

FORM TL1 2017



Effective date: 01 Jan 2017

IRC OFFICE USE ONLY

Training Levy

PAPUA NEW GUINEA INTERNAL REVENUE COMMISSION

PNGIRC - Your Partner in Nation Building

INCOME TAX ACT 1959 AS AMENDED

TRAINING LEVY RETURN

Taxpayer Identification Number (TIN):

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NAME AND ADDRESS OF TAXPAYER (EMPLOYER)			
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/-):		
NOTE: This form should be lodged by any employer with payroll in excess of K200,000.			
Percentage of gross sales attributed to business activities in <u>Bougainville</u> :		10	%
TAX PERIOD			
TAX PERIOD (FROM):			(TO):
DETAILS OF PUBLIC OFFICER / TRUSTEE / SENIOR PARTNER			
NAME OF PUBLIC OFFICER / TRUSTEE / SENIOR PARTNER:			
DATE OF APPOINTMENT:			
DETAILS OF PAYROLL AND TRAINING			
1 The average number of employees on payroll during the year:		20	
2 The number of full-time trainers in your organisation:		30	
3 Payroll for the most recent pay period:		40	
		K	
PARTICULARS RELATING TO SOURCES OF INFORMATION			
4 Have in-house training courses been approved as "Approved Business Training Courses"?		☐ Yes ☐ No ☐ N/A	
5 Have all Apprentices been registered with the Apprenticeship Board?		☐ Yes ☐ No ☐ N/A	
6 What records are kept to document Salary or Wages content of "Qualifying Training Expenses"?			
7 What records are kept to document the time element associated with "Qualifying Training Expenses"?			
8 Has the time and expense of on-the-job training been estimated?		☐ Yes ☐ No ☐ N/A	
9 What other "Qualifying Training Expenses" have been estimated?			
10 What is the basis of these estimates?			
11 Where the "Tax Agent's Certification" below is signed, has the Agent / Nominee satisfied themselves from the Taxpayer's records that they verify the "Qualifying Training Expenses" claimed in this return?		☐ Yes ☐ No ☐ N/A	
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: _____	

TAX AGENT'S CERTIFICATION		
I / We _____ of _____		
having prepared or assisted in the preparation of this return for a fee, hereby certify that the answers set forth in the "Particulars Relating to Sources of Information" set out above, are true and correct in every particular.		
SIGNED: _____	DATE: _____	
CONTACT PERSON: _____	PHONE NUMBER: _____	
E-MAIL ADDRESS: _____	TAX AGENT NUMBER: _____	
SCHEDULE OF ANNUAL PAYROLL		
Total <u>Salary or Wages</u>	100 K	
<u>Commissions</u> paid	110 K	
<u>Bonuses</u> paid	120 K	
<u>Gratuities</u> paid	130 K	
<u>Long Service Leave</u> paid (if not already included in Salary or Wages)	140 K	
<u>Holiday Pay</u> paid (if not already included in Salary or Wages)	150 K	
<u>Sick Leave</u> paid (if not already included in Salary or Wages)	160 K	
<u>Allowances</u> paid	170 K	
<u>Superannuation</u> payouts	180 K	
Other <u>termination</u> payouts not included above	190 K	
Cost of <u>medical insurance</u> paid on behalf of employees	200 K	
Cost of <u>club subscriptions</u> paid on behalf of employees	210 K	
Value of <u>shares / options</u> given to employees	220 K	
Cost of <u>tertiary education</u> paid on behalf of children of employees	230 K	
Cost of <u>excess leave fares</u> paid to employees	240 K	
<u>Taxable value of all benefits</u> provided to employees	250 K	
<u>Any other amounts</u> not included above that are subject to Salary or Wage Tax	260 K	
TOTAL OF THE ABOVE (ANNUAL PAYROLL)	290 K	

SCHEDULE OF QUALIFYING TRAINING EXPENSES		
(a) Salary or Wages of bona fide <u>apprentices</u>	300 K	
(b) Salary or Wages paid to citizen employees receiving <u>full-time professional training</u> at an approved educational institution or approved business training course.	310 K	
(c) Salary or Wages paid to citizen employees while attending <u>part-time professional training</u> at an approved business training course.	320 K	
(d) <u>Payment of expenses</u> incurred by or on behalf of citizen employees while attending professional training at an approved educational institution or approved business training course.	330 K	
(e) <u>Payments of fees</u> on behalf of citizen employees attending professional training at an approved educational institution or approved business training course.	340 K	
(f) <u>Salary or Wages of training officers</u> engaged wholly and exclusively in training or educational activities of citizen employees.	350 K	
(g) <u>Salary or Wages paid</u> to trainers and citizen employees while on-the-job training was carried out.	360 K	
(h) Costs of <u>consumables and other training materials</u> used in the training of citizen employees.	370 K	
(i) The amount of <u>depreciation</u> allowable in respect of plant or articles used solely to train citizen employees.	380 K	
(j) Cost of running an approved full-time <u>training institution</u> .	390 K	
(k) Amounts paid to approved educational institutions to provide scholarships or other training assistance to citizens.	400 K	
(l) Any other training expenses of citizens not otherwise claimed above (provide full details).	410 K	
TOTAL OF THE ABOVE (QUALIFYING TRAINING EXPENSES)	490 K	
CALCULATION OF TRAINING LEVY PAYABLE		
2% of Annual Payroll (from box 290 above).	500 K	
LESS Qualifying Training Expenses (from box 490 above).	510 K	
TRAINING LEVY PAYABLE	520 K	
<i>NOTE: Write "nil" if qualifying training expenses exceed 2% of annual payroll.</i>		

NOTES

Who Should Lodge Training Levy Returns?

Training Levy returns are to be completed by all EMPLOYERS with an annual payroll in excess of K200,000. This includes organisations that are exempt from the payment of tax upon their income as although the Training Levy is deemed to be an income tax, it is not a tax on income. Payment of the Training Levy is not restricted only to companies, so sole traders, partnerships, trusts, etc. having annual payrolls in excess of K200,000 must also lodge Training Levy returns. Nor is it restricted to national or foreign enterprises. Citizen enterprises with payrolls of K200,000 are also liable.

Employers With Substituted Accounting Periods

Where approval has been given to adopt a substituted accounting period and as a consequence the period covered by this return does not cover a full twelve months (or exceeds twelve months), the K200,000 cut-off limit is to be adjusted proportionately for the increased or decreased number of months covered by the return, e.g. if the return covered 9 months only, the payroll limit would fall to K150,000 and only if the payroll for that nine months exceeded K150,000 would a Training Levy return be required.

Records to be Kept

Employers are not required to forward with this return records of qualifying training expenses claimed. Nevertheless we would expect that the amount claimed in the return would be supported by records. As a minimum, we would expect the following records to have been kept in relation to in-house or externally conducted courses:

- 1 Name of course.
- 2 Approval date, if an in-house "Approved Business Training Course".
- 3 Name and address of the organisation conducting the course (if external).
- 4 Name of each trainee.
- 5 Name of each trainer (if in house).
- 6 Date and duration of training (in hours).
- 7 Hourly salary or wage of trainee.
- 8 Hourly salary or wage of trainer (if in house)
- 9 Cost of course (if external)
- 10 Any other "Qualifying Training Expenses" associated with the course.

The following information should be kept (as a minimum) in relation to on-the-job training:

- 1 Topic of training.
- 2 Training objective.
- 3 Name of trainee.
- 4 Name of trainer.
- 5 Date and duration of training (in hours).
- 6 Hourly salary or wage of trainee.
- 7 Hourly salary or wage of trainer.

How the Training Levy Payable is Calculated?

Calculation of the Training Levy payable is very simple: The total payroll for the year is computed and the Training Levy equals 2% of this amount. However, the Training Levy is a tax that is only payable if insufficient (or no) expenditure has been incurred in training citizen employees. Credit is therefore given for "Qualifying Training Expenses" actually incurred, and where these exceed the Training Levy, no amount is actually payable. On the other hand, if "Qualifying Training Expenses" do not exceed the Training Levy, the Kina difference between the two figures is the amount of Training Levy Payable. The following example illustrates this point:

Annual Payroll	K250,000
2% thereof (Training Levy)	K5,000
Less: Qualifying Training Expenses	K2,000
Training Levy Payable	K3,000

In the above example, the employer is liable to pay a Training Levy of K3,000. This is because not enough money was spent by them on training. Had an additional K3,000 been spent on training of citizen staff no Training Levy would have been payable.

The Training Levy is not actually payable by employers who spend more than 2% of their total payroll for the year in training their citizen employees. It should be noted, however, that any excess expenditure over the 2% cannot be carried forward to the next year or across to other group companies. Nor is the amount of any Training Levy paid a tax deduction.

What is Included in the Calculation of Payroll?

The word "payroll" has been defined to include much more than salary or wages and allowances. In addition to including these things, it also includes the taxable value of all benefits given to employees by their employers. It would also include the payroll of non-citizen employees and so is actually the sum of all salary or wages, allowances, etc. paid as well as the taxable value of all benefits given to all employees. As such it includes the following :

- | | |
|--|---|
| 1 Salary and wages. | 2 Commissions. |
| 3 Bonuses. | 4 Gratuities. |
| 5 Directors fees. | 6 Holiday pay. |
| 7 Long Service Leave | 8 Sick Leave |
| 9 All allowances paid to employees (except education allowances for student children of employees). | 10 All termination payouts, including superannuation payouts. |
| 11 The value of excess leave fares. | 12 The taxable value of housing, motor vehicle or meals provided by the employer. |
| 13 The amount paid by the employer in providing other employee benefits, e.g. payment of club fees, medical insurances or expenses, etc. | |

The value of leave fares exempted from income tax is not included, only excess fares paid to any employee.

What are Qualifying Training Expenses?

These are expenses associated with the training of citizen employees. Specific "Qualifying Training Expenses" are :

- 1 The salary or wages of bona fide apprentices.
- 2 The salary or wages of citizen employees receiving full-time education at: a) an approved Education Institution; or b) An "Approved Business Training Course".
- 3 The salary or wages of citizen employees attending part-time training at an "Approved Business Training Course" for the period of time spent in attending the course.
- 4 Payments of expenses by or on behalf of citizen employees as a result of their attending a professional training course or a type or at an institution referred to in 2. above.
- 5 Payments of fees on behalf of citizen employees attending a professional training course of a type or at an institution referred to in point 2. above.
- 6 The salary or wages of training officers (whether citizen or non-citizen) engaged wholly and exclusively in training or educational activities, other than for the purpose of deriving income for their employer.
- 7 The salary or wages of training officers (whether citizen or non-citizen) and citizen trainees for the period of time on-the-job training is carried out.
- 8 The cost of consumables, training aids, etc. used in training citizen staff.
- 9 Depreciation on plant or articles used solely for the training of citizen employees, i.e. depreciation on plant normally used in the production process but also used when training new employees would not qualify.
- 10 The cost of running a National Training Council approved full-time training institution.
- 11 Amounts paid to educational institutions to provide scholarships or other training assistance to citizens (who need not actually be employees of the employer).
- 12 Any other expenses necessarily incurred in training citizen employees.

It should be noted that the words "Approved Educational Institution" used above are not words used in the Income Tax Act. They are words used entirely for the purposes of this return and should be understood to mean:

- a) A Government training institution (such as the Administrative College);
- b) A recognised university or college (wherever situated in the world); or
- c) A prescribed place of tertiary education (refer to Income Tax Regulation 9B).

It should also be noted that as we do not have grouping provisions, the word "employees" is to be interpreted broadly so as not to require the employee to be an employee of the enterprise claiming the qualifying training expenses associated with them. Where the employee is employed by one of a group of wholly-owned companies, if one member of the group pays the qualifying training expenses of an employee of another group member, the first mentioned company can claim the offset against the Training Levy.

What are "Approved Business Training Courses"?

These are training courses that have been approved by the Commissioner General and are formal training courses, conducted either on a full-time or part-time basis, containing course material suitable for industrial, commercial or business training. Seminars and other forms of training containing such course material would also be eligible for approval. As the expenses of professional training at approved educational institutions has been specifically made eligible for offset against the Training Levy, the only organisations that will require their courses to be approved by the Commissioner General are those that conduct courses in-house or those that are not conducted by approved educational institutions but are offered by commercial organisations who run industrial, commercial or business courses. Unless such courses do have approval, expenses associated with them cannot be offset against the Training Levy.

The Relationship Between Income Tax and the Training Levy

Firstly, because the Training Levy has been deemed to be an income tax, no deduction can be claimed in the income tax return should the Training Levy be payable. Secondly, training expenses that have already been claimed for income tax purposes can be claimed again for Training Levy purposes as a "Qualifying Training Expense", even if a double deduction has been given for the expense for income tax purposes.

Bougainville Taxpayers

A Bougainville Taxpayer is one whose principal place of business or whose main business activity is in Bougainville Province.

HOURS FOR PAYMENT: 8:30 A.M. TO 3:00 P.M. MONDAY TO FRIDAY.

CHEQUES SHOULD BE MADE PAYABLE TO 'COMMISSIONER GENERAL INTERNAL REVENUE' AND MARKED 'NOT NEGOTIABLE'.

PAYMENTS MAY BE MADE ELECTRONICALLY THROUGH YOUR BANK WITHOUT NEEDING TO VISIT AN IRC OFFICE. FOR DETAILS SEE www.irc.gov.pg
PAYMENTS MAY ALSO BE MADE VIA EFTPOS. TAX FORMS AND GUIDES ARE AVAILABLE FOR DOWNLOAD FROM THE IRC WEB SITE www.irc.gov.pg



MOST PEOPLE PAY THEIR TAXES ON TIME

