

No. 118 of 1975.
Income Tax (Rates) Act 1975.

Certified on: / /20 .

INDEPENDENT STATE OF PAPUA NEW GUINEA.



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INDEPENDENT STATE OF PAPUA NEW GUINEA.



AN ACT

entitled

Income Tax (Rates) Act 1975,

Being an Act to declare the rates of Income Tax,
MADE by the National Parliament.

PART I. – PRELIMINARY.

1. COMMENCEMENT.

This Act shall be deemed to have come into operation on 1 July 1975.

2. INTERPRETATION.

(1) In this Act, “**the Income Tax Act**” means the *Income Tax Act 1959*.

(2) A reference in this Act to taxable income shall be read as a reference to taxable income of the year of income.

3. INCORPORATION.

The Income Tax Act is incorporated and shall be read as one with this Act.

PART II. – IMPOSITION OF INCOME TAX.

4. DECLARATION OF RATES.

The rates of income tax for the fiscal year commencing on 1 July 1975, and except as provided otherwise by Act for each subsequent fiscal year, are the rates specified in this Act and no others.

PART III. – RATES OF INCOME TAX.

5. RATES OF TAX PAYABLE BY INDIVIDUALS.

The rates of income tax on taxable income payable by a person other than a company are as set out in Schedule 1.

6. RATES OF TAX PAYABLE BY COMPANIES (OTHER THAN TRUSTEES).

(1) The rates of income tax payable by a company, other than–

(a) a company in the capacity of a trustee; or

(b) a company to which Section 154C of the Principal Act applies,

are as set out in Schedule 4.

(2) The rates of income tax payable by a company to which Section 154C of the Principal Act applies are as set out in Schedule 6.

7. RATE OF TAX PAYABLE BY TRUSTEES ON TRUST INCOME.

(1) The rate of income tax on net income of a trust estate, payable by a trustee, as set out in Section 1 of Schedule 3.

(2) The rate of income tax on distributions of income of a trust estate, payable by a trustee is as set out in Section 2 of Schedule 3.

7. RATES OF TAX PAYABLE BY COMPANIES.

The rates of income tax on taxable income payable by a company, other than a company in the capacity of a trustee, are as set out in Schedule 4.

**SCHEDULE 1 – GENERAL RATES OF INCOME TAX ON TAXABLE INCOME
PAYABLE BY PERSONS OTHER THAN COMPANIES.**

Sec. 5.

The rate of income tax for each part of the taxable income specified in Column 1 of the following table is the percentage specified in Column 2 of that table opposite to the reference to that part of the taxable income in Column 1:–

Column 1	Column 2
Parts of Taxable Income	Percentage
The part of the taxable income that:–	
does not exceed K1,000	4
exceeds K1,000.00 but does not exceed K2,000.00	12
exceeds K2,000.00 but does not exceed K3,000.00	12
exceeds K3,000.00 but does not exceed K4,000.00	16
exceeds K4,000.00 but does not exceed K5,000.00	20
exceeds K5,000.00 but does not exceed K6,000.00	24
exceeds K6,000.00 but does not exceed K7,000.00	28
exceeds K7,000.00 but does not exceed K8,000.00	32
exceeds K8,000.00 but does not exceed K12,000.00	36
exceeds K12,000.00 but does not exceed K16,000.00	40
exceeds K16,000.00 but does not exceed K20,000.00	44
exceeds K20,000.00 but does not exceed K30,000.00	48
exceeds K30,000.00	50

Column 1	Column 2
Parts of Taxable Income	Percentage

where the taxable income does not exceed K1,019 the amount of income tax payable shall not exceed 50% of the amount by which the taxable income exceeds K936.00.

**SCHEDULE 2 – RATE OF INCOME BY REFERENCE TO A NOTIONAL
INCOME.**

Sec. 6.

In respect of the taxable income of a taxpayer deriving a notional income, as specified by Section 80, Section 117(2) or Section 212 of the Income Tax Act, the rate of income tax payable shall be determined—

- (a) by ascertaining the amount of income tax that would be payable under Schedule 1 on a taxable income equal to that notional income; and
- (b) by expressing the amount so ascertained as a percentage of the amount of that notional income,

and the percentage so expressed is the rate of tax payable in the taxable income of that taxpayer.

**SCHEDULE 3 – RATE OF INCOME TAX ON TAXABLE INCOME PAYABLE
BY A TRUSTEE ON TRUST INCOME.**

Sec. 7.

1. In respect of the net income of a trust estate in respect of which a trustee is liable under Section 130 of the Income Tax Act, to be assessed and to pay tax, the rate of income tax is the rate that would be payable under Schedule 1 or 20% of the net income, whichever is the higher.
2. In respect of distributions of the income of a trust estate in respect of which a trustee is liable under Schedule 135 of the Income Tax Act, to be assessed and to pay tax, the rate of income tax is 10% of the distribution.

**SCHEDULE 4 – RATES OF INCOME TAX PAYABLE BY A COMPANY
OTHER THAN A COMPANY IN THE CAPACITY OF A TRUSTEE.**

Sec. 8.

Sch. 4.1A. Companies incorporated in Papua New Guinea.

In the case of a company which is a corporation incorporated in Papua New Guinea the rate of income tax (other than additional tax under Section 138 of the Income Tax Act) is 33-1/3% of the taxable income.

Sch. 4.1B. Companies incorporated outside Papua New Guinea.

In the case of a company which is a corporation incorporated outside Papua New Guinea the rate of income tax is 45% of the taxable income.

Sch. 4.1C. Unincorporated Associations, etc.

In the case of a company other than a corporation the rate of income tax is 33% of the taxable income.

Sch. 4.2. Amounts undistributed by private companies.

In the case of a private company the rate of income tax in respect of the undistributed amount upon which the company is liable under Section 138 of the Income Tax Act to pay additional tax, is nil % of that undistributed amount.

Sch. 4.3. Interest paid by companies to non-residents.

In respect of an amount of interest upon which a company is liable, under Section 186(1) of the Income Tax Act, to pay income tax, the rate of income tax is 45% of that amount of interest.

Sch. 4.4. Interest paid by companies on bearer debentures.

In respect of an amount of interest upon which a company is liable, under Section 187(1) of the Income Tax Act, to pay income tax, the rate of income tax is 45% of that amount of interest.

Sch. 4.5. Amounts undistributed by private companies.

In the case of a private company, the rate of income tax in respect of the undistributed amount on which the company is liable, under Section 138 of the Principal Act, to pay additional tax is 0.0% of that amount.

Sch. 4.6. Interest paid by companies to non-residents.

In respect of an amount of interest on which a company is liable, under Section 186(1) of the Principal Act, to pay income tax, the rate of income tax is 45% of that amount.

Sch. 4.7. Interest paid by companies on bearer dividends.

In respect of interest on which a company is liable, under Section 187(1) of the Principal Act, the rate of income tax is 45% of that amount.

**SCHEDULE 5 – RATE OF ADDITIONAL PROFILE TAX ON PETROLEUM
INCOME.**

Sec. 7.

In respect of an amount of additional profits from petroleum mining on which a company is liable, under Section 165C of the Principal Act, to pay additional profits tax, the rate of income tax is 50% of that amount.

**SCHEDULE 6 – RATE OF INCOME TAX PAYABLE UNDER SECTION 154C
OF THE PRINCIPAL ACT.**

Sec. 6(2).

Sch. 6.1. First K10,000 of taxable income.

In respect of the first K10,000 of taxable income, the rate of income tax is nil.

Sch. 6.2. Income above K10,000.

In respect of so much of the taxable income that exceeds K10,000, the rate of income tax (other than additional tax under Section 138 of the Principal Act) is 33%.

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