

No. 35 of 1994.

***Income Tax (Amendment No.3) Act 1994.***

Certified on : 20.12.94

INDEPENDENT STATE OF PAPUA NEW GUINEA.

No.                    of 1994.

*Income Tax (Amendment No. 3) Act 1994.*

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INDEPENDENT STATE OF PAPUA NEW GUINEA.

No. of 1994.

AN ACT

entitled

*Income Tax (Amendment No.3) Act 1994,*

Being an Act to amend the *Income Tax Act* 1959,

MADE by the National Parliament -

- (a) in respect of Section 1, to come into operation on certification; and
- (b) in respect of Sections 2, 4, 10, 16, 22 and 23 to be deemed to have come into operation on 1 January 1988; and
- (c) in respect of Section 27 to be deemed to have come into operation on 1 January 1992; and
- (d) in respect of Section 5 to be deemed to have come into operation on 1 January 1993; and
- (e) in respect of Section 28 to be deemed to have come into operation on 1 May 1994; and
- (f) in respect of Sections 3, 6 and 8 to be deemed to have come into operation on 1 June 1994; and
- (g) in respect of Sections 7, 9, 11, 12, 13, 14, 15, 17, 18, 19, 20, 21, 24, 25 and 26 to come into operation on 1 January 1995.

**1. DATE OF COMMENCEMENT OF VARIOUS PROVISIONS.**

Notwithstanding anything in the *Income Tax (Budget Provisions) Act* 1993, the following amendments to the Principal Act effected by the *Income Tax (Budget Provisions) Act* 1993 shall come into operation or be deemed to have come into operation as follows:-

- (a) in respect of Section 276A to be deemed to have come into operation on 1 January 1993; and
- (b) in respect of Section 196GA to be deemed to have come into operation on 16 November 1993; and
- (c) in respect of Sections 299D, 354T and 367 to be deemed to have come into operation on 1 January 1994; and
- (d) in respect of Sections 163AI, 163AY, 163G, 163XA, 164F and 164U - to come into operation on 1 January 1995.

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**2. INTERPRETATION (AMENDMENT OF SECTION 4).**

Section 4(1) of the Principal Act is amended -

- (a) in Paragraph (a) of the definition "assessable income from petroleum operations", by inserting after the words "by reference to the norm price" the following words:-

"or in the case of refined products produced in the course of petroleum operations by reference to the fair market value of those products"; and

- (b) by repealing the definition of "mining operations" and replacing it with the following definition:-

"'mining operations' means the extraction of minerals in Papua New Guinea from their natural site and includes prescribed ancillary activities in Papua New Guinea, and exploration activities within a mining lease or special mining lease area;"; and

- (c) by repealing the definition of "petroleum operations" and replacing it with the following definition:-

"'petroleum operations' means -

- (a) operations in Papua New Guinea for the purpose of recovering petroleum; and  
(b) activities ancillary to those operations that are directly related to the transport of the petroleum recovered to a port or to a point of dispatch from a port or other terminal; and  
(c) the refining of petroleum or petroleum products where such refining is solely for the purpose of or incidental to the operations in Papua New Guinea for recovering petroleum or the construction of facilities used in those operations or where the Commissioner General considers the refining is required in order for the taxpayer to be able to conduct those operations; and  
(d) exploration activities within the area of and pursuant to a development licence, but does not include exploration;".

**3. DELEGATION (AMENDMENT OF SECTION 7).**

Section 7(1) of the Principal Act is repealed and is replaced with the following:-

"(1) The Commissioner General may, either generally or in relation to a matter or class of matters and either in relation to the whole or part of Papua New Guinea, by writing under his hand, delegate all or any of his powers and functions (except this power of delegation) under this Act or any other Act that is an Act with respect to taxation."

**4. REPEAL AND REPLACEMENT OF SECTION 14.**

Section 14 of the Principal Act is repealed and is replaced with the following:-

**"14. INCOME TO BE EXPRESSED IN PAPUA NEW GUINEA CURRENCY.**

(1) Subject to Subsections (2), (3) and (4), for the purposes of this Act, income wherever derived and any expenses wherever incurred shall be expressed in terms of Papua New Guinea currency.

"(2) The Commissioner General may by notice in writing consent to a person reporting income and expenses in a currency other than Papua New Guinea currency subject to any conditions that the Commissioner General considers appropriate.

"(3) A notice issued under Subsection (2) shall specify the currency or currencies in which the income and expenses are to be reported, and may apply to all or to any specified activities of that person.

"(4) The Commissioner General may at any time cancel a notice under Subsection (2), but such cancellation is effective only from the year next following that in which the cancellation is made.

"(5) A notice issued under Subsection (2) does not affect the liability of the person granted consent to pay income tax in Papua New Guinea currency or in any other currency as prescribed by law."

**5. EXEMPTION OF CERTAIN INTEREST INCOME (AMENDMENT OF SECTION 35).**

Section 35(2)(b) of the Principal Act is repealed and is replaced with the following:-

"(b) interest income derived by -

- (i) any person from deposits lodged with a financial institution; or
- (ii) by an employee of the Bank of Papua New Guinea from deposits lodged with the Bank of Papua New Guinea."

**6. NEW SECTION 47C.**

The Principal Act is amended by inserting after Section 47B the following new section:-

**"47C. ASSESSABLE INCOME - DEDUCTION OF PAYMENTS UNDER LEASE.**

(1) Where -

- (a) a taxpayer leased, rented, or hired any asset, being any plant or machinery (including a motor vehicle) or other equipment or temporary building and the Commissioner General has allowed a deduction in calculating the assessable income of the taxpayer in any income year for the consideration paid or given in respect of that lease, rental or hire; and

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(b) either -

- (i) that taxpayer at any time purchased or otherwise acquired that asset and sold or otherwise disposed of it for a consideration in excess of the consideration for which that person purchased or otherwise acquired it; or
- (ii) an other person, where the taxpayer and that other person are associated persons, at any time purchased or otherwise acquired that asset, whether or not from the taxpayer, and that other person sold or otherwise disposed of it for a consideration in excess of the consideration for which that other person purchased or otherwise acquired it,

the Commissioner General may include in the assessable income of the taxpayer derived in the year of income in which the asset was sold or otherwise disposed of an amount equal to the excess or the total amount of the deductions so allowed, whichever is the lesser.

"(2) Subsection (1) shall apply whether or not there was any clause or condition in the lease, contract, agreement, or arrangement under which the asset was leased, rented, or hired, whereby that taxpayer or that other person was required to purchase or otherwise acquire that asset.

"(3) For the purpose of this section -

- (a) where any asset to which this section relates has been purchased or otherwise acquired, or sold or otherwise disposed of, together with other assets, the consideration attributable to that asset shall be determined by the Commissioner General, and the part of the consideration so determined shall be deemed to be the consideration for which that asset was purchased or otherwise acquired or, as the case may be, was sold or otherwise disposed of; and
- (b) where any asset to which this section relates has been sold or otherwise disposed of without consideration or for a consideration which, in the opinion of the Commissioner General, is less than the market price of that asset at the date of the sale or other disposition, that asset shall be deemed to have been sold at or to have realised that market price or, if there is no market price, shall be deemed to have been sold and have realised such price as the Commissioner General determined."

**7. MANAGEMENT FEES (AMENDMENT OF SECTION 68AD).**

Section 68AD of the Principal Act is amended by repealing Subsections (1) and (2) and replacing them with the following:-

"(1) In this section, "management fees" means any payment to a person in consideration for any services of a managerial or administrative nature, however calculated, but does not include a payment of salary or a royalty.

"(2) This section applies to a loss or outgoing to the extent to which it is incurred by a taxpayer in the payment of management fees but does not apply where the Commissioner General is satisfied that -

- (a) the payment was not made to an associate; or
- (b) if the payment was made to an associate -
  - (i) the payment did not have the purpose or effect of avoiding tax or of altering the total tax which would otherwise be payable in Papua New Guinea by the two parties concerned; or
  - (ii) the payment was made to reimburse the associate for expenditure incurred and paid on behalf of the taxpayer, such expenditure being solely and absolutely for the taxpayer's benefit and account and not by way of cost allocation or apportionment against the taxpayer (regardless of whether such cost allocation or apportionment might have a commercial or accounting basis or otherwise)."

**8. DEPRECIATION (AMENDMENT OF SECTION 73).**

Section 73(2) of the Principal Act is amended in the definition of "eligible property" by repealing Paragraphs (a), (b) and (f) and replacing them with the following:-

- "(a) on or after 1 January 1980 for the purposes of commercial activities within Papua New Guinea and falling within Tabulation Categories D (Manufacturing), F (Construction), I (Transport, Storage and Communication) and O (Other Community, Social and Personal Service Activities) of the International Standard Industrial Classification of all Economic Activities published in 1990 under Revision 3; or
- (b) on or after 1 January 1981 for the purposes of commercial activities within Papua New Guinea and falling within Tabulation Categories J (Financial intermediation) and K (Real estate, renting and business activities) of the International Standard Industrial Classification of all Economic Activities published in 1990 under Revision 3; or;
- (f) plant or articles acquired after 9 November 1982 for commercial activities falling within Tabulation Categories J (Financial intermediation), K (Real estate, renting and business activities) and O (Other community, social and personal service activities) of the International Standard Industrial Classification of all Economic Activities published in 1990 under Revision 3;"



**9. INTERPRETATION (AMENDMENT OF SECTION 154E).**

Section 154E of the Principal Act is amended in the definition of "consideration" by repealing Paragraph (c) and replacing it with the following:-

"(c) where the property is disposed of otherwise than by sale - the full value of the property at the date of disposal;".

**10. INTERPRETATION (AMENDMENT OF SECTION 163AB).**

Section 163AB of the Principal Act is amended by inserting after the definition of "exploration" the following definition:-

"'exploration activities' means exploration activities for the purpose of discovering minerals in Papua New Guinea, and includes geological, geophysical and geochemical surveys, exploration drilling and appraisal drilling in relation to such minerals, whether or not on the special mining lease area;".

**11. REPEAL OF SECTION 163AM.**

Section 163AM of the Principal Act is repealed.

**12. DISPOSAL, LOSS, ETC., OF PROPERTY (AMENDMENT OF SECTION 163AP).**

Section 163AP(2) of the Principal Act is amended by repealing Paragraph (b) and replacing it with the following:-

"(b) the consideration, or in the case of other termination of the use of the property, the full value of the property at the date of termination of use,".

**13. REPEAL AND REPLACEMENT OF SECTION 163AV.**

Section 163AV of the Principal Act is repealed and is replaced with the following:-

**"163AV. IMMEDIATE DEDUCTION FOR CONSUMABLE ITEMS (AMENDMENT OF SECTION 163AV).**

Where a taxpayer carrying out a mining project has been allowed a deduction under Section 68 for expenditure in purchasing property to be consumed on that project and such property is subsequently disposed of, lost or destroyed before it is used in the mining operations, the assessable income from mining operations of the taxpayer of the year of income from the mining project in which the disposal, loss or destruction occurs includes the consideration."

**14. ELECTION THAT SUBDIVISION NOT TO APPLY TO CERTAIN PLANT (AMENDMENT OF SECTION 163AW).**

Section 163AW of the Principal Act is amended by repealing Subsection (2) and replacing it with the following:-

"(2) Where an election under Subsection (1) has been made, expenditure to which the election applies shall be deemed not to be allowable capital expenditure or allowable exploration expenditure, and the provisions of Section 73(1) and Sections 74, 75, 76, 77, 78, 79, 81, 82, 83 and 84 shall apply to such plant or article with such modifications as are necessary to give effect to those provisions."

**15. REPEAL AND REPLACEMENT OF SECTION 163AY.**

Section 163AY of the Principal Act is repealed and is replaced with the following:-

**"163AY. ALLOWABLE EXPLORATION EXPENDITURE.**

(1) In this section -

'related corporation' means, in relation to a taxpayer, a corporation which is at the time the expenditure in question is incurred and during the year of income in which the claim arises -

- (a) a wholly owned subsidiary of the taxpayer; or
- (b) a corporation of which the taxpayer is a wholly owned subsidiary; or
- (c) a wholly owned subsidiary of a corporation of which the taxpayer is a wholly owned subsidiary;

'wholly owned' includes indirect full ownership through other corporations.

"(2) Notwithstanding anything in this Subdivision, the amount of allowable exploration expenditure incurred by the taxpayer and determined in accordance with this section is an allowable deduction.

"(3) The amount allowable as a deduction under this section in respect of mining operations carried on by the taxpayer shall be the lesser of -

- (a) 10% of the total expenditure incurred in Papua New Guinea by the taxpayer or by a related corporation during a year of income (other than exploration expenditure which has become allowable exploration expenditure in respect of a mining project) in carrying out exploration pursuant to a mining right (other than exploration within the mining lease area or special mining lease area); or
- (b) 10% of the income tax (other than additional profits tax) which would, but for this section, be payable by the taxpayer in respect of those mining operations for that year of income.

"(4) Where a taxpayer is allowed a deduction under this section, the amount of allowable exploration expenditure of the taxpayer or the related corporation, as the case may be, in respect of the mining right in question shall, for the purposes of this Division, be reduced by a corresponding amount.

"(5) A taxpayer who is entitled to a deduction under this section and who holds (or who together with a related corporation holds) more than one mining right may elect that any mining right or a combination of mining rights held by the taxpayer be the mining right or rights from which exploration expenditure is to be taken for the purposes of this section, and the proportions in

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which the reduction in expenditure is to be allocated between those mining rights, if more than one, and such election under this subsection shall not be revocable.

"(6) Notwithstanding the foregoing provisions, where a taxpayer or a group of related corporations hold more than one Mining Lease or Special Mining Lease, the total deductions under this section or Section 163XA available to a taxpayer or a group of taxpayers which are related corporations shall not exceed the lesser of -

- (a) 10% of the total expenditure incurred in Papua New Guinea by the taxpayer and by related corporations during that year of income (other than exploration expenditure which has become allowable exploration expenditure in respect of a mining project) in carrying out exploration pursuant to a mining right (other than exploration within the area of a Mining Lease or Special Mining Lease); or
- (b) 10% of the income tax (other than additional profits tax which would, but for this section, be payable by the taxpayer and its related corporations in respect of mining operations pursuant to all Mining Leases or Special Mining Leases held by it or them for that year of income.

"(7) A taxpayer who claims a deduction under this section shall notify the Commissioner General at the time of lodging the income tax return for the year of income in question, and shall provide details of the mining right or rights in respect of which such expenditure was incurred and any other information which the Commissioner General may require for the purpose of this section, and where applicable, the taxpayer shall notify of the election referred to in Subsection (5).

"(8) Where a notice given under Subsection (7) relates to expenditure by a related corporation, the notice shall be signed by the taxpayer and an authorized officer of the related corporation."

**16. INTERPRETATION (AMENDMENT OF SECTION 163B).**

Section 163B of the Principal Act is amended by inserting after the definition of "exploration" the following definition:-

"'exploration activities' means exploration activities for the purpose of discovering minerals in Papua New Guinea, and includes geological, geophysical and geochemical surveys, exploration drilling and appraisal drilling in relation to such minerals, whether or not on the area of a Special Mining Lease;"

**17. REPEAL OF SECTION 163L.**

Section 163L of the Principal Act is repealed.

**18. DISPOSAL, LOSS, ETC., OF PROPERTY (AMENDMENT OF SECTION 163P).**

Section 163P(2) of the Principal Act is amended by repealing Paragraph (b) and replacing with the following:-

"(b) the consideration or, in the case of other termination of the use of the property, the full value of the property at the date of termination of use,".

**19. REPEAL AND REPLACEMENT OF SECTION 163V.**

Section 163V of the Principal Act is repealed and is replaced with the following:-

**\*163V. IMMEDIATE DEDUCTION FOR CONSUMABLE ITEMS.**

Where a taxpayer carrying out a mining project has been allowed a deduction under Section 68 for expenditure in purchasing property to be consumed on that project and such property is subsequently disposed of, lost or destroyed before it is used in the mining operations, the assessable income from mining operations of the taxpayer of the year of income from the mining project in which the disposal, loss or destruction occurs includes the consideration."

**20. ELECTION THAT SUBDIVISION NOT TO APPLY TO CERTAIN PLANT (AMENDMENT OF SECTION 163W).**

Section 163W is amended by repealing Subsection (2) and replacing it with the following:-

"(2) Where an election under Subsection (1) has been made, expenditure to which the election applies shall be deemed not to be allowable capital expenditure or allowable exploration expenditure, and the provisions of Section 73(1) and Sections 74, 75, 76, 77, 78, 79, 81, 82, 83 and 84 shall apply to such plant or article with such modifications as are necessary to give effect to those provisions."

**21. REPEAL AND REPLACEMENT OF SECTION 163XA.**

Section 163XA of the Principal Act is repealed and is replaced with the following:-

**\*163XA. ALLOWABLE EXPLORATION EXPENDITURE.**

(1) In this section -

'related corporation' means, in relation to a taxpayer, a corporation which, at the time the expenditure in question is incurred and during the year of income in which the claim arises, is:-

- (a) a wholly owned subsidiary of the taxpayer; or
- (b) a corporation of which the taxpayer is a wholly owned subsidiary; or
- (c) a wholly owned subsidiary of a corporation of which the taxpayer is a wholly owned subsidiary;

'wholly owned' includes indirect full ownership through other corporations.

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"(2) Notwithstanding anything in this Subdivision, the amount of allowable exploration expenditure incurred by the taxpayer and determined in accordance with this section is an allowable deduction.

"(3) The amount allowable as a deduction under this section in respect of mining operations carried on by the taxpayer shall be the lesser of -

- (a) 10% of the total expenditure incurred in Papua New Guinea by the taxpayer or by a related corporation during a year of income (other than exploration expenditure which has become allowable exploration expenditure in respect of a mining project) in carrying out exploration pursuant to a mining right (other than exploration within the area of a Mining Lease area or Special Mining Lease area); or
- (b) 10% of the income tax (other than additional profits tax) which would, but for this section, be payable by the taxpayer in respect of those mining operations for that year of income.

"(4) Where a taxpayer is allowed a deduction under this section, the amount of allowable exploration expenditure of the taxpayer or the related corporation, as the case may be, in respect of the mining right in question shall for the purposes of this Division be reduced by a corresponding amount.

"(5) A taxpayer who is entitled to a deduction under this section and who holds (or who together with a related corporation holds) more than one mining right may elect that any mining right or a combination of mining rights held by the taxpayer be the mining right or rights from which exploration expenditure is to be taken for the purposes of this section, and the proportions in which the reduction in expenditure is to be allocated between those mining rights if more than one, and such election under this subsection shall not be revocable.

"(6) Notwithstanding the foregoing provisions, where a taxpayer or a group of related corporations holds more than one Mining Lease or Special Mining Lease, the total deductions under this section or Section 163AY available to a taxpayer or a group of taxpayers which are related corporations shall not exceed the lesser of -

- (a) 10% of the total expenditure incurred in Papua New Guinea by the taxpayer and by related corporations during that year of income (other than exploration expenditure which has become allowable exploration expenditure in respect of a mining project) in carrying out exploration pursuant to a mining right (other than exploration within the mining lease area or special mining lease area); or
- (b) 10% of the income tax (other than additional profits tax) which would, but for this section, be payable by the taxpayer and its related corporations in respect of mining operations

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pursuant to all Mining Leases or Special Mining Leases held by it or them for that year of income.

"(7) A taxpayer who claims a deduction under this section shall notify the Commissioner General at the time of lodging the income tax return for the year of income in question, and shall provide details of the mining right or rights in respect of which such expenditure was incurred and any other information which the Commissioner General may require for the purpose of this section, and where applicable, the taxpayer shall notify the election referred to in Subsection (5).

"(8) Where a notice given under Subsection (7) relates to expenditure by a related corporation, the notice shall be signed by the taxpayer and an authorized officer of the related corporation."

**22. INTERPRETATION (AMENDMENT OF SECTION 164).**

Section 164(1) of the Principal Act is amended by inserting after the definition of "exploration" the following definition:-

"'exploration activities' means exploration activities for the purpose of discovering petroleum in Papua New Guinea, and includes geological, geophysical and geochemical surveys, exploration drilling and appraisal drilling and appraisal in relation to such petroleum, whether pursuant to a prospecting licence or a development licence;"

**23. ALLOWABLE CAPITAL EXPENDITURE (AMENDMENT OF SECTION 164A).**

Section 164A(2) of the Principal Act is amended by repealing Paragraph (k) and replacing it with the following:-

"(k) plant for use in the refining of petroleum or the products of petroleum, other than plant used in the refining of petroleum or petroleum products where such refining is solely for the purpose of or incidental to petroleum operations or the construction of facilities used in those operations or where the Commissioner General considers the refining is required in order for the taxpayer to be able to conduct those operations, or in the liquification of natural gas;"

**24. DISPOSAL, LOSS, ETC., OF PROPERTY (AMENDMENT OF SECTION 164M).**

Section 164M of the Principal Act is amended -

(a) in Subsection (1), by repealing Paragraph (c) and replacing it with the following:-

"(c) where the property is disposed of otherwise than by sale - the full value of the property at the date of disposal;" and

(b) in Subsection (2A), by inserting the word "full" before the word "value"; and

(c) in Subsection (3), by repealing Paragraph (b) and replacing it with the following:-

"(b) the consideration receivable in respect of the disposal, loss or destruction or, in the case of other termination of the use of the property, the full value of the property at the date of termination of use,".

**25. ELECTION THAT SUBDIVISION NOT TO APPLY TO CERTAIN PLANT (AMENDMENT OF SECTION 164T).**

Section 164T of the Principal Act is amended by repealing Subsection (2) and replacing it with the following:-

"(2) Where an election under Subsection (1) has been made, expenditure to which the election applies shall be deemed not to be allowable capital expenditure or allowable exploration expenditure, and the provisions of Section 73(1) and Sections 74, 75, 76, 77, 78, 79, 81, 82, 83 and 84 shall apply to such plant or article with such modifications as are necessary to give effect to those provisions."

**26. REPEAL AND REPLACEMENT OF SECTION 164U.**

Section 164U of the Principal Act is repealed and is replaced with the following:-

**\*164U. ALLOWABLE EXPLORATION EXPENDITURE.**

(1) In this section -

'related corporation' means, in relation to a taxpayer, a corporation which is at the time the expenditure in question is incurred and during the year of income in which the claim arises -

- (a) a wholly owned subsidiary of the taxpayer; or
- (b) a corporation of which the taxpayer is a wholly owned subsidiary; or
- (c) a wholly owned subsidiary of a corporation of which the taxpayer is a wholly owned subsidiary;

'wholly owned' includes indirect full ownership through other corporations.

"(2) Notwithstanding anything in this Subdivision, the amount of allowable exploration expenditure incurred by the taxpayer and determined in accordance with this section is an allowable deduction.

"(3) The amount allowable as a deduction under this section in respect of petroleum operations carried on by the taxpayer shall be the lesser of -

- (a) 10% of the total expenditure incurred in Papua New Guinea by the taxpayer or by a related corporation during a year of income (other than exploration expenditure which has become allowable exploration expenditure in respect of a petroleum project) in carrying out exploration pursuant to

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- a prospecting licence; or
- (b) 10% of the income tax (other than additional profits tax) which would, but for this section, be payable by the taxpayer in respect of those petroleum operations for that year of income.

"(4) Where a taxpayer is allowed a deduction under this section, the amount of allowable exploration expenditure for the taxpayer or the related corporation, as the case may be, in respect of the prospecting licence in question shall for the purposes of this Division be reduced by a corresponding amount.

"(5) A taxpayer who is entitled to a deduction under this section and who holds (or who together with a related corporation holds) more than one prospecting licence may elect that any prospecting licence or a combination of prospecting licences held by the taxpayer be the prospecting licence or licences from which exploration expenditure is to be taken for the purposes of this section, and the proportions in which the reduction in expenditure is to be allocated between those prospecting licences if more than one, and such election under this subsection shall not be revocable once made.

"(6) Notwithstanding the foregoing provisions, where a taxpayer or a group of related corporations hold more than one development licence, the total deductions under this section to a taxpayer or a group of taxpayers which are related corporations shall not exceed the lesser of -

- (a) 10% of the total expenditure incurred by the taxpayer and by related corporations during that year of income (other than exploration expenditure which has become allowable exploration expenditure in respect of a petroleum project) in carrying out exploration pursuant to a prospecting licence; or
- (b) 10% of the income tax (other than additional profits tax) which would, but for this section, be payable by the taxpayer and its related corporations for that year of income in respect of petroleum operations pursuant to all development licences held by it or them.

"(7) A taxpayer who claims a deduction under this section shall notify the Commissioner General at the time of lodging the income tax return for the year of income in question, and shall provide details of the prospecting licence or licences in respect of which such expenditure was incurred and any other information which the Commissioner General may require for the purpose of this section, and where applicable, the taxpayer shall notify the election referred to in Subsection (5).

"(8) Where a notice given under Subsection (7) relates to expenditure by a related corporation, the notice shall be signed by the taxpayer and an authorized officer of the related corporation."



**27. CREDITS IN RESPECT OF PRESCRIBED INFRASTRUCTURE DEVELOPMENTS  
(AMENDMENT OF SECTION 219C).**

Section 219C(1) of the Principal Act is amended by repealing Paragraphs (a) and (b) and replacing them with the following:-

- "(a) the sum of 0.75% of the assessable income derived by the taxpayer in the year of income and the aggregate amount by which the lesser of -
- (i) 0.75% of the assessable income of the taxpayer; or
  - (ii) the amount of tax payable in respect of those operations in each previous year of income after 31 December 1991 as exceeds the aggregate amounts incurred by the taxpayer in respect of those operations in those years and deemed to be income tax paid under this subsection; or
- (b) the amount of tax payable."

**28. NON-APPLICATION AND TRANSITIONAL PROVISION (AMENDMENT OF SECTION 299A).**

Section 299A of the Principal Act is amended by inserting after Subsection (3) the following new subsection:-

"(3A) Notwithstanding the provisions of Section 299D(2), where a taxpayer receives or is entitled to receive from an employer a lump sum payment, and the payment relates to period of service prior to a change in the rate of tax declared under the *Income Tax (Salary or Wages Tax) (Rates) Act* 1979, the employer shall make a deduction of salary or wages tax from the aggregate of the increase in liability for each fortnight or part thereof at the rate declared for the period to which the payment relates calculated in accordance with the following formula:-

$$A - B = C$$

where -

A = salary or wages tax in respect of the sum of the previous income per fortnight plus additional salary or wages income; and

B = salary or wages tax in respect of the previous salary or wages income; and

C = increase in liability for salary or wages tax,

provided that no change in tax rate shall be taken into account if the change occurred more than six years prior to the date of payment, in which case the current rate of tax shall apply to the part of the payment to which a disregarded rate would have applied."

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I hereby certify that the above is a fair print of the *Income Tax (Amendment No.3) Act* 1994 which has been made by the National Parliament.

Clerk of the National Parliament.

I hereby certify that the *Income Tax (Amendment No.3) Act* 1994 was made by the National Parliament on 9 November 1994.

Speaker of the National Parliament.