

No. 45 of 1995.

Rationalisation of the Public Service (Budget Provisions) Act 1995.

Certified on: 22/1/1996.

INDEPENDENT STATE OF PAPUA NEW GUINEA.



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SCHEDULE 1 – .

INDEPENDENT STATE OF PAPUA NEW GUINEA.

AN ACT

entitled

Rationalisation of the Public Service (Budget Provisions) Act 1995,

Being an Act to facilitate the rationalisation of the Public Service and certain public authorities through the managed redundancy of Government employees.

MADE by the National Parliament, to be deemed to have come into operation on 20 June 1995.

PART 1. – PRELIMINARY.

1. INTERPRETATION.

(1) In this Act, unless the contrary intention appears –

“the Income Tax Act” means the *Income Tax Act 1959*;

“the Income Tax Rates Act” means the *Income Tax (Salary or Wages Tax) (Rates) Act 1979*;

“the Minister” means the Minister for Public Service;

“Public Service” means:

- (a) the Public Service of Papua New Guinea; and
- (b) a public authority –
 - (i) declared under *Section 2 of the Salaries and Conditions Monitoring Committee Act* to be a public authority to which that Act applies; and
 - (ii) determined by the Salaries and Conditions Monitoring Committee to be a public authority to which this Act applies;

“Public Service employee” means any person employed in the Public Service whether as an officer or otherwise;

“redundancy payment or redundancy payments” means the redundancy payment or payments as described in *Section 4*;

“the Salaries and Conditions Monitoring Committee Act” means the *Salaries and Conditions Monitoring Committee Act 1988*.

(2) Any term or word used or referred to in this Act which is defined in *Section 4 of the Income Tax Act* has the meaning given to it in that section.

2. ADMINISTRATION.

The Commissioner General of Internal Revenue has the general administration of this Act.

3. PAYMENTS OF WHICH THIS ACT APPLIES.

(1) Except as otherwise provided herein, this Act applies to any redundancy payment to a Public Service employee in consequence of the termination of his employment by or under the written order of the Minister or his delegate or, in the case of the head of a public authority comprised in the Public Service, where so authorised by the Salaries and Conditions Monitoring Committee during the period prescribed in the Schedule.

(2) The following redundancy payments shall be excluded from the operations of this Act (hereinafter described as “excluded redundancy payments”): –

- (a) any payment on or for which the Public Service employee is entitled to a rate of tax under the Income Tax Act and/or the Income Tax Rates Act that is lower than the rate prescribed herein which would otherwise be applicable to that payment; and
- (b) any payment to a Public Service employee by way of damages or compensation pursuant to a Court order or by way of private settlement in relation to an action or claim for unfair dismissal by that Public Service employee; and
- (c) any prescribed payment.

PART 2. – FACILITATION OF REDUNDANCY OF PUBLIC SERVICE EMPLOYEES.

4. OVERRIDING APPLICATION OF THIS ACT.

Where there is conflict between this Act and the Income Tax Act or the Income Tax Rates Act, this Act shall prevail but otherwise the provisions of the Income Tax Act and the Income Tax Rates Act shall apply to redundancy payments.

5. CONCESSIONAL RATES OR DUTY.

The rates of salary or wages tax payable by a person on that part of his income that comprises of redundancy payments (other than excluded redundancy payments) shall be as set out in the Schedule.

PART 3. – MISCELLANEOUS.

6. REGULATIONS.

The Head of State, acting on advice, may make regulations, not inconsistent with this Act prescribing matters –

- (a) required or permitted by this Act to be prescribed; or
- (b) necessary or convenient to be prescribed for carrying out or giving effects to this Act.

SCHEDULE 1 – PAPUA NEW GUINEA

<i>Rationalisation of the Public Service (Budget Provisions) Act 1995.</i>	
Section 4(1) – Redundancy Period	
1 April 1995 to 31 December 2002	
Section 5 – Rates of Tax on Redundancy Payments	
(a) Where payment is received between 20 June 1995 and 31 December 1995	
Annual Public Service Salary Level	Applicable Tax Rate
0 to 3000 kina	nil
3001 to 5000 kina	2%
5001 to 8500 kina	5%
8501 to 12500 kina	7%
12501 to 20000 kina	10%
20001 and above	15%
(b) Where payment is received on or after 1 January 1996	
Annual Public Service Salary Level	Applicable Tax Rate
0 to 4000 kina	nil
4001 to 5000 kina	2%
5001 to 8500 kina	5%
8501 to 12500 kina	7%
12501 to 20000 kina	10%
20001 and above	15%
(c) Where payment is received on or after 1 January 2001.	
Annual Public Service Salary Level	Applicable Tax Rate
0 to 5,500 kina	nil

5,501 kina and above	15%
Office of Legislative Counsel, PNG	