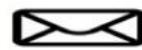




2026 PNG BUDGET COMMENTARY

Covering PNG Budget since 2012



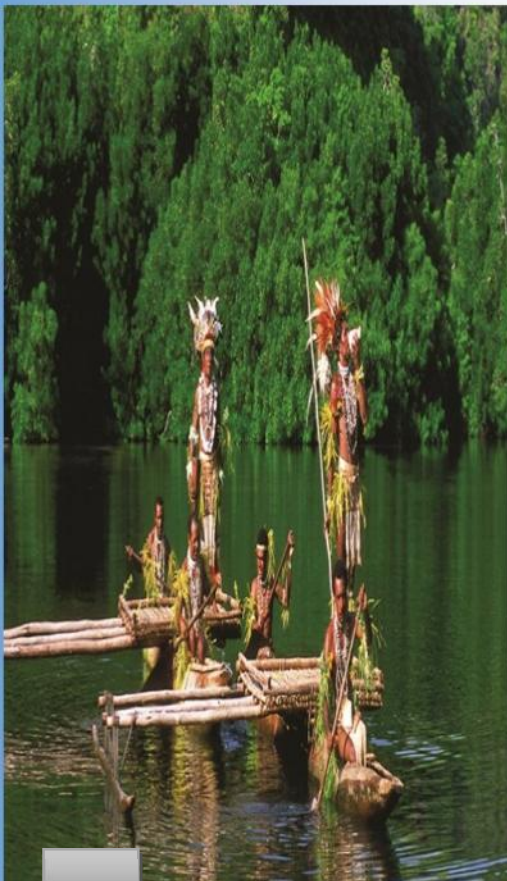
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EXECUTIVE SUMMARY

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- Honourable Minister for Treasury, Hon. Ian Ling-Stuckey handed over the **2026 Papua New Guinea Budget** on behalf of Marape Rosso Government, at the Parliament on this 25th day of November 2025.
- Theme of this year budget is “**Security with Growth**”. This is aimed to be achieved by massive investments into police, defence and judiciary, delivering household assistance package by GST relief, stamp duty relief etc, human and capital resources, infrastructure like Public Investment Program, agriculture, growth and jobs, education and other priorities
- The framework which directs this budget is the “13-year Plan”, that is guided by **Five National Goals and Directive Principles**. This aims to achieve budget surplus by 2027.
- The 2026 Budget will continue to be guided by the doctrines of development espoused by **Vision 2050**, PNG Development Strategic Plan (**DSP (2010-2030)**), the Medium-Term Development Plan (**MTDP**) the National Strategy for Responsible Sustainable Development (**StaRS 2017**), Connect PNG 2020-2040 program and Reset @50 Roadmap.
- The objectives of the new **Medium Term Development Plan IV 2023-2027** are to grow the GDP to K200 billion by the 2030 by doubling the country’s internal and export revenues and creating one million new jobs by 2027. This is planned to be achieved by aligning the efforts of all government departments to 12 strategic priority areas (SPAs).
- 2026 budget will continue the repair and reconstruction path pursued since 2019 and focus on five key sectors like **health, education, law and order, infrastructure, agricultural and economic sector**.
- The budget comes against the backdrop of growing cost of living pushed up by costly imports owing to weaker kina, increasing security issues, lack of access to essentials to large percentage of population, reduced foreign investment, and gloomy global economy.
- Global economic growth is projected to slow down from 3.3% in 2024 to 3.2% in 2025 and 3.1% in 2026, respectively. PNG economy is expected to grow at 4.5% and 4.0% respectively, for above periods.
- **Budget crossed thirty Billion** mark for the first time and presented at **K30.91 billion**, as compared to 2025 supplementary budget estimate of K27.17 billion.
- Total 2026 budgeted expenditure consists of, **K20.09 billion for operational expenditure** and **K10.81 billion for capital expenditure** as compared with K17.81 billion and K9.36 billion respectively, from 2025 supplementary budget.
- Total revenue and grants are estimated at **K29.31 billion in 2026** with increase of **K5.05 billion** from 2025 supplementary budget estimate of K24.26 billion.
- 2026 tax revenue is estimated at **K22.14 billion** more than K2.15 billion and 2026 non-tax revenues are estimated at **K5.22 billion** more than K2.77 billion, from 2025 supplementary budget estimates of K19.99 billion and K2.45 billion, respectively.
- Budget deficit works out to **K1.608 billion** with deficit approximately amounting to 1.1% of GDP.
- The **inflation level** is expected to increase from a level of 0.6% in 2023 to **4.0%** in 2024 and to **4.2%** in 2026.

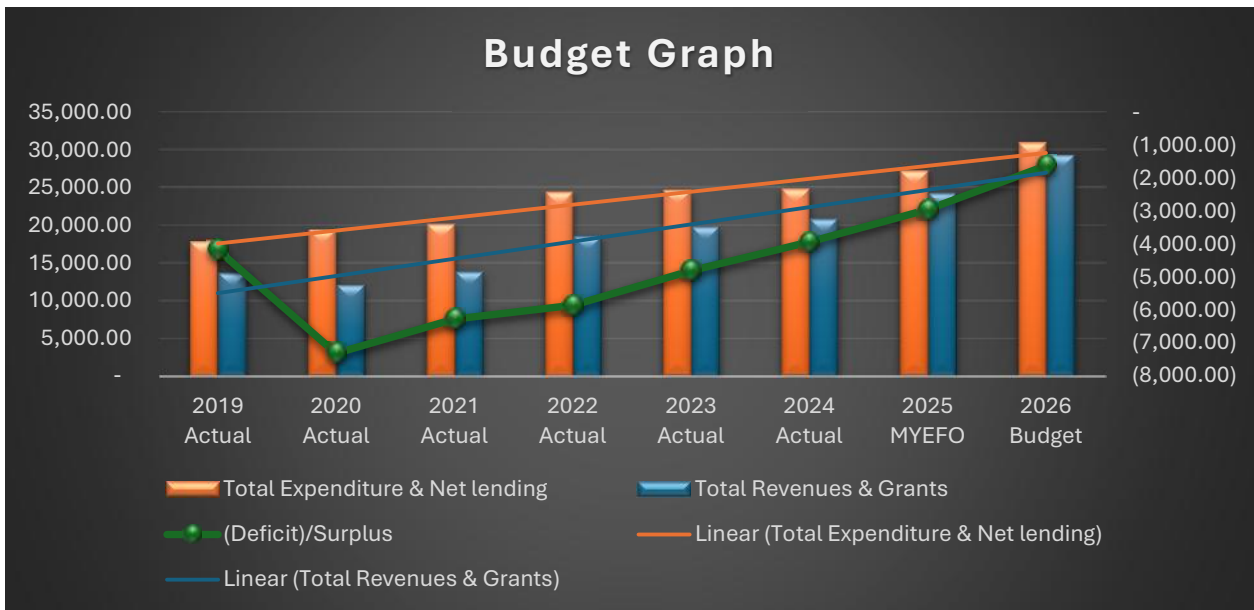


- Tax measures include changes to Infrastructure tax credit, continuation of GST zero rating on x13 essential household items until 2026, excise biannual index rate suspension on beer and tobacco until 2026, increase in excise duty on diesel, increase scope of GST Cash Register System to cover additional taxpayer, new tax creditable levy on petroleum producer,
- Other tax measures include, the introduction of “Internal Revenue Commission Bill” which aims to make a pivotal shift in the governance framework of Internal Revenue Commission mainly aimed at enhancing oversight, accountability and operational efficiency by establishing a formal board structure.
- The **New Income Tax Act 2025**, was certified in October 2025 and comes into effect from 1 January 2026.



BUDGET HIGHLIGHTS

Budget	2019 Actuals	2020 Actual	2021 Actual	2022 Actual	2023 Actual	2024 Actual	2025 MYEFO	2026 Budget
Total Revenue and Grants	13,680.40	12,093.30	13,860.40	18,538.20	19,809.90	20,826.30	24,225.20	29,307.10
Total Expenditure and Net Lending	17,852.40	19,397.80	20,130.70	24,390.00	24,614.50	24,757.00	27,174.00	30,915.20
(Deficit)/ Surplus	(4,172.00)	(7,304.50)	(6,270.30)	(5,851.80)	(4,804.60)	(3,930.70)	(2,948.80)	(1,608.10)
Taxation revenue	10,918.10	9,802.10	11,129.40	16,453.60	17,626.90	18,447.10	19,995.70	22,140.50
Non-taxation revenue	986.80	866.20	643.00	612.50	1,024.40	1,198.60	2,455.50	5,223.60
Grant	1,775.50	1,425.00	2,088.00	1,472.10	1,158.60	1,180.60	1,774.00	1,943.00

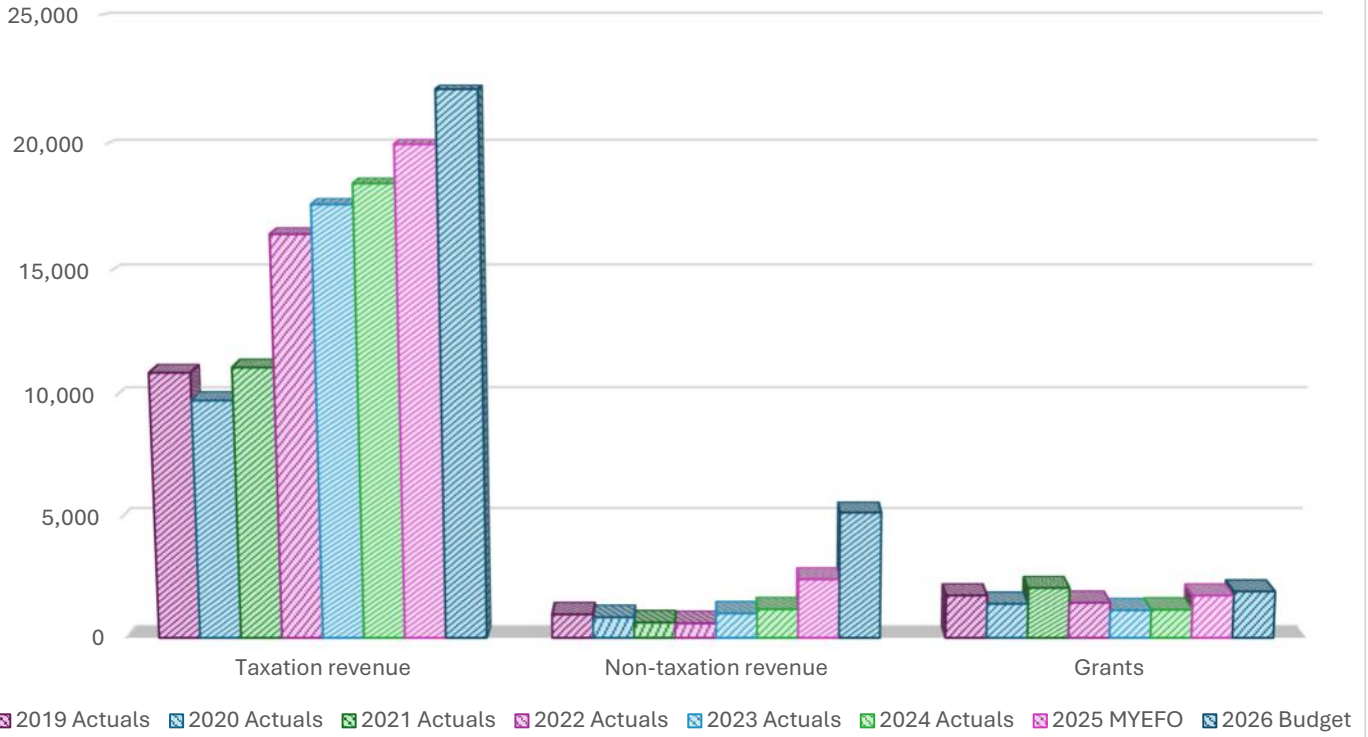


Key observations-

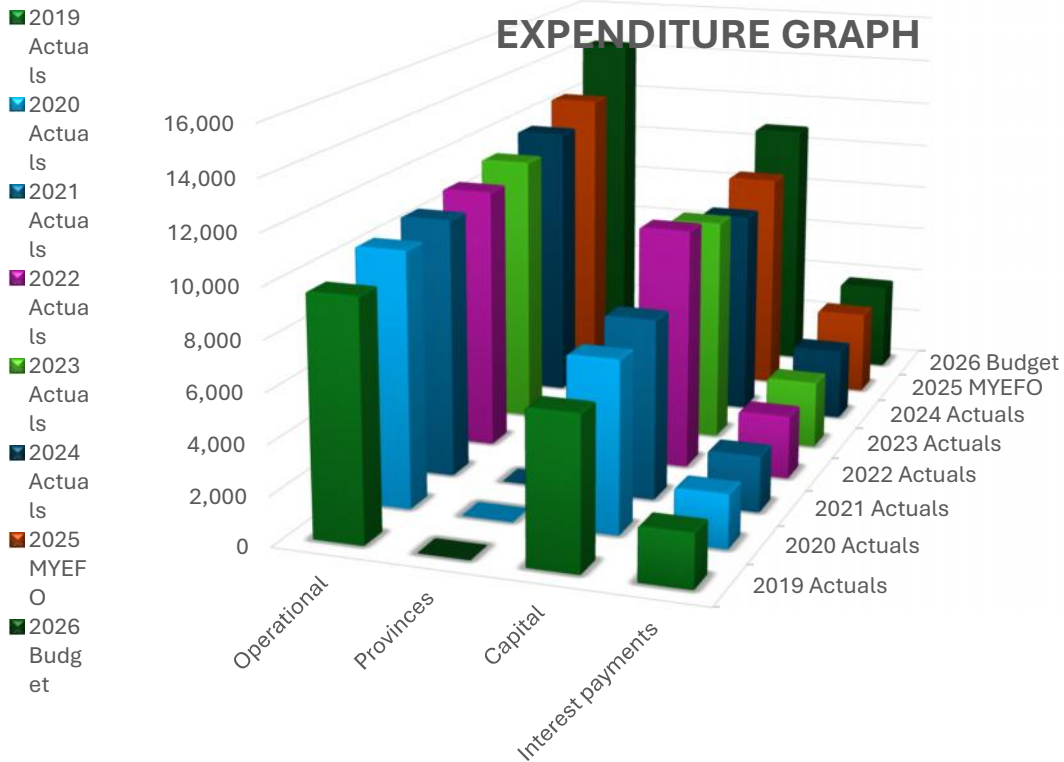
- 1) From 2019 to 2024, actual revenue grew by **152.23%** averaging **30%** year on year.
- 2) From 2019 to 2024, actual spending grew by **138.65%** averaging merely **27.70%** year on year.
- 3) From 2019 to 2024, actual tax revenue grew by **168.96%** averaging **33.79%** year on year with tax on income and profits contributing **40.74%** year on year growth and GST contributing **27.03%** year on year growth.
- 4) From 2019 to 2024, actual non tax revenue grew by **121.46%** averaging **24.29%** year on year



REVENUE GRAPH



EXPENDITURE GRAPH



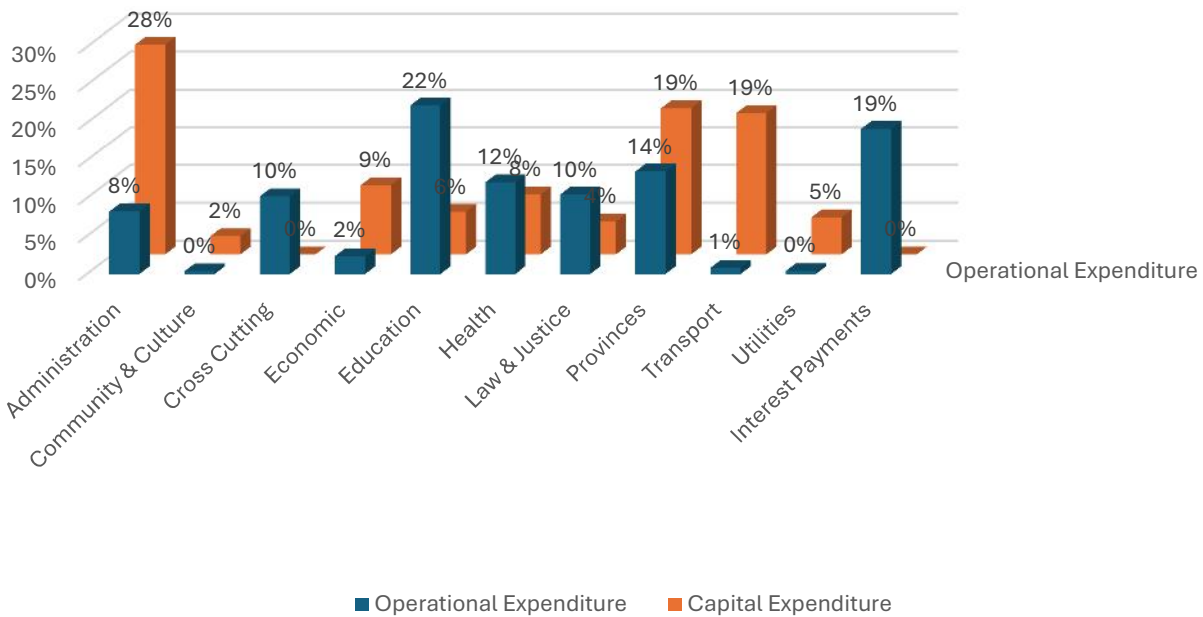


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Where will Kina come from?

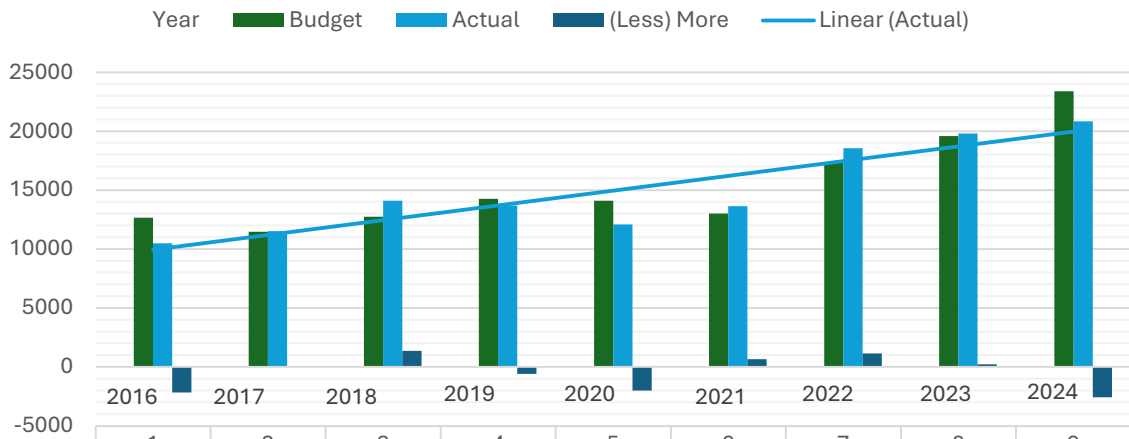


Where will Kina go to?



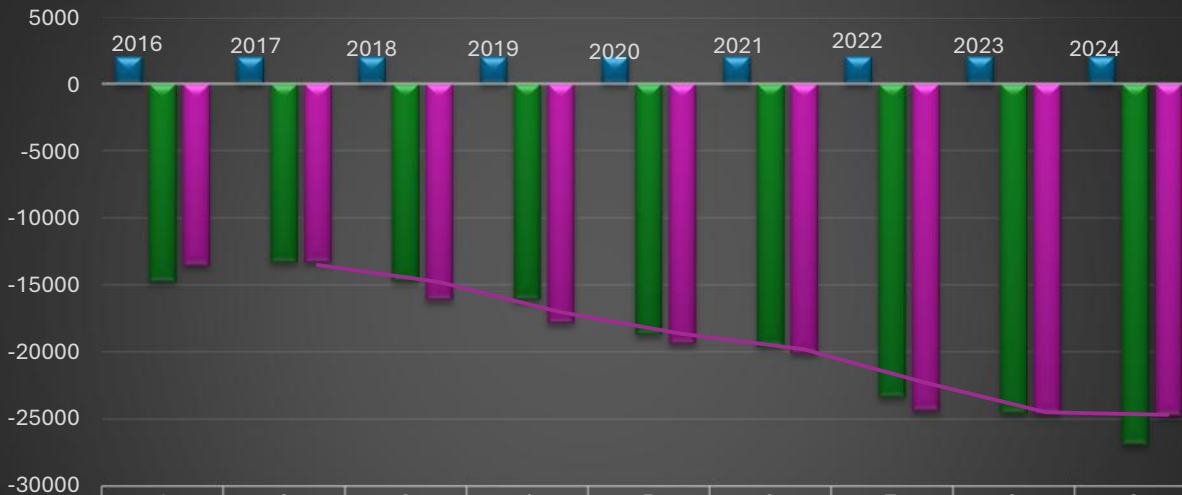


Graph measures actual revenue against budgeted revenue



Year	1	2	3	4	5	6	7	8	9
Year	2016	2017	2018	2019	2020	2021	2022	2023	2024
Budget	12,650.1	11,473.1	12,730.7	14,266.8	14,095.4	12,995.0	17,389.1	19,582.0	23,393.8
Actual	10,485.5	11,525.1	14,085.0	13,680.4	12,093.3	13,635.0	18,536.2	19,810.0	20,826.3
(Less) More	(2,164.6)	52.0	1,354.3	(586.4)	(2,002.1)	640.0	1,147.1	228.0	(2,567.5)

Budget v Actual -Spending Graph Find out if your Government delivered?



Year	1	2	3	4	5	6	7	8	9
Year	2016	2017	2018	2019	2020	2021	2022	2023	2024
Budget	14762.60	13349.50	14717.90	16133.50	18726.50	19607.80	23373.60	24566.90	26914.60
Actual	13572.40	13319.10	16134.00	17852.40	19397.80	20130.70	24390.00	24615.00	24757.00

Year Budget Actual 2 per. Mov. Avg. (Actual)



KEY ECONOMIC ASSUMPTIONS

This year's budget has been built on the following key assumption and economic parameters

Parameters	2020 Actual	2021 Actual	2022 Actual	2023 Actual	2024 Est	2025 Proj	2026 Proj	2027 Pro	2028 Proj	2029 Proj	2030 Proj
<i>Economic Growth</i>											
GDP Growth	(3.2)	(0.5)	5.7	3.8	3.8	4.5	4.0	3.9	4.1	4.0	3.9
Non-Resource GDP	(0.4)	4.2	5.9	4.7	4.5	4.6	4.5	4.9	5.0	5.0	5.0
<i>Exchange Rate</i>											
Real Exchange rate Index (2007=100)	140.6	138.4	134.5	129.5	118.1	111.8	109.0	109.5	109.9	110.0	110.0
<i>Inflation</i>											
Year average (%)	4.9	4.5	5.3	2.3	0.6	4.0	4.2	5.0	5.0	5.0	5.0
Dec on Dec (%)	5.1	5.7	3.4	3.9	0.7	3.0	4.7	5.5	4.9	4.9	4.0
<i>Interest Rates</i>											
Kina Rate Facility (KFR)	3.5	3.0	3.1	3.3	2.9	4.3	5.0	5.0	5.0	5.0	5.0
Inscribed Stocks (3-year Yield)	9.0	9.0	-	4.7	5.6	-	7.2	7.2	7.2	7.2	7.2
<i>Mineral Prices</i>											
Gold US\$/oz	1,770	1,800	1,801	1,943	2,387	3,657	3,540	3,657	3,657	3,657	3,667
Copper US\$/ton	6,170	9,308	8,819	8,486	9,142	9,648	9,940	10,047	10,128	10,175	10,289
Oil(Kutubucrude) US\$/barrel	40	68	94	78	79	66	66	67	67	64	60
LNG US\$ per 000 cu. ft	8.3	10.8	18.3	14.4	12.8	12.3	11.7	11.7	12.8	12.8	12.6
Condensate US\$/barrel	40	68	94	78	79	66	66	67	67	64	60
Nickel US\$/tonne	10,639	17,147	20,532	21,527	16,816	15,231	15,643	16,281	16,936	17,641	18,350
Cobalt US\$/tonne	21,483	44,430	51,427	33,871	26,327	31,022	34,123	34,323	34,323	34,323	34,323
<i>Agricultural Prices</i>											
Copra US\$/ton	2,450	2,489	2,497	2,547	2,730	2,917	3,043	3,115	3,188	3,273	2,940
Palm Oil US\$/ton	2,215	3,505	3,981	2,978	3,707	4,162	4,429	4,454	4,558	4,680	4,680
Cocoa US\$/ton	8,210.0	8,518.0	8,348.0	11,694	28,203	33,850	30,664	29,684	30,383	31,194	31,194
Coffee US\$/ton	12,552	17,289	22,860	17,098	21,633	34,544	34,737	31,026	29,803	30,776	30,914
Rubber US\$/ton	3,870.0	4,489.0	4,063.0	4,063	4,063	4,063	4,063	4,063	4,063	4,063	4,063
Tea US\$/ton	5,499.0	3,645.0	3,587.0	3,195	3,749	3,699	3,859	3,949	4,042	4,150	4,150
Logs K/m3	343.0	338.0	352.0	311	337	370	386	395	404	415	415
Copra Oil US\$/ton	3,440.0	5,655.0	5,753.0	5,869	5,843	6,245	10,221	8,559	8,761	8,995	8,995



NEW MEDIUM TERM DEVELOPMENT PLAN 2023-2027

The MTDP IV is premised on the theme of achieving “National Prosperity through Growing the Economy”. This theme builds on achievements and lessons from past MTDPs and presents new and innovative approaches to accelerate social and economic growth that translates into fulfilling our aspirations.

In consideration of the above, the Government has stated the following key objectives:

-) To achieve a K200 billion PNG economy by 2030;
-) To create one million additional jobs; and
-) To improve the quality of life for all PNG citizens.

Specific sector targets are posed to contribute to this target through the 12 Strategic Priority Areas (SPAs). The SPAs includes

<p>STRATEGIC ECONOMIC INVESTMENT</p> <ul style="list-style-type: none">) <i>Commercial Agriculture and Livestock Development</i>) <i>Mining and Petroleum</i>) <i>Fisheries</i>) <i>Forestry</i>) <i>Banking and Finance</i>) <i>Micro, Small Medium Enterprise</i>) <i>National Tourism and Culture Development</i>) <i>Trade and Investment</i>) <i>Manufacturing</i>) <i>Land Development</i>) <i>Downstream Processing</i> 	<p>CONNECT PNG INFRASTRUCTURE</p> <ul style="list-style-type: none">) Land Transport) Air Transport) Water Transport) National Telecommunication and Information Technology) National Electrification Roll-Out) Water, Sanitation and Hygiene) National Housing Infrastructure) - Urban Township & District Growth Centres 	<p>QUALITY AND AFFORDABLE HEALTH CARE</p> <ul style="list-style-type: none">) Primary Health Care) Specialised Health Care) Health Infrastructure) Specialised Training and Accreditation) HIV/AIDS 	<p>QUALITY EDUCATION AND SKILLED HUMAN CAPITAL</p> <ul style="list-style-type: none">) Early Childhood Education) Quality Basic Primary Education) Tertiary Education) Technical, Vocational Education and Training
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RULE OF LAW AND RESTORATIVE JUSTICE	NATIONAL SECURITY	NATIONAL REVENUE AND PUBLIC FINANCE MANAGEMENT	DIGITAL GOVERNMENT NATIONAL STATISTICS AND PUBLIC SERVICE GOVERNANCE
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RESEARCH SCIENCE AND TECHNOLOGY

) *Food Security*

CLIMATE CHANGE AND NATURAL ENVIRONMENT PROTECTION

-) Climate Change Mitigation and Adaptation
-) Environment Protection
-) Natural Disaster Management

POPULATION, YOUTH AND WOMEN EMPOWERMENT

-) Sustainable Population
-) Youth Development and Labour Mobility
-) National Sports Development
-) Women Empowerment
-) Family and Social Protection

STRATEGIC PARTNERSHIPS

The new Medium-Term Fiscal Strategy 2023-27 drawing from the “13-year Plan” adopts four core objectives in the medium term such as strong economy, connect PNG, going rural and good governance and continues to guide this budget, with its underlying **principles**, i.e., Spend wisely, Raise revenue fairly, Finance debt cheaply, Focus on sustainable investment options, Reform program for State Owner Enterprises (SOE), Grow non-revenue growth above 5%, Ease foreign exchange, etc

There are three Parts to the MTDP IV:

-) PART A High-level Policy direction of the Government articulating the 12 Strategic Priority Areas (SPAs) and the supporting Deliberate Intervention Programs (DIPs) for achieving our objectives during the MTDP IV period (2023-2027).
-) PART B This presents the Sectoral Intervention Programs, Investments and Targets. It defines the investments in the SPAs and elaborates on Key Result Areas (KRAs) and indicators to realise the MTDP IV objectives. It is also the guide for sectoral agencies and stakeholders to align their sector development plans to the MTDP IV.
-) PART C Outlines the Provincial and District Minimum Service Standards and Economic Opportunities to guide Provincial Administrations and District Development Authorities in aligning their development plans to the SPAs and ensuring delivery of quality outputs.



DIRECT TAXATION MEASURES

12

General changes to take effect

1. New Income Tax Act 2025 (NITA) was certified in October 2025 and comes into effect from 1 January 2026. The Income Tax Act 1959 (repealed) and related regulations will cease to apply. However, where there is a conflict between the continued operation of the repealed act and the new act, the continue operation of repealed provision has priority. Kindly refer to the NITA reference attached with our commentary.
2. Commercial bank income tax rate for 2026 will be as below

Period/ Profits	<K300 Mn	>K300 Mn
2026	35%	43%

Amendments to income tax provisions

3. The eligible claim of Infrastructure Tax Credit has been increased from 2.5% to upto 3% of the assessable income with a condition to spent allocated 0.5% to projects to be implemented in Autonomous Region of Bougainville (ABG). This will be monitored by way of a new Prescribed Infrastructure Development Board (effective 1 January 2026 and until 31 December 2033).
4. Amendments proposed to NITA, by affirming the continuation of the special tax credit concessions to PNG LNG project participant, allowing tax credit for petroleum levy, infrastructure tax credit increase and requirement to allocated 0.5% to projects in ABG, establishment of Prescribed Infrastructure Development Board etc.
5. Tax Administration Act 2017 was amended to make references suitably to the NITA and repealing the reference to old act (effective 1 January 2026).
6. A new oversight board is proposed to be placed above IRC by way of amendment to Internal Revenue Commission Bill, and it is given powers to enhance accountability and operational efficiency. The board members will be consisting of representatives from Finance, Treasury, BPNG, IRC, business community and tax administration expert (effective 1 January 2026).



INDIRECT TAXATION MEASURES

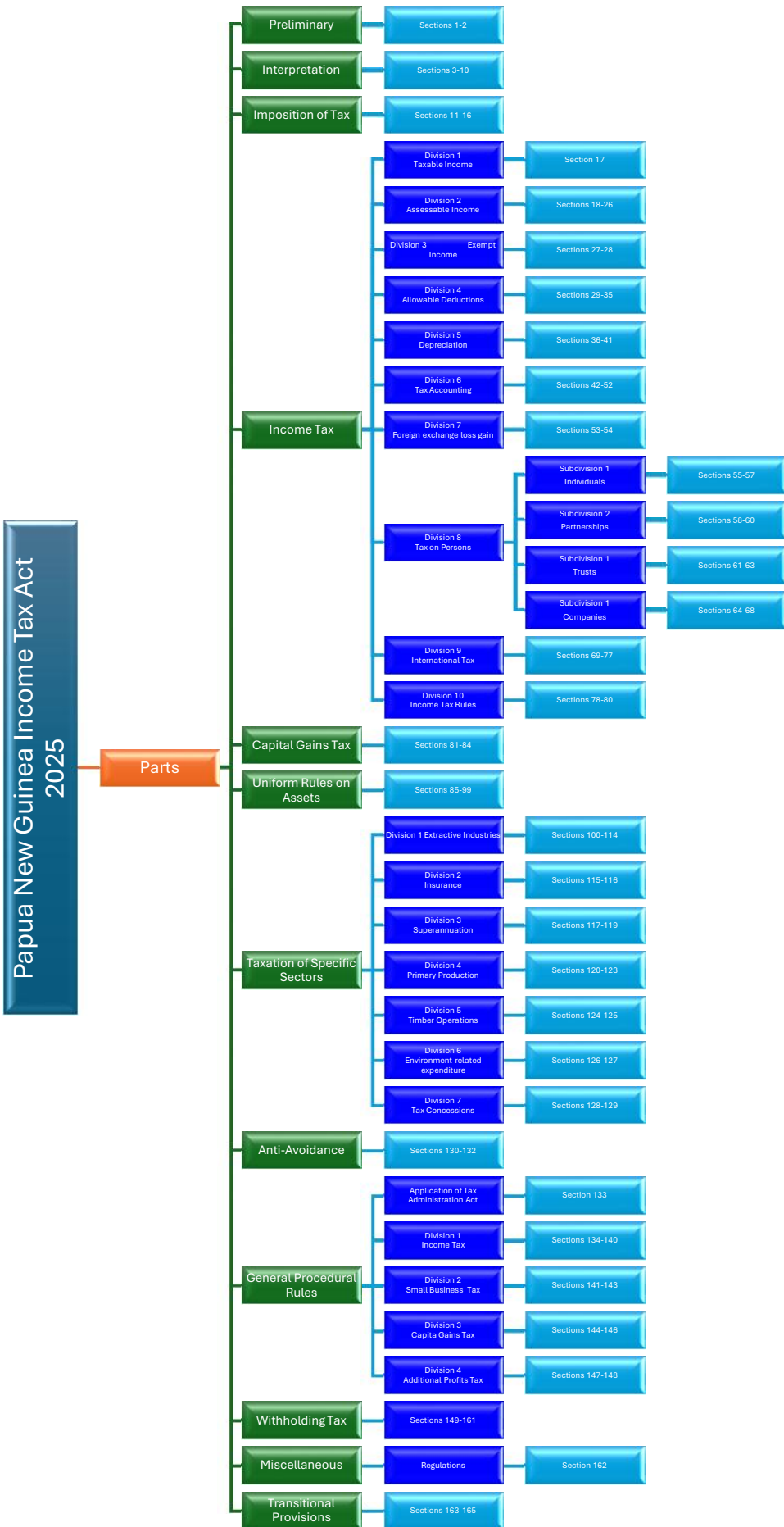
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Amendment to Excise Tariff

- J The bi-annual excise indexation rate on Beer and Tier-1 Tobacco products will remain suspended for another 12 months period. The measure aims to stabilize prizes by maintaining 2024 and 2025 price levels throughout 2026, fight illicit, while also meeting the expectation of raising additional revenue (effective 1 January 2026)
- J Excise duty on diesel proposed to be increased from current rate of K0.23 per litre to K0.29 per litre. The reform aims to support environmental policy objectives, enhance domestic revenue mobilization and to meet IMF benchmark- Revenue measure (effective 1 January 2026)

Amendment to GST provisions

- J The scope of the GST Cash Register System (GMS) is extended to cover additional taxpayers, enabling more comprehensive monitoring of sales transactions. This expansion aims to enhance accurate reporting, improve compliance and ensuring the correct amount of GST revenue is remitted (effective 1 January 2026)
- J GST zero rating on x13 essential household items extended until 31 December 2026. This is the continuation relief measure to address inflation (effective 1 January 2026)





A COMPREHENSIVE SUITE OF OUR SERVICES

Accounting and Outsourcing

-) maintenance of books of accounts
-) payroll processing, including tax computation and remittance and filing associated returns with the IRC
-) accounts payable/ receivable processing
-) banking support
-) preparation of Final Accounts
-) audit support
-) secretarial support
-) migration advisory and assistance

Direct Tax Services

-) direct tax and regulatory advisory & statutory compliances
-) international tax advisory & planning
-) inbound investment advisory & entity set-up
-) outbound investment & cross-border transaction advisory
-) tax health check-ups
-) tax due diligence
-) expatriate tax advisory & compliance services
-) Transfer pricing
-) Tax audits

Indirect Tax Services

-) advisory & strategic consulting in relation to GST, Customs, Excise, Stamp Duty and other allied legislations
-) compliance assistance
-) representation
-) review/ health check/ GST audit
-) tax due diligence
-) GST audit and refund audits

Secretarial Services

-) regulatory advice and support under
 - Central Banking Act
 - Investment Promotion Act
 - Companies Act
-) A to Z services from incorporation to winding up for companies, trusts and other business groups, including provision of registered office, director services, resident agent services.
-) business certification services

Financial advisory services

-) financial structuring and advice
-) financial valuation
-) financial due diligence
-) financial credit arrangements
-) financial training



Contact us

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