE OF PAPUA NEW GUINEA.

No. of 2004.

Goods and Services Tax Revenue Distribution (Amendment) Act 2004.

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 “provincial government”
 “Provincial Treasurer”
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3. Establishment of Trust Accounts (Amendment of Section 3).
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INDEPENDENT STATE OF PAPUA NEW GUINEA.

AN ACT

entitled

Goods and Services Tax Revenue Distribution (Amendment) Act 2004,

Being a an Act to amend the *Goods and Services Tax Revenue Distribution Act 2003,*

MADE by the National Parliament to be deemed to have come into operation on 1
January 2004.

1. INTERPRETATION (AMENDMENT OF SECTION 1).

Section 1 of the Principal Act is amended by inserting after the definition of “net inland revenue” the following new definitions:-

“provincial government” means –

- (a) a provincial government established under Section 10 of the *Organic Law on Provincial Governments and Local-level Governments*; and
- (b) for the purposes of this Act, includes the National Capital District Commission established under the *National Capital District Commission Act 2001*;

“Provincial Treasurer” means –

- (a) in the case of a provincial government—the person appointed to be the Provincial Treasurer in accordance with Section 112 of the *Organic Law on Provincial Governments and Local-level Governments*; and
- (a) in the case of the National Capital District Commission—the person responsible for keeping the financial records of the National Capital District Commission;”.

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2. ESTABLISHMENT OF TRUSTS (AMENDMENT OF SECTION 2).

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

“(2) There shall be established for each provincial government a Provincial Inland GST Trust –

- (a) consisting of two trustees being –
 - (i) the Commissioner General; and
 - (ii) the Provincial Treasurer; and
- (b) whose purposes, functions, powers and procedures shall be as prescribed.”.

3. ESTABLISHMENT OF TRUST ACCOUNTS (AMENDMENT OF SECTION 3).

Section 3 of the Principal Act is amended by repealing Paragraph (b) and replacing it with the following:-

“(b) there shall be established in a bank for each provincial government a trust account entitled "(name of the provincial government) Inland GST Trust Account" which shall be subject to the provisions, as prescribed, of the Inland GST Trust.”.

4. GOODS AND SERVICES TAX REVENUE TO BE PAID INTO TRUST ACCOUNTS (AMENDMENT OF SECTION 4).

Section 4 of the Principal Act is amended by repealing Paragraph (b) and replacing it with the following:-

“(b) Goods and Services Tax revenue collected pursuant to Section 8 of the *Goods and Services Tax Act 2003* shall, to the extent that it is collected on a supply made within a province, be paid into the Provincial Inland GST Trust Account for that provincial government established under Section 3(b).”.

5. ADDITIONAL REVENUE TO BE PAID INTO GST TRUST ACCOUNTS (AMENDMENT OF SECTION 5).

Section 5(a) of the Principal Act is amended by repealing the word “provinces” and replacing it with the following:-

“provincial governments”.

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6. **REPEAL AND REPLACEMENT OF SECTION 7.**

Section 7 of the Principal Act is repealed and is replaced with the following:-

"7. VALUE OF DISTRIBUTIONS TO PROVINCIAL GOVERNMENTS.

(1) For the purposes of this Section –

“net GST collections” means GST collected pursuant to Section 8 of the *Goods and Services Tax Act 2003*, less any refunds paid pursuant to Section 91 of that Act, allocated in the manner provided for in Section 6(2); and

“2003 distribution” means the amount received by a provincial government during the fiscal year commencing 1 January 2003 pursuant to Section 6 of the *Value Added Tax Revenue Distribution Act 1998*.

"(2) Each provincial government shall be entitled to receive –

(a) for the fiscal year commencing 1 January 2004 –

- (i) 60% of the net GST collections estimated by the Minister, immediately prior to presenting the National Budget for the fiscal year 2004, to be collected in the province during the fiscal year commencing 1 January 2004; and
- (ii) where the amount payable to the provincial government under Subparagraph (i) is less than the 2003 distribution for that provincial government—such further amount as is required to bring the total amount of payment up to the amount of the 2003 distribution for that provincial government; and

(b) for the fiscal year commencing 1 January 2005,

- (i) 60% of the net GST collections estimated by the Minister, immediately prior to presenting the National Budget for the fiscal year 2005, to be collected in the province during the fiscal year commencing 1 January 2005; and
- (ii) where the amount payable to the provincial government under Subparagraph (i) is less than the 2003 distribution for that provincial government—such further amount as is required to bring the total amount of payment up to the amount of the 2003 distribution for that provincial government; and

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- (c) for subsequent fiscal years—an amount determined by an Act of Parliament.

"(3) Notwithstanding the provisions of Subsection (2), a provincial government which imposes a sales and/or service tax of the kind permitted by Section 86(1)(a) of the ***Organic Law on Provincial Governments and Local-level Governments*** shall not be entitled to be paid a share of the GST collection while that tax is in force.

"(4) Where Subsection (3) applies, the amount of GST distribution that a provincial government or provincial governments would have been entitled to receive but for the operation of Subsection (3) shall be distributed pro-rata to monthly entitlements to all other provincial governments which do not impose a sales and/or services tax.

"(5) On and from the coming into operation of the financial provisions relating to Bougainville contained in –

- (a) Part XIV (***Bougainville Government and Bougainville Referendum***) of the ***Constitution***; and
(b) the ***Organic Law on Peace-Building in Bougainville—Autonomous Bougainville Government and Bougainville Referendum***,

this Section does not apply to the Autonomous Region of Bougainville.”.

7. ORDER OF PRECEDENCE OF DISTRIBUTIONS FROM THE TRUST ACCOUNTS (AMENDMENT OF SECTION 8).

Section 8 of the principal Act is amended in Paragraph (b) –

- (a) by repealing the words “for the Inland GST Trust Account” and replacing them with the following:-

“for each Provincial Inland GST Trust Account”; and

- (b) in Subparagraph (iii) by repealing the word “provinces” and replacing them with the following:-

“each provincial government’s”.

8. TIME OF DISTRIBUTION OF REVENUE TO THE PROVINCES (AMENDMENT OF SECTION 10).

Section 10 of the Principal Act is amended –

- (a) by repealing the word “province” and replacing it with the following:-

“provincial government”; and

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- (b) by repealing the words “Section 7(2)(a)” and replacing them with the following:-

“Section 7(2)”.

I hereby certify that the above is a fair print of the *Goods and Services Tax Revenue Distribution (Amendment) Act 2004* which has been made by the National Parliament.

Clerk of the National Parliament.

I hereby certify that the *Goods and Services Tax Revenue Distribution (Amendment) Act 2004* was made by the National Parliament on 24 November 2004.

Clerk of the National Parliament.

