



Media Release

IRC addresses withholding tax concerns for depository interests

Port Moresby, 02 February 2024: PNGX Group, operator of Papua New Guinea's national stock exchange, is pleased to announce that it has received advice from the Internal Revenue Commission ("IRC") that, having looked into the taxation treatment of the various PNG residents impacted by the establishment of depository interests ("PDIs"), the IRC is satisfied that the existing tax treatment of dividend income will not be altered significantly. Similarly, the treatment of stamp duty will not be altered significantly.

The IRC has accepted that PDIs will be treated as a pass through arrangement for income tax purposes. This means that PDI holders will be taxed on any dividend distributions they receive on PDIs as though they were shareholders receiving the company dividends directly, subject to overseas withholding tax. PNG dividend withholding tax will not be applied.

PDIs will be subject to the same stamp duty arrangements as ordinary shares. That is, on-market transfers of PDIs on PNGX will not be subject to stamp duty. Off-market transfers of PDIs not on PNGX may be subject to stamp duty as the transfer of a marketable security.

Newmont Corporation is the first company to be listed in PNG using PDIs. The IRC has acknowledged that the use of PDIs may be more common going forwards.

The IRC reserves the right to reconsider its position should new information come to light.

"Without this positive advice from the IRC, PNG holders of PDIs would have faced complex taxation treatment of dividends from overseas companies listed on PNGX using PDIs. This complexity would have been to the disadvantage of both PNG investors and the PNG capital market" said PNGX General Manager, Ms Elizabeth Wamsa. "The advice from the IRC means that investors will receive dividends net of USA withholding taxes, and they will need to seek their own advice on the taxation of the dividends and their entitlement to a foreign tax credit".

"We thank the IRC for its pragmatic considerations and its support for the development of the capital market," she said.

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About PNGX Group Limited

PNGX Group is a diversifying financial services company based in Port Moresby.

PNGX Markets, a wholly owned subsidiary of PNGX Group, is the operator of Papua New Guinea's national stock exchange and is responsible for providing an orderly and fair market in relation to securities which are traded through its facilities and for acting in the public interest having regard to the need for protection of investors. PNGX Markets is regulated and licensed by the Papua New Guinea Securities Commission. PNGX Markets is the National Numbering Agency for Papua New Guinea.

PNGCSD Nominees, a wholly owned subsidiary of PNGX Group, is the nominee company which holds shares underlying Depository Interests ("PDIs") in PNG.

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