



## DEPARTMENT OF FINANCE Office of the Secretary

Date: 10<sup>th</sup> January, 2024

### PRESS STATEMENT

This notice serves to inform all National Departments, Statutory Bodies, Provincial Administrations, Provincial Health Authorities and Government Agencies following the recent public speculation that the Government has increased its Salary or Wages Tax Rates in year 2024.

#### Issues

- The war-induced inflation in Ukraine prompted the Marape-Rosso Government to introduce temporary household assistance packages. One of those included giving more disposal income or take home pay to all tax paying Papua New Guineans. This was implemented by increasing the tax-free threshold over several years since 2022.
- In March 2022, the Government passed an amendment to the Income Tax (Salary or Wages Tax) (Rates) Act No. 19 of 2022, temporarily increasing the salary and wages tax (SWT) tax-free threshold from K12,500.00 to K17,500.00 per annum.
- Again in 2023, the tax-free threshold was further increased to **K20, 000.00** per annum intended to provide relief to low and middle class income wage earners during the difficult times of inflation due to COVID.19.
- The tax-free threshold increase was effective from 01<sup>st</sup> January 2023 and intended to apply temporarily until 31<sup>st</sup> December 2023.
- Finance department implemented the Employees Tax-Free Threshold in the Government Payroll (Alesco) set to that specific 12-month period.
- In Pay 01/2024) the Tax-Free Threshold systematically automated back to K17, 500.00 in the Government Payroll System (Alesco) resulting in public servants' salary tax being affected.
- Subject to the 2024 National Budget, the Government made **permanent** the **K20, 000.00** tax-free threshold to maintain the purchasing power of money which Finance Department has implemented in the payroll system effective for pay 02/2024.
- As such, public servants should expect the following;

## Corrective Measures

- Receive refund of tax overpayment in pay 02/2024. As such, an employee salary will increase on the said pay date.
- Receive normal salary in pay 03/2024 base on the K20, 000.00 tax-free threshold.

Any further issues in this regard must be channeled through all government department's HR/Personnel for proper clarity and administration.

  
**Samuel Penias**  
Secretary

