

No. 24 of 2017.

*Income Tax (2018 Budget)(Amendment) Act 2017.*

Certified on : 27 MAR 2018



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No. 24 of 2017.

AN ACT

entitled

***Income Tax (2018 Budget)(Amendment) Act 2017,***

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

MADE by the National Parliament and deemed to come into operation -

- (a) with respect to Sections 8, 9, 10, 11, 12, 14, 15 and 21, on 1 January 2017; and
- (b) with respect to the remainder of the Act, on 1 January 2018.

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

Section 4 of the Principal Act is amended in the definition of “primary production” by inserting after the word “manufacture” second appearing, the following:

“but for the avoidance of doubt, does not include forestry, logging or timber operations;”.

**2. OFFICERS TO OBSERVE SECRECY (AMENDMENT OF SECTION 9).**

Section 9 of the Principal Act is amended in Subsection (4) by inserting the following new paragraphs:

- “(o) the Extractive Industries Transparency Initiative Secretariat or such equivalent body for purposes of reporting on the extractive industry in accordance with the Initiative; or
- (p) the Financial Analysis and Supervision Unit for purposes of carrying out their function under the *Anti-Money Laundering and Counter Terrorist Financing Act 2015*.”.

**3. NEW SECTIONS (AMENDMENT TO PART II).**

Part II of the Principal Act is amended by inserting the following new sections immediately after Section 10A:

**“10B. ELECTRONIC TAX RETURNS, NOTICES AND OTHER DOCUMENTS.**

(1) The Commissioner General may authorise the following to be done electronically through a computer system or mobile electronic device:

- (a) the furnishing of an application for a taxpayer identification number or registration; and
- (b) the furnishing of a tax return or other document; and
- (c) the payment of tax; and
- (d) the payment of a refund of tax; and
- (e) the service of any document by the Commissioner General; and
- (f) the doing of any other act or thing that is required or permitted to be done under a tax law.

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(2) Subject to Subsection (4), the Commissioner General may -  
    (a) do anything; or  
    (b) direct a person to do anything,  
referred to in Subsection (1) electronically through the use of a computer system or a mobile electronic device.

(3) Subsection (2) does not apply to a taxpayer if the Commissioner General is satisfied that the taxpayer does not have the capacity to receive or make communications or payments electronically.

(4) For the avoidance of doubt, an electronic communication made by, or to, the Commissioner General pursuant to Subsection (2) is treated as a notice in writing.

(5) A taxpayer who furnishes a tax return and pays tax electronically under this section must continue to furnish tax returns and pay tax in that manner unless otherwise authorised by the Commissioner General to use some other method of furnishing a tax return or paying tax.

(6) A taxpayer who fails to file a tax return or pay tax electronically as required under Subsection (5) is liable to pay a manual processing fee to be determined by the Commissioner General unless the taxpayer provides the Commissioner General with adequate reasons for the failure.

(7) The Commissioner General may provide for procedural rules for the electronic filing and service of documents, and the electronic payment of tax.

**10C. APPLICATION FOR A TAXPAYER IDENTIFICATION NUMBER.**

(1) Subject to Subsection (2), a person who commences an activity that may result in the person being liable to pay tax under a tax law must apply to the Commissioner General for a taxpayer identification number unless the person has already been issued with a taxpayer identification number that is still in force.

(2) Subsection (1) does not apply to a non-resident if the only tax that non-resident is liable for is income tax collected by withholding as a final tax under this Act unless Subsection (5) applies to the non-resident.

(3) A person to whom Subsection (1) does not apply but who requires a taxpayer identification number for the purposes of opening an account with a financial institution may apply to the Commissioner General for a taxpayer identification number.

(4) An application for a taxpayer identification number must be -  
    (a) lodged in the approved form; and  
    (b) accompanied by evidence of the person's identity as required by the Commissioner General; and  
    (c) in the case of an application under Subsection (1), lodged within 21 days of commencing the activity referred in Subsection (1) or within such further time as the Commissioner General may allow.

(5) The obligation of a person to apply for a taxpayer identification number under Subsection (1) is in addition to an obligation or option of the person to apply for registration for the purposes of a particular tax under any other tax law.

**10D. ISSUE OF A TAXPAYER IDENTIFICATION NUMBER.**

(1) If the Commissioner General is satisfied that an applicant for a taxpayer identification number is required to apply for a taxpayer identification number and that the applicant's identity has been established, the Commissioner General must issue a taxpayer identification number to the applicant by serving the applicant with written notice of the taxpayer identification number.

(2) Each taxpayer identification number issued by the Commissioner General must be unique and a person can have only one taxpayer identification number at any time.

(3) The Commissioner General must refuse an application for a taxpayer identification number if -

- (a) the Commissioner General is not satisfied as to the applicant's true identity; or
- (b) the applicant has already been issued with a taxpayer identification number that is still in force.

(4) The Commissioner General may, on his own motion, issue a taxpayer identification number to a person required to apply for a taxpayer identification number but who has failed to do so within the time specified in Section 10C(4)(c).

**10E. ONE STOP SHOP TAX REGISTRATION.**

(1) The Commissioner General must use the information provided by an applicant for a taxpayer identification number for the registration of the applicant as required or permitted under a tax law for the purposes of a particular tax without the person being required to lodge any additional application forms.

(2) Notwithstanding Subsection (1), the Commissioner General may request an applicant to provide any further information necessary to complete the registration of the person as required or permitted under a tax law.

**10F. NOTIFICATION OF CHANGES.**

(1) A taxpayer must notify the Commissioner General, in writing, of a change in any of the following within 28 days of the change occurring -

- (a) the person's name, physical or postal address, constitution, or principal activity or activities; or
- (b) the person's banking details; or
- (c) the person's electronic address used for communication with the Commissioner General; or
- (d) such other details as the Commissioner General may require by public notice.

(2) A notification of changes made by a taxpayer under Subsection (1) is treated as satisfying any obligation to notify the same changes in relation to a registration of the person for the purposes of a particular tax under another tax law.

**10G. USE OF A TAXPAYER IDENTIFICATION NUMBER.**

- (1) A person must -
  - (a) state their taxpayer identification number in any tax return, notice, or other document lodged with the Commissioner General or used for the purposes of a tax law; and
  - (b) supply their taxpayer identification number to a withholding agent in respect of payments made by the withholding agent to the taxpayer used for the purposes of any tax law; and
  - (c) supply their taxpayer identification number to a financial institution when opening an account with the institution; and
  - (d) supply their taxpayer identification number to a government department or public authority as required by the authority.
- (2) A taxpayer identification number is personal to the person to whom the tax number is issued and, subject to Subsection (3), must not be used by another person.
- (3) The taxpayer identification number of a taxpayer may be used by the representative or registered tax agent of the taxpayer when -
  - (a) the taxpayer has given written permission to the representative or registered tax agent to use the taxpayer identification number; and
  - (b) the representative or registered tax agent uses the taxpayer identification number only in respect of the tax affairs of the taxpayer.

**10H. CANCELLATION OF A TAXPAYER IDENTIFICATION NUMBER.**

- (1) A person who ceases to be liable for tax under all the tax laws must apply to the Commissioner General, in the approved form, for cancellation of the person's taxpayer identification number.
- (2) An application under Subsection (1) must be lodged -
  - (a) in the approved form; and
  - (b) with the Commissioner General within 21 days of the date on which the person ceased to be liable for tax under all the tax laws or within such further time as the Commissioner General may allow.
- (3) The Commissioner General must, by notice in writing, cancel a taxpayer identification number if satisfied that -
  - (a) the person is no longer liable for tax under all the tax laws; or
  - (b) the taxpayer identification number is issued to the person under an identity that is not the person's true identity; or
  - (c) the person has already been issued with a taxpayer identification number that is still in force.
- (4) The Commissioner General may, at any time, by notice in writing, cancel the taxpayer identification number issued to a taxpayer and issue the taxpayer with a new taxpayer identification number.
- (5) The cancellation of a person's taxpayer identification number under this section does not affect any obligation of the person arising under a tax law before cancellation of the taxpayer identification number.

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**10I. PENALTIES RELATING TO TAXPAYER IDENTIFICATION NUMBER.**

(1) A person who, without reasonable cause, fails to apply for a taxpayer identification number as required under this Act is liable for a penalty equal to K100.00 for each month or part of a month for the period -

- (a) commencing from the month that the person was first required to apply for a taxpayer identification number; and
- (b) ending on the earlier of -
  - (i) the month in which the person lodges an application for a taxpayer identification number; or
  - (ii) the month in which the Commissioner General issues the person with a taxpayer identification number on his own motion.

(2) A person is liable for a penalty equal to K500.00 if the person -

- (a) fails to notify a change in circumstances as required under Section 10F; or
- (b) contravenes Section 10G(1).

(3) Except where Section 10G(3) applies, a person is liable for a penalty equal to K1,000.00 if the person -

- (a) provides their taxpayer identification number for use by another person; or
- (b) uses the taxpayer identification number of another person.

(4) A person who, without reasonable cause, fails to apply for cancellation of a taxpayer identification number as required under Section 10H is liable to a penalty of K100.00 for each month or part of a month for the period -

- (a) commencing on the date that the person was required to apply for cancellation of the taxpayer identification number; and
- (b) ending on the earlier of -
  - (i) the month in which the person lodges the application for cancellation; or
  - (ii) the month in which the person's taxpayer identification number is cancelled on the Commissioner General's own motion.

(5) A person is liable to a penalty of K1,000.00 if the person continues to use a taxpayer identification number after it has been cancelled.

**10J. OFFENCE RELATING TO TAXPAYER IDENTIFICATION NUMBER.**

(1) A person is guilty of an offence if the person deliberately or recklessly uses a false taxpayer identification number on a tax return or other document lodged with the Commissioner General for the purposes of a tax law.

(2) A person who uses the taxpayer identification number of another person is treated as having used a false taxpayer identification number except when Section 10G(3) applies.

Penalty: A fine of not less than K500.00 and not exceeding K5,000.00.



**10K. IMPLEMENTATION OF MUTUAL ADMINISTRATIVE ASSISTANCE AGREEMENTS.**

(1) If a tax treaty or mutual administrative assistance agreement having legal effect in Papua New Guinea provides for exchange of information, or reciprocal assistance in the recovery of tax, service of process, or other administrative obligation, the Commissioner General must use the powers available under this Act or any other law to meet Papua New Guinea's obligations under the treaty or agreement on the basis that a reference in this Act or other law -

- (a) to "tax" includes a foreign tax to which the exchange of information or reciprocal assistance relates; and
- (b) to "unpaid tax" includes an amount specified in Paragraph (a) that has not been paid on or before the due date; and
- (c) to "taxpayer" includes a person liable for an amount specified in Paragraph (a); and
- (d) to "tax law" includes the law under which a foreign tax specified in Paragraph (a) is imposed.

(2) If the person holding the office of the Papua New Guinea competent authority, under a tax treaty or mutual administrative assistance agreement, is not the Commissioner General or other Internal Revenue Commission officer, the person has all the powers of the Commissioner General under this Act for the purposes of meeting the person's obligations under the treaty or agreement.

**10L. PRESERVATION OF ASSETS.**

(1) This section applies when the Commissioner General has reasonable cause to believe that -

- (a) a taxpayer will not pay the full amount of tax owing when due; and
- (b) the taxpayer has taken, or will take, steps to frustrate the recovery of the tax, including the dissipation of the taxpayer's assets.

(2) When this section applies, the Commissioner General may serve a notice (referred to as a "preservation notice") on a financial institution requiring the financial institution, for a period not exceeding 14 days as set in the notice, to -

- (a) block the accounts of the taxpayer; and
- (b) freeze access to any cash, valuables, precious metals, or other assets of the taxpayer in a safe deposit box held by the financial institution; and
- (c) provide information relating to the taxpayer's accounts or the contents of the taxpayer's safe deposit box.

(3) A preservation notice served on a financial institution must specify the name and last known address of the taxpayer to which the notice applies.

(4) When a preservation notice has been served on a financial institution, the Commissioner General may make an assessment, including an advance assessment, of the tax payable by the taxpayer for the current and any prior tax period.

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(5) A financial institution that, without reasonable cause, fails to comply with a preservation notice served on the financial institution is liable for the tax liability of the taxpayer to the extent of the accounts and assets held by the financial institution.

(6) Only the Commissioner General or an authorised officer is permitted to exercise powers under this section.”.

**4. NEW SECTION 11A.**

Part III of the Principal Act is amended by inserting, after Section 11, the following new section:

**“11A. FISCAL STABILITY.**

For the avoidance of doubt, the taxation treatment of the LNG Project Company as well as any other resource project participant that is subject to a fiscal stability agreement with the State, continues to apply as agreed in the respective project agreement entered into by the LNG PNG Company or that participant with the State and guaranteed pursuant to the provisions of the *Resource Contracts Fiscal Stabilisation Act 2000*, notwithstanding anything to the contrary in this Act or any other revenue law administered by the Commissioner General.”.

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

Section 46B of the Principal act is amended -

(a) in Subsection (1), by inserting immediately after the number “(2)”, the following:

“(2A), (2B)”;

(b) by repealing Subsection (2) and replacing it with the following new subsection:

“(2) Income referred to in Subsection (1), to the extent that it does not exceed the total value of -

(a) payments made after 1 January 2018 in respect of long service leave accrued at a rate not exceeding six months per 15 years of service with an employer or an associated person of that employer where the employee had completed a minimum of fifteen years’ continuous service; and

(b) distribution from an authorised superannuation fund being a prescribed sum, and the amount accrued before 1 January 1993, 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.*”; and

(c) by inserting after Subsection (2A), the following new subsection:

“(2B) Income referred to in Subsection (1), except where it relates to income covered by Subsection (2), to the extent it is a payment, made after 1 January 2018, of long service leave accrued at a rate not exceeding six months per fifteen years of service with an employer or an associated person of that employer, shall be deemed to be salary or wages income taxable at the rate declared by Section 1(3A) of the *Income Tax (Salary or Wages Tax) (Rates) Act 1979.*”; and

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(d) in Subsection (4), by repealing “, (2)”.

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

Section 72A of the Principal Act is amended by inserting immediately after Subsection (5), the following new subsection:

“(6) The double deduction under Subsections (3) and (4) shall only apply to expenditure incurred prior to 1 January 2018.”.

**7. DECLARATION OF TRUST AS LANDOWNER RESOURCES TRUST (AMENDMENT OF SECTION 137).**

Section 137 of the Principal Act is amended by repealing and replacing Subsection (2) with the following:

“(2) The Commissioner General may by gazettal notice declare a trust, to which this section applies, to be a landowner resources trust.”.

**8. INTERPRETATION (AMENDMENT OF SECTION 155).**

Section 155 of the Principal Act is amended by repealing Subsection (3).

**9. ALLOWABLE EXPLORATION EXPENDITURE (AMENDMENT OF SECTION 155A).**

Section 155A of the Principal Act is amended in Subsection (6) by repealing the following words in Paragraph (d):

“subject to Subsection 156E”.

**10. ADDITIONAL DEDUCTION FOR EXPLORATION EXPENDITURE INCURRED OUTSIDE THE RESOURCE PROJECT (AMENDMENT OF SECTION 155N).**

Section 155N of the Principal Act is amended in Subsection (6) by repealing the following words “Subject to Subsection 156E, no” and replacing them with the word “No”.

**11. APPLICATION (REPEAL AND REPLACEMENT OF SECTION 159).**

Section 159 of the Principal Act is repealed and replaced with the following:

**“159. APPLICATION.**

(1) Subject to Subsection (2) and Section 11A, this subdivision provides for a tax by the name of additional profits tax as defined in Section 155(1) and applies to participants in a resource project.

(2) In the case of participants in an existing mining project or petroleum project, this subdivision shall apply from the commencement of the 2017 year of income.”.

**12. ACCUMULATED VALUE OF NET PROJECT RECEIPTS (AMENDMENT OF SECTION 159B).**

Section 159B of the Principal Act is amended in Subsection (1), Paragraph (a) by -

(a) repealing the word “and” at the end of Subparagraph (i) and replacing it with the word “or”; and

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- (b) by repealing Sub-paragraph (ii) and replacing it with the following new sub-paragraphs:

- “(ii) for resource projects being a mining project or a petroleum project in existence on 31 December 2016, the estimated accumulated value of net project receipts in respect of the period from the year in which the uplift commencement date of the taxpayer occurred, to the end of the 2016 year of income, as they would have been, had those projects been subject to the provisions of this subdivision during that period; and
- (iii) other than those referred to in Paragraphs (i) and (ii), in respect of the year in which the uplift commencement date of the taxpayer occurs and all preceding years of income, the sum of the net project receipts for the year of income plus the net project receipts for all preceding years of income.”.

**13. TAX CREDIT ALLOWABLE (REPEAL AND REPLACEMENT OF SECTION 161A).**  
Section 161A of the Principal Act is repealed and replaced with the following:

**“161A. TAX CREDIT ALLOWABLE**

(1) The total of royalty and development levy payable by a petroleum or designated gas project for a year of income is an allowable deduction in respect of that year of income in which the royalty and development levy were paid or became payable.

(2) Notwithstanding Subsection (1), tax credits from payment of royalties and development levies made prior to 1 January 2018 shall be carried forward to the next succeeding year of income until fully utilised.”.

**14. LIABILITY TO DIVIDEND (WITHHOLDING) TAX (AMENDMENT OF SECTION 189B).**

Section 189B of the Principal Act is amended in Subsection (4) by inserting immediately after Paragraph (e), the following new paragraph:

“(f) income that consists of dividends derived by an authorised superannuation fund or a non-resident superannuation fund.”.

**15. OVERSEAS CONTRACTORS (AMENDMENT OF DIVISION III.14A).**

Division III.14A of the Principal Act is amended by inserting, immediately after Section 196E, the following new section:

**“196F. PRESCRIBED CONTRACT INCOME NOT INCLUDED IN ASSESSABLE.**

(1) Prescribed contract income upon which foreign contractor (withholding) tax is payable and is paid, shall not be included in the assessable income of a foreign contractor.

(2) In computing the assessable income of a foreign contractor, no deduction shall be allowed in respect of any expenditure they incurred for or in connection, directly or indirectly, with the earning of the prescribed contract income.”.

**16. TRAINING LEVY (AMENDMENT OF DIVISION III.14D).**

Division III.14D of the Principal Act is amended by inserting after Section 196ZA, the following new Section:

**“196ZB. APPLICATION OF DIVISION 14D.**

Notwithstanding Sections 196Y, 196Z and 196ZA, training levy under this division shall cease to apply as of 31 December 2017 and the last year of income in which training levy is imposed shall be that commencing 1 January 2017.”.

**17. RATE IN SPECIAL CIRCUMSTANCES (REPEAL AND REPLACEMENT OF SECTION 208).**

Section 208 of the Principal Act is repealed and replaced with the following:

**“208. RATE IN SPECIAL CIRCUMSTANCES.**

(1) Where the insurer satisfies the Commissioner General that, on account of special circumstances, it is necessary that the rate of tax payable by him under this division should be ascertained at the time when premiums are paid to him, the Commissioner General may direct that the tax so payable in respect of premiums paid during any financial year shall be calculated at the rate that would have been payable if an assessment had been made in respect of those premiums at the date when they were paid.

(2) The taxable income of an insurer under Section 204 shall be taxed at the prescribed rate for non-resident taxpayers, except for any Lloyd’s underwriters (as defined in Section 2 of the *Insurance Act 1995*) which are taxed at the prescribed rate for resident taxpayers.”.

**18. REBATE ON DIVIDENDS (AMENDMENT OF SECTION 216).**

Section 216 of the Principal Act is amended by repealing Subsection (3).

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

Section 219C of the Principal Act is amended -

(a) in Subsection (1), by inserting -

(i) before the definition of “approved national infrastructure project”, the following new definition:

““APEC Haus Project” means the construction of the APEC Haus as approved for purposes of this section by the National Executive Council on 07<sup>th</sup> September 2016 in NEC Decision No. 219 of 2016”; and

(ii) after the definition of “Highlands Highway”, the following new definition:

““related corporation” means, in relation to an eligible taxpayer, a corporation which is -

(a) a wholly owned subsidiary of the taxpayer; or

(b) a corporation of which the taxpayer is a wholly owned subsidiary; or

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(c) a wholly owned subsidiary of a corporation of which the taxpayer is a wholly owned subsidiary, and to the extent that the related corporation is engaged in mining, petroleum or gas operations"; and

(b) by inserting after Subsection (5A), the following new subsection:

"(5B) In addition to any deemed tax payment under Subsection (2), where an eligible taxpayer or related corporation incurs, between 7<sup>th</sup> September 2016 and 31 December 2018, expenditure on the APEC Haus Project, 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 1.25% of the assessable income derived by the taxpayer in the year of income, however the total expenditure incurred during the above mentioned period, shall not exceed K170 million"; and

(c) in Subsection (8), by inserting immediately before the colon and figure "(6)", the following:

"(5B) and".

**20. APPLICATION FOR REVIEW OR APPEAL (REPEAL AND REPLACEMENT OF SECTION 247).**

Section 247 of the Principal Act is repealed and replaced with the following:

**"247. APPLICATION FOR REVIEW OR APPEAL.**

(1) Subject to Subsections (2), (3), (4) and Section 257, a taxpayer who is dissatisfied with the decision of the Commissioner General under Section 246 may, within 60 days after service of the notice, either -

- (a) make an application to the Review Tribunal for review in the prescribed form; or
- (b) file an appeal to the National Court in accordance with the National Court Rules.

(2) Prior to making an application to a Review Tribunal or filing an appeal in the National Court, a dissatisfied taxpayer shall pay to the Commissioner General,

- (a) the full amount of any tax due and payable on the assessment, the subject of the decision with which the taxpayer is dissatisfied; and
- (b) any additional tax which has accrued, pursuant to Section 262, on the tax due and payable on the assessment the subject of the decision with which the taxpayer is dissatisfied, and which has not been remitted pursuant to Subsection 262(2) prior to the making of the application or filing of the appeal by the dissatisfied taxpayer.

(3) Any application made and appeal filed by a dissatisfied taxpayer prior to the payment of any tax or additional tax referred to in Subsection (2) is invalid.

(4) Where -

- (a) a dissatisfied taxpayer has made an application or filed an appeal pursuant to this section prior to 1 January 2017; and

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- (b) the review tribunal or the National Court has not commenced the substantive review or hearing of the application or appeal; and
  - (c) the dissatisfied taxpayer has not paid any tax due and payable or additional tax referred to in Subsection (2),
- any such application or appeal shall be stayed until such time the tax or additional tax is paid to the Commissioner General.

(5) The Review Tribunal or the National Court may give such direction or orders necessary to give effect to Subsection (4).”.

**21. WHEN TAX PAYABLE (REPEAL AND REPLACEMENT OF SECTION 259).**

Section 259 of the Principal Act is repealed and replaced with the following:

**“259. WHEN TAX PAYABLE.**

(1) Subject to this part, any income tax assessed is due and payable by the person liable to pay the tax on the date specified in the notice as the date upon which tax is due and payable, not being less than 30 days after the service of the notice, or, if no date is so specified, on the 30<sup>th</sup> day after the service of the notice.

(2) Notwithstanding Subsection (1), payment of any income tax assessed may be made by the person liable, upon lodgment of a tax return or any time before the 30<sup>th</sup> day.”.

**22. NEW DIVISION VI.2AC.**

Part VI of the Principal Act is amended by inserting immediately after Division 2AB, the following new division:

**“DIVISION 2AC. - RECOVERY OF TAX FROM SHAREHOLDERS AND RELATED ENTITIES.**

**299AJ. OBJECT.**

The object of this division is to allow for the collection and recovery of any unpaid tax against shareholders of the taxpayer and their related entities.

**299AK. INTERPRETATION.**

- (1) In this division, unless the contrary intention appears -
- “amount due and payable” means any amount due and payable by a taxpayer to the Commissioner General pursuant to -
- (a) Section 259; and
  - (b) Section 262; and
  - (c) any judgment entered against the taxpayer in respect of any amount due and payable pursuant to Sections 259 and 262;

“issued share” means a share;

“share” includes -

- (a) a share in the share capital of a body corporate and includes stock; and
- (b) a proprietary interest, however described, in any other body or association whether incorporated or unincorporated;

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“shareholder” includes any person or body corporate or other body or association whether incorporated or unincorporated which is the owner of a share regardless of whether it is beneficially entitled to the share thus owned by it;

“shareholder’s portion” means that percentage of an amount due and payable by a taxpayer which is equal to the share held either directly or indirectly in the taxpayer by a shareholder, expressed as percentage of the total number of issued shares in the taxpayer.

(2) For the purposes of this Division, a person, body corporate, or other body or association whether incorporated or unincorporated is a related entity of a shareholder, which is not a natural person, if -

- (a) it controls the composition of the Board, or equivalent governing body, of the shareholder; or
- (b) it is in a position to exercise, or control the exercise of more than one half of the maximum number of votes that can be exercised at a meeting of the shareholder; or
- (c) more than one half of the issued shares of the shareholder are held by it and bodies corporate or other bodies or associations whether incorporated or unincorporated related to it; or
- (d) it holds at least one twentieth of the issued shares of the shareholder; or
- (e) it is entitled to receive at least one twentieth of any dividend paid by the shareholder to its shareholders.

**299AL. APPLICATION OF THIS DIVISION.**

This division applies in respect of any amount due and payable by a taxpayer that remains unpaid as at 1 January 2018.

**299AM. NOTICES TO SHAREHOLDERS.**

- (1) Where a taxpayer -
  - (a) is a body corporate or a body or association whether incorporated or unincorporated; and
  - (b) has an amount due and payable to the Commissioner General; and
  - (c) the Commissioner General, having taken reasonable steps to recover an amount due and payable from the taxpayer, is of the opinion that it will not or may not be able to recover from the taxpayer the amount due and payable,

the Commissioner General may serve a notice on each shareholder of the taxpayer requiring it to take any steps which may be available to it to cause the taxpayer to pay to the Commissioner General the amount due and payable within 14 days of the date stated on the notice.

(2) The reasonable steps referred to in Subsection (1)(c) includes those steps which the Commissioner General can take pursuant to the Act which the Commissioner General believes are reasonable in the circumstances.



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**299AN. LIABILITY OF SHAREHOLDERS.**

(1) In the event a taxpayer does not pay to the Commissioner General the total amount due and payable by the expiry of the 14<sup>th</sup> day referred to in the notice served under Section 299AM(1), the shareholder in receipt of such notice, shall, from that date, become jointly and severally liable for the amount due and payable to the extent of that shareholder's portion, and shall be liable to pay to the Commissioner General, within 30 days of becoming jointly and severally liable, its shareholder's portion.

(2) The Commissioner General may sue a shareholder referred to in Subsection (1) in the National Court for the recovery of the shareholder's portion due and payable by it.

(3) The Commissioner General may sue a shareholder pursuant to Subsection (2) -

- (a) in proceedings in which it also sues the taxpayer for recovery of the amount due and payable; or
- (b) separately from any proceedings referred to in Paragraph (a) and subsequent to the determination by the Court in such proceedings.

**299AO. NOTICE AND LIABILITY OF RELATED ENTITIES.**

(1) Where a shareholder is jointly and severally liable under Section 299AN(1), and neither the taxpayer nor the shareholder has paid the total amount due and payable or the total shareholders portion respectively, by the expiry of the 30<sup>th</sup> day referred to in that provision, the Commissioner General may serve notice on any related entity of the shareholder requiring that related entity to pay to it the shareholder's portion within 30 days of the date stated on the notice.

(2) In the event the related entity does not make payment of the shareholder's portion within the time stated in Subsection (1) the related entity shall become jointly and severally liable to pay to the Commissioner the shareholder's portion.

(3) The Commissioner General may sue the related entity in the National Court for recovery of the shareholder's portion due and payable by it.

(4) The Commissioner General may sue a related entity pursuant to Subsection (3) -

- (a) in proceedings in which it also sues the taxpayer or shareholder for recovery of the amount due and payable or the shareholder's portion; or
- (b) separately from any proceedings referred to in Paragraph (a) and subsequent to the determination by the Court in such proceedings."

**23. ADDITIONAL TAX IN CERTAIN CASES (AMENDMENT OF SECTION 316).**

Section 316 of the Principal Act is amended in Subsection (2) by repealing Paragraph (dc) and replacing it with the following new paragraphs:

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- “(dc) includes in his return in a year of income, a deduction of a loss from a previous year under Section 101(3), and the Commissioner General forms an opinion or determines that such loss is not allowable as a deduction in full or in part in the year claimed; or
- (dd) includes in his return in a year of income, a deduction under Section 68 and the Commissioner General forms an opinion or determines that such a deduction is not allowable in full or in part in the year claimed; or
- (de) includes in his return in a year of income, a deduction under Division 10 and the Commissioner General forms an opinion or determines that such a deduction is not allowable in full or in part in the year claimed.”.

**24. NEW SECTION 322A (AMENDMENT OF PART VII).**

Part VII of the Principal Act is amended by inserting after Section 322, the following new section:

**“322A. BRIBERY.**

A person who -

- (a) gives or procures to be given, or offers or promises to give or procure to be given, any bribe, recompense or reward to an officer to induce him to neglect his duty; or
- (b) makes a collusive agreement with an officer to induce him to neglect his duty; or
- (c) attempts by threats, demands or promises to influence an officer in the discharge of his duty,

is guilty of an offence.

Penalty: Imprisonment for a term not exceeding five years.”.

I hereby certify that the above is a fair print of the *Income Tax (2018 Budget)(Amendment) Act 2017* which has been made by the National Parliament.

  
Acting Clerk of the National Parliament.

27 MAR 2018

I hereby certify that the *Income Tax (2018 Budget)(Amendment) Act 2017* was made by the National Parliament on 5 December 2017.

  
Speaker of the National Parliament.

27 MAR 2018