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## TAX CLEARANCE PROCEDURES

### Money Remitted Overseas

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#### Central Bank Requirements

Under the Central Bank regulations, an Authorised Dealer may not give authority for certain transactions without first considering the tax clearance obligations in accordance with the Income Tax Act 1959.

Certain transactions require tax clearance where funds to be remitted on those transactions would exceed the yearly threshold of K500,000. Amounts of money exceeding K500,000 can be remitted overseas provided a tax clearance certificate (TCC) has been obtained. A TCC can be obtained from the Internal Revenue Commission (IRC).

Transactions that require a TCC include the following;

- a) The transfer of funds which have the nature of capital in the hands of a resident person in Papua New Guinea from whom they are being transferred, and
- b) The transfer of funds as the result of the borrowing or lending of money or the assignment of a debt; and
- c) The transfer of funds as a result of the sale, purchase (including the option to purchase), acquisition or disposition of securities, land or other property, including the transfer of shares of a Papua New Guinea register; and
- d) The transfer of funds being a royalty (as defined in section 4 of the Income Tax Act), license fee, management fee, charter fee or similar payment; and
- e) The transfer of funds in to a trust fund created or established in a place outside Papua New Guinea; and
- f) The transfer of funds arising from the declaration of any dividend to a person (or group of persons) who is in, or is a resident of, a place outside Papua New Guinea; and
- g) The transfer of funds under a court order to a person who is in, or is a resident of, a place outside Papua New Guinea; and
- h) The transfer of funds in respect of interest on borrowings to a person who is in, or is a resident of a place outside Papua New Guinea; and
- i) The transfer of funds which are not trade related involving the physical movement of goods.

#### **SIMILAR PAYMENT**

The term "similar payments" is very broad and subjective. The Internal Revenue Commission (IRC) does apply a very broad interpretation. The practise of IRC is that a TCC is required for all remittances other than for purchase of trading stock and equipment.

#### APPLYING FOR A TAX CLEARANCE CERTIFICATE (TCC)

What should you do to obtain a TCC?

- a) A copy of the Tax Clearance Application (TCA) is available at the end of this document or can be downloaded from the IRC website [www.irc.gov.pg](http://www.irc.gov.pg)
- b) The TCA must be completed, signed, dated and lodged at the Tax Clearance Section of IRC located at First Floor of Bogan Gapo Haus (IRC building) in Port Moresby.
  - o Knowing your tax status, correctly completing the form and attaching all information from the start is most important in expediting the processing of your TCA and avoiding delays in processing your funds overseas.
- c) The processing time in assessing most applications, by IRC, is normally 5 to 10 working days.

More complex applications could take longer.
- d) The IRC will not issue you a TCC if you have any outstanding tax obligation.
- e) Under the Income Tax Act, you can make an undertaking on how and when to meet your outstanding tax liabilities with the IRC and on this basis, the IRC is able to process and issue you a TCC.
- f) The undertaking you make must be taken seriously and we recommend internal monitoring and controls are in place because the Tax Act allows IRC to order the tax-payer in breach of the undertaking to meet all tax liabilities owing to the state.
- g) After an application is approved by IRC, the tax clearance certificate is available for pick up by the taxpayer.

Note: The IRC allows taxpayers who are tax compliant to apply for yearly blanket tax clearance. This allows you to apply once a year and have cover for the whole year for your respective payments overseas. This can save you time and effort compared to applying for many individual tax clearance certificates for individual payments.

# FORM TCC



Effective date: 1 July 2015

IRC OFFICE USE ONLY

**Tax Clearance Certificate  
Application**

PAPUA NEW GUINEA INTERNAL REVENUE COMMISSION

**PNGIRC - Your Partner in Nation Building**

Taxpayer Identification Number (TIN):

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INCOME TAX ACT 1959 AS AMENDED

## APPLICATION FOR A TAX CLEARANCE CERTIFICATE

### NAME AND ADDRESS OF APPLICANT

NAME OF TAXPAYER:					
CONTACT / REPRESENTATIVE:					
PHONE No:					
E-MAIL ADDRESS:					
MAILING ADDRESS	SECTION No:			LOT No:	
	STREET / SUBURB / DISTRICT:				
	P.O. BOX:				
	COUNTRY:			PROVINCE:	
	CITY / POST OFFICE:				
	CARE OF (C/-):				

The schedules below show the types of transaction for which a tax clearance is needed and the limits applicable to certain countries.

### Schedule 1 ) TYPES OF TRANSACTIONS THAT REQUIRE A TAX CLEARANCE

**TRANSFER OF FUNDS TO A PLACE OUTSIDE PAPUA NEW GUINEA:  
THE TRANSFER WAS OF THE NATURE SET OUT BELOW**

Transfer of capital funds (e.g. savings, etc.)	Payments to a Trust Fund
Payment of loans	Payments of Dividends
Payment of royalties (as identified in Section 4 of the Income Tax Act), licence fees, management fees or similar	Payments made on the sale or purchase of securities, land or other property and the transfer of shares from PNG register

### Schedule 2) COUNTRY LIMITS APPLICABLE

#### a) ALL TRANSFERS OF THE TYPE IN SCHEDULE (1) TO THE COUNTRIES LISTED BELOW

Bahamas	Hong Kong	Netherlands Antilles
Bermuda	The Isle of Man	Norfolk Islands
British Channel Islands	Liberia	Panama
Gibraltar	Liechtenstein	Switzerland
British Virgin Islands	Luxembourg	Tonga
Grenada	Nauru	Vanuatu

#### b) TRANSFER OF THE TYPE IN SCHEDULE (1) EXCEEDING IN TOTAL K200,000 IN ANY ONE CALENDAR YEAR, TO ANY OTHER COUNTRY

TO OBTAIN A TAX CLEARANCE CERTIFICATE PLEASE COMPLETE THE INFORMATION REQUESTED ON PAGE 2 BELOW, THEN SEND THIS APPLICATION TO:

**THE COMMISSIONER GENERAL, INTERNAL REVENUE COMMISSION, P.O. BOX 777, PORT MORESBY, NCD  
ATTENTION: TAX CLEARANCE MANAGER**

**DETAILS OF TRANSACTIONS FOR WHICH A CLEARANCE IS NEEDED**

NAME & ADDRESS OF NON-RESIDENT TO WHOM THE PAYMENT IS TO BE MADE	
RELATIONSHIP e.g.. Associated company, self, relative person, none, etc. or other (please explain)	
REASON FOR WHICH THE CLEARANCE IS REQUIRED	
NATURE OF TRANSACTION (Please use schedule (1) as a guide)	

AMOUNT FOR WHICH CLEARANCE IS REQUIRED	10	<b>K</b>	
DATE ON WHICH PAYMENT OUT OF PNG IS PROPOSED	/ <b>ASAP</b>		
COUNTRY TO WHICH FUNDS ARE TO BE TRANSFERRED	20		
HAS A PREVIOUS TAX CLEARANCE BEEN REQUESTED THIS YEAR?	<input type="checkbox"/> Yes <input type="checkbox"/> No		
IF "YES" STATE THE DATE APPLICATION WAS MADE & IF A CLEARANCE WAS SUBSEQUENTLY ISSUED INDICATE THE NUMBERS OF ANY CERTIFICATES. STATE TOTAL AMOUNT ALREADY REMITTED FOR THIS TRANSACTION THIS YEAR	a) Date:		/ /
	b) Number:		
	c) Amount:		30 <b>K</b>

If additional clearances have been issued, please write the details of the most recent clearance above and list the previous clearances on a separate sheet and attach it to this form.

**WHERE A BLANKET CLEARANCE IS NEEDED FOR A SERIES OF PAYMENTS COVERING A SINGLE TRANSACTION COMPLETE THE DETAILS BELOW AND ATTACH SCHEDULES SHOWING DATES AND AMOUNTS TO BE PAID**

ESTIMATED TOTAL TO BE PAID	40	<b>K</b>	
ESTIMATED TOTAL ANNUAL TRANSFERS	50	<b>K</b>	
PERIOD FOR WHICH TRANSFERS ARE TO BE MADE	/ / <b>TO</b> / /		

**SOURCES OF FUNDS**

GRATUITY OR LUMP SUM ON TERMINATION OF EMPLOYMENT	60	<b>K</b>	
PROCEEDS FROM SALE OF ASSETS	70	<b>K</b>	
NATURE OF ASSETS SOLD ( e.g. car, real estate, etc. )	80	<b>K</b>	
SALE OF SHARES	90	<b>K</b>	
NAME OF COMPANY			NO. OF SHARES SOLD
DATE TRANSFER DOCUMENTS WERE LODGED FOR STAMPING	/ /		
DISTRIBUTION OF COMPANY RESERVES	100	<b>K</b>	
STATE TYPE (SELECT ONE)	<input type="checkbox"/> CAPITAL RESERVES <input type="checkbox"/> UNAPPROPRIATED PROFITS		
SAVINGS	110	<b>K</b>	
OTHER SOURCES	120	<b>K</b>	
NAME OF BANK & BRANCH FROM WHICH FUNDS WILL BE TRANSFERRED			

**PROVIDE FULL DETAILS & DOCUMENTARY EVIDENCE**

**TAX LIABILITY OF APPLICANT**

YEAR OF LAST RETURN LODGED		HAVE YOU DERIVED INCOME (WHETHER IN OR OUT OF PNG) OTHER THAN SALARY OR WAGES, IN EXCESS OF K100?	<input type="checkbox"/> Yes <input type="checkbox"/> No
IF YES, PLEASE STATE AMOUNT DERIVED AND WHETHER A RETURN OF INCOME HAS BEEN LODGED DISCLOSING THIS AMOUNT? IF NO RETURN OF INCOME HAS BEEN LODGED PLEASE PROVIDE AN EXPLANATION			

**SIGNATURE OF PUBLIC OFFICER (OR DELEGATED AUTHORISED PERSON)**

I declare that the information that I have provided is true and correct in every detail and discloses a full and complete statement of the facts. I understand that the law imposes heavy penalties for false and misleading statements.

SIGNED: .....

DATE: .....