

No. 23 of 2006.

Income Tax (2007 Budget Amendment) Act 2006.

Certified on: 16.05.07



No. of 2006.

Income Tax (2007 Budget Amendment) Act 2006.

ARRANGEMENT OF SECTIONS.

1. Exemption of remuneration paid to non resident member of Commission of Inquiry (Amendment of Section 20).
2. Non-application of this Division (Amendment of Section 66A).
3. New Section 69M.
4. Double deduction for staff training (Amendment of Section 72A).
5. Depreciation (Amendment of Section 73).
6. New Division 9B of Part III.
7. Adjustment of deductions on disposal of right or information (Amendment of Section 155L).
8. Credits in respect of prescribed infrastructure developments (Amendment of Section 219C).
9. Application (Amendment of Section 275AA).



No. of 2006.

AN ACT

entitled

Income Tax (2007 Budget Amendment) Act 2006,

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

MADE by the National Parliament to come into operation on 1 January 2007.

1. EXEMPTION OF REMUNERATION PAID TO NON RESIDENT MEMBER OF COMMISSION OF INQUIRY (AMENDMENT OF SECTION 20).

Section 20 of the Principal Act is amended by inserting after the number "1951" the following words:-

“or a non-resident as counsel or technical or professional expert to assist a Commission under Section 4A of the *Commission of Inquiry Act 1951*”.

2. NON-APPLICATION OF THIS DIVISION (AMENDMENT OF SECTION 66A).

Section 66A of the Principal Act is amended in Subsection (2) by inserting after the the figure and letter "69L" the following figures and letter wherever it occurs:-

“69M,”.

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3. NEW SECTION 69M.

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

**“69M. DOUBLE DEDUCTION FOR CONTRIBUTIONS TOWARDS THE
30TH INDEPENDENCE ANNIVERSARY CELEBRATIONS AND
THE HOSTING OF THE PACIFIC ISLANDS FORUM ETC.,**

“(1) Subject to Subsection (2), a gift of money or property other than money made to the Papua New Guinea National Events Council Secretariat to contribute towards the 30th Independence celebrations and the hosting of the Pacific Islands Forum and the Melanesian Spearhead Group Summit held in 2005, shall be an allowable double deduction.

“(2) Section (1) applies—

(a) to a gift whose value exceeds K500.00; and

(b) in the case of a gift of property other than money, where the property was acquired by the taxpayer in the 12 months immediately preceding the making of the gift.

“(3) This section applies to gifts made in the period 1st January 2005 to 30th September 2005.”.

4. DOUBLE DEDUCTION FOR STAFF TRAINING (AMENDMENT OF SECTION 72A).

Section 72A of the Principal Act is amended by inserting immediately after Subsection (2) the following new subsection:-

“(2A) From 1 January 2007 a deduction is allowable for expenditure incurred for the payments of tourism staff training costs.”.

5. DEPRECIATION (AMENDMENT OF SECTION 73).

Section 73 of the Principal Act is amended by inserting immediately after Subsection (3) the following new subsection:-

“(3A) Where eligible property as defined in sub-paragraph (ca) is acquired during the year of income, or existing capital plant or articles, being eligible property under sub-paragraph (ca) are improved or extended during the year of income, the amount of depreciation allowable in the initial year shall be increased by an amount totalling to 55% of the cost price.”.

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6. NEW DIVISION 9B OF PART III.

Part III of the Principal Act is amended by inserting after Division 9A the following new Division:-

“Division 9B. – Tourism Accommodation Incentive.

“154E. INTERPRETATION.

In this Division unless the context otherwise requires or some other meaning is clearly intended -

“large scale tourist accommodation facility” means -

a hotel, motel, ship, inn or other place that charges a fee for the provision of temporary accommodation in Papua New Guinea:-

- (a) the construction of which commenced between 1 January 2007 and 31 December 2011; and
- (b) involved the expenditure of US\$10 million or more; and
- (c) provides 150 rooms or more for the purpose of temporary accommodation of people.

“substantially improved tourist accommodation facility” means -

capital works including refurbishment and extension of an existing hotel, motel, ship, inn or other place that charges a fee for the provision of temporary accommodation in Papua new Guinea:

- (a) the construction of which commenced between 1 January 2007 and 31 December 2011; and
- (b) involved the expenditure of US\$10 million or more; and
- (c) results in the provision at this place the provision of 150 rooms or more for the purpose of temporary accommodation of people.

“eligible taxpayer” means- a taxpayer who derives all of their taxable income solely from the operation of:

- (a) a large scale tourist accommodation facility; or
- (b) a substantially improved large scale tourist accommodation facility;

“qualifying taxpayer” is an eligible taxpayer who has registered with the Commissioner General.”

“154F. ELIGIBLE TAXPAYERS TO REGISTER WITH THE INTERNAL REVENUE COMMISSION.

Only eligible taxpayers that register with the Commissioner General will be eligible to be taxed at the prescribed rate for the purposes of this Division.

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"154G. LIMITED APPLICATION OF REDUCED RATE.

Qualifying taxpayers shall be taxed at the rate prescribed in the *Income Tax, Dividend (Withholding) Tax and Interest (Withholding) Tax Rates Act 1984* for the year in which income is first derived and for a maximum of four years thereafter."

7. ADJUSTMENTS OF DEDUCTIONS ON DISPOSAL OF RIGHT OR INFORMATION (AMENDMENT OF SECTION 155L).

Subsection (5) of Section 155L of the Principal Act is amended by inserting before the words "allowable exploration expenditure" wherever occurring, the following words:-

"exploration expenditure".

8. CREDITS IN RESPECT OF PRESCRIBED INFRASTRUCTURE DEVELOPMENTS (AMENDMENT OF SECTION 219C).

The Principal Act is amended in Section 219C -

(a) in Subsection (1) -

(i) by inserting after Paragraph (b) the word "or"; and

(ii) by inserting after Paragraph (b) the following new paragraph:-

“(c) a qualifying taxpayer under Division 9B of Part III engaged in tourism.”; and

(b) in Paragraph (a) of Subsection (2), by inserting after Subparagraph (ii) the following new subparagraph:-

“(iii) tourism, 1.5% of the assessable income derived in the year of income 2007 or in subsequent years; or”.

9. APPLICATION (AMENDMENT OF SECTION 275AA).

Section 275AA of the Principal Act is amended by inserting after "*The Mining (Ok Tedi Agreement) Act* (Chapter 363)" the following:

"except, where the company holding such a special mining lease does not derive any income to which Division III.10 applies".

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I hereby certify that the above is a fair print of the *Income Tax (2007 Budget Amendment) Act 2006* which has been made by the National Parliament.

Clerk of the National Parliament.

I hereby certify that the *Income Tax (2007 Budget Amendment) Act 2006* was made by the National Parliament on 28 November 2006.

Speaker of the National Parliament.

