



**PNG EXTRACTIVE INDUSTRIES
TRANSPARENCY INITIATIVE
NATIONAL SECRETARIAT**



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PROGRESSIVE UPDATES ON CORRECTIVE ACTIONS FOR THE FORTHCOMING VALIDATION

Workshop No: 03/2020
Date: 18th September 2020
Venue: Meeting Room 3, Revenue Haus
Start Time: 10:00 – 11:00am

Attendees: EY [Leonard Catalon], IRC [Ketty Masu, Matilda Liplip & Kenny Albert] and the PNGEITI National Secretariat Team [Christopher Tabel, Oliver Maingu, Sarita Peai]

Scribe: Sarita Peai

Chairing: Christopher Tabel, Deputy Head of National Secretariat

Minutes

Discussion items:

Mr. Christopher Tabel formally opened meeting with the introductory and opening remarks and then the main agenda for discussion followed suit.

1. Progressive Updates on the corrective actions

i. IRC Updates

IRC is responsible to implement requirement #'s 4.1, Comprehensiveness & 5.1, Distribution of Extractive Industry Revenues. So far, IRC has progressed work in relation to the mentioned requirements specifically, concerning data comprehensiveness and total extractive revenue streams. At the same time, IRC is progressive work on compiling of data in preparation of the FY2019 Report.

IRC requested IA to clarify which reporting entities to extract information from for the purposes of EITI since industry payments especially for SWT (Salary Wages Tax) were aggregated across all projects especially for Oil and Gas companies (Oil Search and Exxon Mobil). To remedy these the IRC requested that companies would have to disaggregate their payments through company TIN numbers. The IA has already incorporated a TIN column in the reporting template to capture this information for ease of reporting and reconciliation.

Also, in relation to TIN numbers, IRC requested IA confidentiality for the TIN as they are for internal purposes to determine reconciliation and not for public disclosure. IA responded and confirmed

confidentiality through password encoded spreadsheet. IRC also queried IA to disaggregate the materiality payments of all extractive companies.

The 2020 IA Ernst and Young is incorporating all reporting entities to the EY Canvas Portal (Online Reporting/Auditing Portal) at the time of this update. Pertaining to the confidentiality of the IRC TIN the portal will generate individual passwords as well as various user privileges for entities whether reporting or monitoring. Different individual passwords will be issued to entities according to what reporting template should each have access too.

IA requested IRC to report on all taxes. IRC has had positive feedback on the work that is currently in progress, and are reviewing and considering those tax payments not included in the reporting template provisioned by IA. IRC will forward the template to IA towards the end of September 2020 for review/reconciliation. IA also emphasized that the International Secretariat [IS] comments are mostly in relation to reconciliation specifically in relation to Corporate Income Tax. IRC noted of the comments and will provide the updated template to IA for review and reconciliation before October [next month], 2020.

IA commented that OTML Foundation & OTML Power are exempted from Corporate Income Tax, IRC responded that these companies are Landowner Companies, which drew finances from OTML, the mother companies to implement service, or development projects for the Province. It is recognised as a Government SOE and is exempted from paying CIT.

IA also raised concerns in relation to GloCo of its tax payments to the State/Government. IRC recorded no payment of any taxes to the State by GloCo nor has registered any returns to IRC. However, if GloCo is registered under IPA then the company is subject to pay returns to the State. The Income Tax Act does bind them to pay returns and is obligated to report for transparency purposes. Further investigation is required on this matter.

For the FY2019 report, tax payments must be disaggregated across various projects and reported individually rather than aggregated.

Resolution:

- *IRC to work closely with IA on the reporting templates and the TIN components.*
- *IRC to forward the tax-reporting template to IA before the end of September, 2020 for review & reconciliation.*
- *NS to find out who pays the 5% withholding tax from royalty payments*
- *IA to send the portal link to all entities responsible to incorporate data/information into each reporting template. IA will send the link with individual passwords.*

IA lastly queried the 5% Royalty Withholding Tax from royalty payments paid to recipients, and whether these were collected by IRC. IRC responded indicating nil collection of the 5% withholding tax from royalty payments. NS to find out from the next meeting with MRA in this month. Meanwhile PNGEITI 2018 reports indicated unilateral disclosure of RWT by entities.

With no other businesses for discussion, Mr. Tabel thanked the IRC team for their participation and the meeting was closed at 10:40am.



Deputy Head of Secretariat
Mr. Christopher Tabel



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PNGEITI Validation Technical Working Group – Meeting #3

**Theme: Validation Preparedness
Venue: IRC Meeting Room #3
Date : 18th September 2020
Time : 9:00am – 11:00pm**

ATTENDANCE REGISTRY

NO.	NAME	ORGANIZATION	DESIGNATION	PHONE	EMAIL	SIGN
1	Leonard Catalon	EY	IT		leonard_catalon@gmail.com	
2	Santz Peini	PNGEITI/NS	Technical Officer	3133726	santz.peini@nrc.gov.pg	
3	Christopher Tobel	PNGEITI/NS	Deputy Head of PNGEITI			
4	Oliver - Reisinger	NS				
5	Kethy Nusu	IRC	Director - Business Advancing + Coordination		mesut@irc.gov.pg	
6	Kenny Albert	IRC	Business Advancing + coordination officer		kenny@irc.gov.pg	
7	Methilda Uplip	IRC	11		methilda@irc.gov.pg	
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