

## PNG's Medium Term Revenue Strategy

*The roadmap for reforming PNG's taxation system*

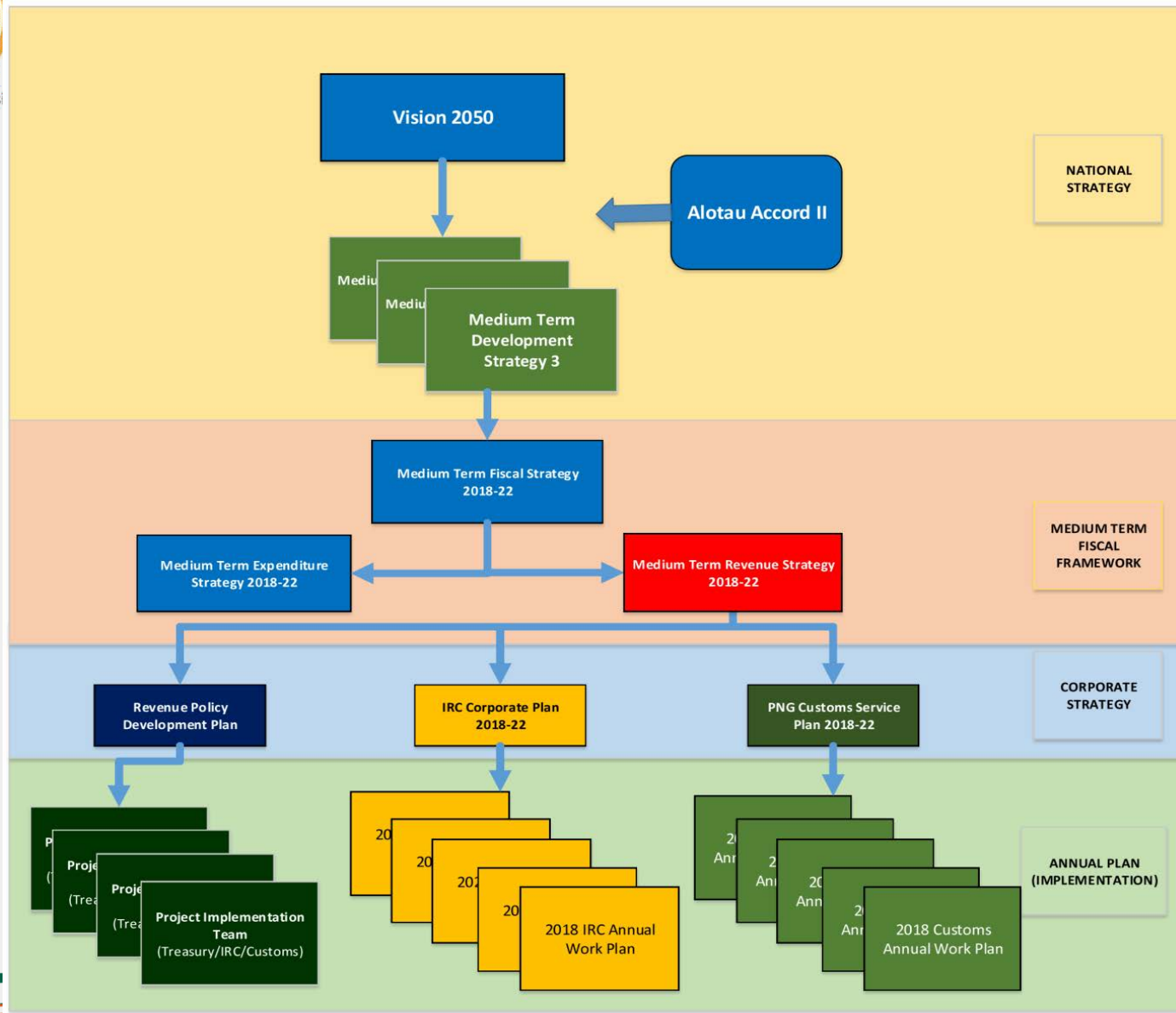


## PNG's development aspirations



- Vision 2050
- PNG Development Strategic Plan 2010 -2030
- Medium Terms Development Strategy 2018-2022
- Medium Term Fiscal Policy 2018 -2022
  - PNG's long-term vision is to bring about economic growth and social development that will benefit all its citizens, so that by 2050 PNG will rank among the top 50 countries in the world in the Human Development Index (HDI).
  - The MTRS supports PNG's Vision of improving the ranking of PNG to reach the top 50 countries in HDI.
  - Aims to enable sustainable revenue generation to fund our development aspirations.

# How the MTRS helps Vision 2050





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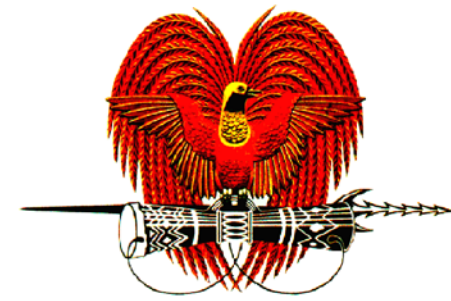
# What is the MTRS?



- Sets out the likely revenues over the next 5 years which is targeted to trend up to 14 per cent of GDP by 2022;
- Provides taxpayers with more certainty on how they will be treated and what the tax scenario will entail for their investments and business development decisions;
- Provides the platform for tax and customs administration reforms over the medium term.
- Provides for an improved legal framework that will require timely change to support the evolving policy and administration settings;
- Improved arrangements for the collection of public entities' fees and charges and dividends, along with an enhanced monitoring framework that will lift performance and the collection of non-tax revenues;
- Fosters engagement, commitment and trust among a wide-range of stakeholders, including our development partners where significant technical assistance has been sought.
- The MTRS aims for a modern and robust PNG tax system that is fair with equitable tax laws and an efficient revenue administration;
- The *MTRS 2018-2022* sets out the road-map for reforming Papua New Guinea's (PNG) taxation systems into a more efficient and robust tax system that is able to support the development needs of this country, whilst supporting higher economic growth rates;
- The Government is fully committed to ensuring the success of the MTRS.

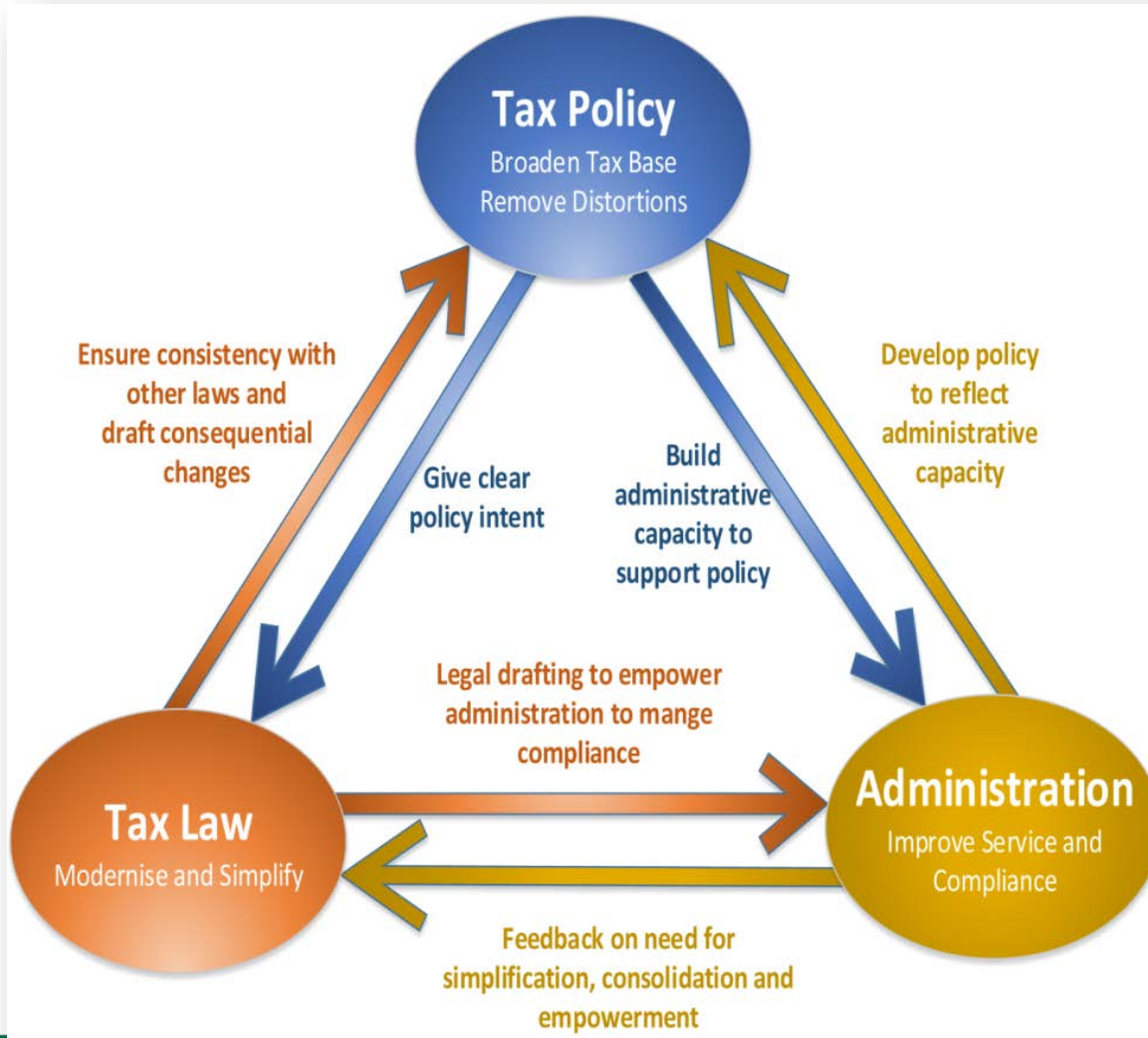


## Development of the MTRS



- Previous reviews instigated by the Government in 2015 ( PNG Tax Review) and selected Tax Policy Issues Report ( IMF 2017)
- At the request of the Treasury, IMF conducted several study visits and spoke with several PNG Government officials-
  - IRC, Customs, BPNG, Dept of Treasury, Dept of Finance
- The first visit was by the IMF PFTAC team was mostly to assess the IRC's current performance and make recommendations for our next Corporate plan( 2018-2022)
- A second visit was by the IMF Washington team which resulted in the development of the structure of the MTRS and the key reform initiatives under policy, law and administration.
- The consultations were via a series of meetings and workshops.
- The IRC participated fully in the meetings and shared information on our performance.
- We welcomed the initiative for a MTRS as we saw value in having an overarching Medium Term Revenue Strategy, fully supported by Government to guide our activities over the medium term which is aligned to the Government's Medium and long term Development Strategies.

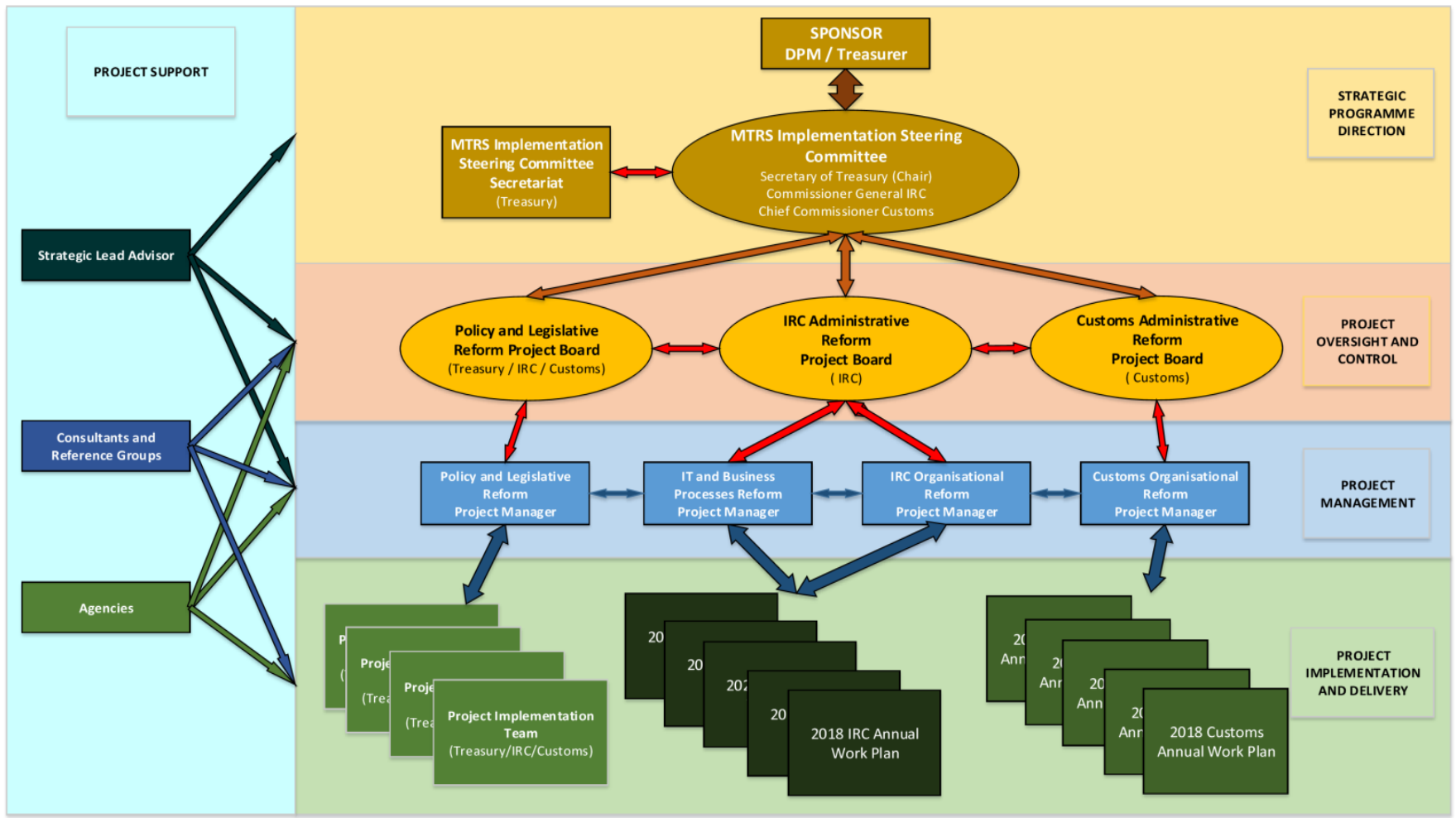
The MTRS treats the policy, administrative and legal components of the tax system in a holistic and interactive way.





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# Governance framework



## Next Steps...



- Announcement by Treasurer in 2018 budget on 28 November 2017.
- Passage of Tax Administration Bill
  - Awareness and publication of the TAA.
- Finalisation of the PNG IRC's 2018-2022 Corporate Plan
  - 2017-2018
    - Establishment of LTO
    - Establishment of Taxpayer Services Division
    - Establishment of the Design & Monitoring Unit
    - Review of IRC's IT operating system
    - Decentralisation of some audit and debt recovery functions to regional operations
    - Case selection & Intelligence Division is fully established
    - Compliance Audit Division is fully established.
- Continuous engagement with development partners to deliver the MTRS.



# Implementation schedule



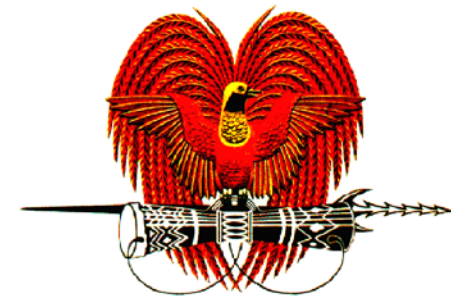
- [MTRS Schedule.docx](#)





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## Our grateful thanks to...



- PNG Government
- PNG Treasurer and Treasury Department
- IMF
  - Margaret Cotton
  - Stan Shrosbree ( IMF PFTAC)
  - Lee Burns
  - Greg Dark
  - Charles Jenkins
  - Carson McNeil