

When you expand your business to a new country, you'll encounter a new set of payroll and taxation laws. To remain compliant, you'll need to follow these laws precisely. At Globalization Partners, we streamline payroll management by outsourcing your processes to our subsidiary in your country of choice.

Taxation Rules in Papua New Guinea

Taxation is a fundamental part of payroll. When you expand your business, you'll need to learn a new set of laws. In Papua New Guinea, the Internal Revenue Commission (IRC) requires employers to deduct income taxes from employee paychecks.

The income tax structure is tiered according to yearly earnings. If a person makes under K12,500 a year, their income tax is 0 percent. Incomes between K12,500 and K20,000 pay 22 percent. Percentages rise with income ranges. By K250,000, employees must pay 42 percent in taxes.

Another of the employer's responsibilities is deducting contributions for the National Superannuation Fund, or NASFUND. This organization is the national provident fund that covers employees in the private sector and government-funded organizations. The funding covers expenses from retirement, unemployment, disability, and sudden cut-offs to income flow.

The contributions for NASFUND come from employers and employees. Employers pay 8.4 percent of a worker's income, and workers contribute 6 percent.

Papua New Guinea Payroll Options for Companies

You'll have a few options for how to handle payroll management in Papua New Guinea. The various options require different levels of financial resources. Your choices include:

- **Internal:** If you have a subsidiary in the country, you can create an internal payroll department. This method offers you the most control over your employee paychecks,

but it requires time and money to establish, and you'll be liable for noncompliance.

- Payroll processing company: You may choose to work with a third-party processing company in the country. While one of these organizations will offer more payroll expertise, your business will still be liable for any mistakes they make.
- Remote: When you lack the resources to establish a new department or work with a third-party, you can handle your payroll remotely. This arrangement requires extensive organizing to keep different country payroll processes separate. You'll also be responsible for legal errors.
- Globalization Partners: As your global PEO, we'll hire your employees through our subsidiary, making us entirely accountable for payroll processes. With our support, you'll offload all risk to us, and your employees will receive the paychecks they expect on schedule.

How to Set Up a Payroll in Papua New Guinea

Your payroll setup will depend on which management method you choose. If you opt for internal payroll, you'll need to establish an entity in-country. This process requires weeks of creating a business structure and filing for the proper government clearances.

Regardless of the payroll method you choose, you'll need to register your employees for the various taxation bodies. To file income taxes, you'll need to retrieve a tax identification number (TIN) from every employee. You'll also need to obtain your employees' membership numbers for NASFUND if they are compulsory contributors.

Entitlement/Termination Terms

Employers and employees may terminate a contract at any time with appropriate notice. If either party chooses not to provide notice, they need to pay an amount equal to the money made during the notice period to the opposite party.

If an employee is entitled to recreation or vacation leave, they'll receive payment upon termination. Employees should receive one day of wages for every month they've served.

Payroll Processing Company in Papua New Guinea

The experts at Globalization Partners will ensure your employees receive the correct paychecks. With all legal risk on our shoulders, you can focus on what you do best — running your company. [Contact our team today](#) to learn more about our outsourcing services.