Papua New Guinea

No. of 2026.

Goods and Services Tax (Amendment) Bill 2026,

ARRANGEMENT OF CLAUSE.

Draft of 18/08/2026

A BILL

for

AN ACT

entitled

***Goods and Services Tax (Amendment) Bill* 2026,**

Being an Act to amend the ***Goods and Services Tax Act* 2003**, and for related purposes,

MADE by the National Parliament.

1. OTHER ZERO-RATED GOODS (AMENDMENT OF SECTION 21).

Section 21 of the Principal Act is amended by inserting immediately after Paragraph (3) the following new paragraph:

"(4) The following supplies are zero rated goods under this Act, for the period commencing on and from 1st June, 2025 up to and including 31st December 2026:

(*a*) baby diaper; and
(*b*) soap; and
(*c*) biscuit; and
(*d*) cooking oil; and
(*e*) flour; and
(*f*) chicken; and
(*g*) noodles; and
(*h*) rice; and
(*i*) sanitary pad and tampon; and
(*j*) tea; and
(*k*) coffee: and
(*l*) tinned fish; and
(*m*) tinned meat.".

2. EXEMPTION SUPPLIES (AMENDMENT OF SECTION 25).

Section 25 of the Principal Act is amended by repealing Subsections (8), (9), (10) and (11), and replacing them with the following:

"(8) Subject to Subsection (9), the supply of petrol, diesel, zoom and kerosene shall be exempt from tax under this Act, for the period from 08 September, 2026 to 31 December, 2026.

(9) The exemption under Section (8) does not apply where the supply is import or supplied for the sole use in carrying on the operations of a resource company.".

PRESS RELEASE

SUBJECT: AMENDMENT TO THE GOODS AND SERVICES ACT 2003 TO EXEMPT FUEL PRODUCTS FROM GOODS AND SERVICES TAX

The Prime Minister Today Announced That The National Executive Council Has Approved Amendment To The *Goods And Services Act 2003* To Exempt Fuel Products From Goods And Services Tax starting from September 08th to 31st December 2026.

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Prime Minister
Chairman of the NEC

SECOND READING SPEECH

GOODS AND SERVICES TAX (AMENDMENT) BILL 2026

MR SPEAKER,

THE BILL PROPOSES AN AMENDMENT TO THE *GOODS AND SERVICES TAX ACT 2003*:

1. THE MARAPE-ROSSO GOVERNMENT HAS A PROUD RECORD OF HELPING OUR FAMILIES WITH COST-OF-LIVING PRESSURES. WE HELPED DURING THE GLOBAL COVID-19 PANDEMIC. WE HELPED DURING THE RUSSIAN/UKRAINE WAR. WE HELPED WITH INCOME TAX CUTS, LIFTING THE PERSONAL INCOME TAX THRESHOLD TO K20,000, SAVING TAXPAYERS K63 PER FORTNIGHT. WE EXTENDED SCHOOL SUBSIDIES TO COVER SCHOOL PROJECT FEES. IN 2025, WE EXEMPTED GST FROM 13 KEY HOUSEHOLD GOODS. OUR 2026 BUDGET PROVIDED ANOTHER K1,010 MILLION TO HELP OUR STRUGGLING FAMILIES, BRINGING OUR TOTAL ASSISTANCE TO K3,332 MILLION. THIS HAS BEEN A HISTORIC PACKAGE OF ASSISTANCE, NEVER SEEN BEFORE IN OUR COUNTRY'S HISTORY. THIS BILL RE-AFFIRMS THIS ASSISTANCE, WITH A MINOR AMENDMENT TO PLACE THE GST EXEMPTIONS TO SECTION 21 OF THE ACT.

2. THIS BILL BUILDS ON OUR HISTORIC SUPPORT TO FAMILIES. THE MIDDLE EAST CRISIS INCREASED FUEL COSTS DRAMATICALLY

ACROSS THE WORLD. THE MARAPE-ROSSO GOVERNMENT ACTED DECISIVELY, BY DIRECTING THAT FUEL PRICES WOULD NOT INCREASE BEYOND THEIR MARCH LEVELS. WE WANTED TO PROTECT OUR ECONOMY FROM WHAT COULD HAVE BEEN A MAJOR SHOCK. WE WANTED TO PROTECT HOUSEHOLDS, PROTECT GROWTH AND PROTECT JOBS.

3. THE LARGEST ITEM OF EXPENDITURE IN THE 2026 SUPPLEMENTARY BUDGET IS A FURTHER K1,110 MILLION IN ASSISTANCE FOR OUR FAMILIES. THIS CONSISTED OF K1,000 MILLION BUILT INTO THE SUPPLEMENTARY BUDGET, AND K110 MILLION AS THE COST OF THE GST RELIEF ON FUEL BEING PROPOSED BY THIS BILL.

4. AT THE PEAK OF THE HIGH PRICES IN APRIL, WHEN FUEL PRICES WERE FROZEN AT MARCH LEVELS, THE FAMILY WAS PAYING K4.44 FOR A LITRE OF DIESEL, WHEN THE INTERNATIONAL PRICE HAD JUMPED TO K7.69. RATHER THAN FAMILIES HAVING TO PAY K7.69, THE GOVERNMENT WAS PROVIDING A DIRECT SUBSIDY OF K3.24 FOR EVERY LITRE OF DIESEL. THIS DIRECT PRICE SUBSIDY WAS EQUIVALENT TO 40 PER CENT OF THE COST.

5. THE GOVERNMENT HAS DECIDED TO PROVIDE ON-GOING FUEL ASSISTANCE THROUGH CUTTING GST ON ALL FUEL PRODUCTS FROM 8

SEPTEMBER UNTIL AT LEAST THE END OF THE YEAR.

6. THIS BILL WILL ALLOW SOME OF THE BURDEN OF THE SUBSIDY TO BE MOVED TO THE REVENUE SIDE OF THE BUDGET. THE 10% GST WILL BE REMOVED ON ALL FUEL PRODUCTS, EXCEPT FOR THOSE PROVIDED TO THE RESOURCE SECTOR. THIS WILL PRIMARILY BENEFIT HOUSEHOLDS, AS MOST COMMERCIAL OPERATORS HAVE THEIR GST FUEL PAYMENTS ALREADY REFUNDED OR CREDITED AGAINST OTHER GST PAYMENTS.

7. A PHASE-OUT OF THE DIRECT PRICE SUBSIDY WILL ALSO COMMENCE ON 8 SEPTEMBER.

8. THIS WILL MEAN THAT FUEL PRICES FOR ALL RETAIL PRODUCTS WILL RISE TO A MAXIMUM OF K4.90 PER LITRE ON 8 SEPTEMBER.

9. ONE MONTH LATER, ON 8 OCTOBER, THE RETAIL PRICE FOR ALL FUELS WILL BE CAPPED AT K5.90 PER LITRE. BASED ON CURRENT INTERNATIONAL PRICES, IT IS LIKELY THAT PETROL PRICES WILL NOT GO THAT HIGH, ESPECIALLY GIVEN THE NEW GST RELIEF. HOWEVER, DIESEL PRICES MAY HIT THAT LEVEL.

10. FROM 8 NOVEMBER, THE REGULATED

PRICE WILL GO BACK TO ITS USUAL ARRANGEMENTS APPLICABLE BEFORE APRIL, ALTHOUGH WITH PRICES NOW 10% LESS THAN THE INTERNATIONAL PRICE ARRANGEMENT BECAUSE OF TAKING GST OFF FUEL.

11. WE THANK OUR OIL IMPORTERS, AND THEIR KEY REPRESENTATIVES THROUGH CORE, ESPECIALLY RICHARD KASSMAN, IN PROVIDING SUPPORT TO THE GOVERNMENT'S CARING, DECISIVE AND RESPONSIBLE SUPPORT FOR HOUSEHOLDS.

12. AS EVENTS OVER THE LAST MONTH HAVE ONCE AGAIN DEMONSTRATED, THIS IS A HIGHLY UNCERTAIN SITUATION. THE GOVERNMENT WILL CONTINUE TO MONITOR THE IMPACTS OF THE MIDDLE EAST CONFLICT, AND WILL CONTINUE TO RESPOND RESPONSIBLY, TO SUPPORT OUR STRUGGLING HOUSEHOLDS.

MR SPEAKER, I COMMEND THE BILL TO THE PARLIAMENT.

EXPLANATORY MEMORANDUM

Goods and Services Tax (Amendment) Bill 2026,

The Bill proposes to amend the Goods and Services Act 2003 to:

1. Exempt the fuel products (petrol, diesel, kerosene and zoom) from GST to assist in addressing the increased price of fuel products, thus reducing individual and business costs;

2. Limits the exemption by excluding supplies supplied for use in the operation of the resource companies; and

3. Corrects the drafting deficiencies in the GST Act, namely duplicate provisions under section 25(8), by moving temporary zero rating provisions to section 21.

CERTIFICATE.

I, certify that I have drafted the ***Goods and Services Tax (Amendment) Bill* 2026** (Draft of 20/08/2026) in accordance with the National Executive Council Decision No: 125/2026 dated 1st June, 2026, and the Drafting Instructions.

MARLEEN TOLIMAN AKOP
FIRST LEGISLATIVE COUNSEL.

20th August, 2026.

INDEPENDENT STATE OF PAPUA NEW GUINEA

OFFICE OF THE STATE SOLICITOR

CERTIFICATE OF NECESSITY

I, **DANIEL ROLPAGAREA**, State Solicitor of the Independent State of Papua New Guinea;

having considered the proposed **Goods and Services Tax (Amendment) Bill 2026** and having formed the opinion that the Bill is necessary for the intended purposes;

hereby grant this Certificate pursuant to Section 13B of the *Attorney General Act 1989*.

Dated this 12th day of June 2026.

DANIEL ROLPAGAREA

State Solicitor