



Kundu

August 2021



## Foreword



This edition is a very exciting one as we talk about the creation of the KPMG South Pacific Practice with effect from 1 July 2021! Michael Yee-Joy is the SPP lead partner and talks about this merger which has been long-awaited.

This month we also have an external contributor from the IFC, who discusses an IFC study which shows opportunity for PNG firms and employees to benefit from workplace responses to violence.

Finally, and as always, we update you on what is happening in the world of tax in PNG.

KPMG in PNG has dedicated in-house specialists in all the following areas: internal audit/risk, visa migration, corporate finance, management consulting, IT advisory, fraud investigation as well as tax and assurance. As such we are well placed to provide a truly multi-disciplined approach to business advisory.

Please enjoy this month's Kundu and reach out to us at [kmcentee@kpmg.com.au](mailto:kmcentee@kpmg.com.au) if you would like to see KPMG cover specific topics in future editions.

*Zanie*

## Integration of KPMG PNG and Fiji with KPMG Australia by Michael Yee-Joy, Partner, KPMG Fiji

We are almost a month old already! Formed on 1 July 2021, the South Pacific Practice (SPP) brings together an integration of talent, investment and expertise from KPMG Papua New Guinea (PNG), KPMG Fiji and KPMG Australia.

I am very excited about the opportunities that this integration will bring to our respective firms and our people, including our go-to-market strategy in the South Pacific region.

The South Pacific Islands share many similarities, especially our people, culture, heritage, our origins and our economies.

KPMG PNG and Fiji also share the origin of our firms - KPMG Australia. For many years there has been close collaboration between our respective firms particularly in resource sharing which has proved beneficial in developing our people and serving our growing client base and presence in PNG.

We recognize the strong synergies in working together to deliver high quality services and capabilities to our clients while focusing on growth, and also enabling us to offer more opportunities for our people.

In the words of Paul Howes, our National Managing Partner - Enterprise .....“This SPP will take collaboration to another level unlocking a range of synergies through shared technology, system and process, resource sharing as well as pursuing growth in the South Pacific through expanded service offerings”.....

Our Australian firm has been in the fore front of our evolution – providing oversight, technical support, risk management and quality control, technology support and subject matter specialist guidance – helping us grow and excel in our markets.

The PNG firm has grown to be a leading firm in its market, both in reputation and size, and we are proud of the exceptional job that our dedicated leadership team from PNG have done in getting into this position with the strong support of our clients.

Likewise, the KPMG Fiji firm is the market leader in their jurisdiction.

With increasing cross border investments and trade between Australia, PNG, Fiji and the South Pacific countries our newly integrated and collaborative SPP will be well positioned to service our existing clients as well as enquires from investors beyond our borders.

From our respective locations, our SPP practice services 10 other Pacific Islands countries including Solomon Islands, Vanuatu, Tonga, Samoa, American Samoa, Cook Islands, Kiribati, Tuvalu, Nauru and Tokelau.

With a combined complement of 10 partners and over 250 team members in offices in Port Moresby, Suva and Nadi together with the skills, experience and expertise of our people, the SPP is a significant resource for clients and investors in the region. Alongside the SPP each firm will continue to operate and drive growth in our respective markets.

Zanie Theron who has been instrumental in the evolution and growth of our PNG practice continues as Country Manager Partner for PNG and Lisa Apted who is Suva based leads the Fiji practice as the Country Managing Partner.

We are all optimistic and excited about our future! I look forward to meeting you when our borders open and thank you for the continued patronage and support of our firms.

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## New IFC study shows opportunity for PNG firms and employees to benefit from workplace responses to violence

by Ellen Maynes, Operations Officer, Gender and Economic Inclusion Group, IFC

Family and sexual violence can have a significant impact on a company's bottom line, with new research showing it is costing PNG employers almost 10 days of work per employee per year.

Absenteeism caused by family and sexual violence for three major companies that took part in the research equated to a total financial impact of K7.3 million.

The research, detailed in the report, Workplace Responses to Family and Sexual Violence in PNG: Measuring the Business Case, comes at a time when the COVID-19 pandemic is exacerbating gender-based violence. The report from the International Finance Corporation (IFC) in partnership with the Business Coalition for Women, underscores the vital role employers play in supporting staff impacted by family and sexual violence.

The research was based on a survey of 1,400 employees from three major companies in PNG. There are early signs that measures recently introduced by the three companies, such as a team of staff trained to support colleagues and a subscription to the Bel isi PNG support service, are making positive differences. The impact was stronger for companies with a gender-balanced workforce and lower acceptance of violence.

The report also makes several key recommendations for businesses, such as implementing policies, procedures, and training to respond to family and sexual violence and help employees affected by violence.

It also recommends regular awareness sessions to guide workplace responses to family and sexual violence and to let employees know of available help.

To learn more about IFC's Respectful Workplaces program, please see its webpage or contact me. To find out more about the Business Coalition for Women, see its webpage. IFC, a member of the World Bank Group, is the largest global development institution focused on the private sector in emerging markets. IFC's work in Papua New Guinea is guided by the PNG Partnership. Australia, New Zealand and IFC are working together through the Partnership to stimulate private sector investment and reduce poverty in Papua New Guinea.

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## PNG signs Multilateral Convention on Mutual Administrative Assistance in Tax Matters

by Karen McEntee, Partner, Tax, Transactions & Accounting

Papua New Guinea signed the Multilateral Convention on Mutual Administrative Assistance in Tax Matters (MAAC) on 11 August 2021. The MAAC is a comprehensive multilateral instrument providing for all forms of administrative co-operation between states aimed at tackling tax evasion and avoidance. This co-operation ranges from exchange of information, including automatic exchanges, to the recovery of foreign tax claims.

144 jurisdictions currently participate including all G20 countries, all BRIICS, all OECD countries, major financial centres and an increasing number of developing countries.

Participating in the MAAC will enable Papua New Guinea to:

- Exchange tax information with other MAAC participants.
- Conduct simultaneous tax examinations and tax examinations abroad with the assistance of parties to the MAAC.
- Request assistance from parties to the MAAC concerning recovery and the service of documents and;
- Facilitate joint audits.

Next steps require the relevant government departments to ratify the MAAC in compliance with Papua New Guinea's constitutional requirements and deposit the instrument of ratification with one of the Depositories with a list of Declarations, Reservations, and Notifications. Once deposited the MAAC will enter into force after three months.

It will be interesting to see what this means for the future of tax audits in PNG.

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## Further update on the new requirements for GST refunds and transfers

Last month we discussed IRC's new circulars in relation to the process for obtaining GST refunds and credit transfers. The IRC circulars required that all invoices be lodged with tax returns together with the bank statements for the period. We raised serious concerns in relation to the practicalities of this given some taxpayers could have thousands of invoices each month and also, as most taxpayers prepare their GST returns on an accrual's basis, the bank statements are unlikely to be of any use. We have been liaising with IRC on this matter and are pleased to advise that IRC no longer require all invoices or bank statements to be submitted. Instead taxpayers should continue the existing process which was to provide the purchase and suppliers listings in the required format (including names, TIN, purchase details etc) and a copy of any invoices with GST exceeding K5,000. This is a welcome change.

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## Income tax deadlines

Another reminder that the income tax returns of companies (not late lodgers) with a 31 December year end and on a tax agent listing, are due 31 August (for taxable companies) and 30 September (non-taxable companies).

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## Beware of work permit and visa renewals for December holidays

Last year we saw many very stressed expatriates trying to get their work permits and visas renewed before they left PNG for the December holiday period. Substantial backlogs within the government departments and the need to leave by early December so as to exit quarantine in time for Christmas added to the chaos. The Department of Labour require that work permit applications are lodged three months in advance of the renewal date. With the holiday season approaching, the same quarantine issues applying and the general uncertainty around the impact of the pandemic we strongly recommend that employers lodge applications in plenty of time. Reach out if you need our help with the process.

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## Our social media presence

As usual, you may access our regular multi-disciplined thought leadership pieces, newsletters and updates on our KPMG PNG LinkedIn page. Also connect via our webpage [www.kpmg.com.pg](http://www.kpmg.com.pg) and Facebook <https://www.facebook.com/pngkpmg/>

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