



INTERNAL REVENUE COMMISSION



New Housing Benefits to be applied under changes to Regulation 9A. Effective from 1 January 2017.

ACCOMMODATION PROVIDED

Type of Housing	Area 1.	Area 2.	Area 3.
Very High Cost House or Flat	K 2,500.00	K 1,500.00	NIL
Up-Market Cost House or Flat	K 1,500.00	K 1,000.00	NIL
High Cost House or Flat	K 700.00	K 500.00	NIL
Medium Cost House or Flat	K 400.00	K 300.00	NIL
Low Cost House or Flat	K 160.00	K 150.00	NIL
Mess or Barracks Style Accommodation	K 60.00	K 50.00	NIL
Government Mess or Barracks	K 7.00	K 7.00	NIL
Employees Involved in an "Approved Citizen Employee First Time Homebuyer Scheme".	NIL	NIL	NIL

NOTES IN RELATION TO THE ABOVE:

- 1. Employees provided with accommodation outside of Papua New Guinea** by their employer are automatically deemed to reside in AREA 1. They are subject to the inclusion of the taxable benefit for private high cost housing.
- 2. Low cost housing** is any unit of accommodation which would fetch **K400,000** or less if sold on open market, and in any other case for which the market rental is **K1,000** per week or less.
- 3. Medium cost housing** is any unit of accommodation which would fetch between **K400,000** and **K800,000** if sold on the open market, and in any other case for which the market rental is between **K1,000** per week and less than **K3,000** per week.
- 4. High cost housing** is any unit of accommodation which would fetch more than **K800,000** and **K1,500,000** if sold on the open market, and in any other case is any unit of accommodation whose market rental is between **K3,000** and **K5,000** per week.
- Up-market housing in relation to employer owned accommodation is any unit of accommodation which would fetch between **K1,500,000** and **K3,000,000** if sold on the open market, and in any other case is any unit of accommodation whose market rental is between **K5,000** and **K7,000** per week.
- Very High Cost Housing housing in relation to employer owned accommodation is any unit of accommodation which would fetch **K3,000,000** or more if sold on the open market, and in any other case is any unit of accommodation whose market rental is **K7,000** per week or more.

7. The areas mentioned to in the above table refer to the area located in or within a 15 Kilometre radius of the boundaries of any of the following towns.

AREA 1: Alotau, Goroka, Kimbe, Kokopo, Lae, Madang, Mount Hagen and Port Moresby.

AREA 2: Arawa, Buka, Bulolo, Daru, Kainantu, Kavieng, Kerema, Kiunga, Kundiawa, Lihir, Lorengau, Mendi, Popondetta, Porgera, Rabaul, Tabubil, Vanimo, Wabag, Wau and Wewak.

AREA 3: Any place within Papua New Guinea not included in Areas 1 and 2.

HOUSING ALLOWANCE PAID IN LIEU OF ACCOMMODATION: Where an employer pays an employee an allowance in lieu of providing accommodation, the allowance as paid is assessable in full. This allowance and the prescribed value of that accommodation is to be included in the fortnightly salary or wages of the employee and taxed accordingly, unless a variation has been obtained from the Commissioner General.

Where a variation is obtained, the employee is taxed on the prescribed value of the accommodation and the excess of the allowance that exceeds the actual cost of the accommodation.

Citizen employees who are in receipt of housing allowances and are engaged in an "Approved Citizen Employee First Time Home Buyer Scheme", are not taxed on the allowance nor are they required to lodge a Housing Allowance Variation form.

Employees may obtain variation on housing allowances by lodging a Housing Allowance Variation form with the Internal Revenue Commission.

If you have any questions in relation to this advice please contact Mr. Steve Burke of the Policy and Advice Division of the Internal Revenue Commission on 322 6546 or by e-mail burkes@irc.gov.pg



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