

FMM 03.8 Revenue and Receipts

8.1 Authority and Prescribed Requirements

Public Finances (Management) Act 1995 (PFMA)

- Section 5 requires departmental heads to ensure effective revenue management and accounting for all public monies.
- Section 10 specifies that all public monies are to be deposited into the Consolidated Revenue Fund (CRF) unless otherwise authorised.
- Section 14 prohibits payments of public monies except as authorised by an appropriation or legislation.
- Sections 71B, 71C, 71D detail the review of fees, charges, and arrears collection.

8.2 Standards and Supporting Documentation

IPSAS Financial Reporting Under a Cash Basis of Accounting

IPSAS 9 – Revenue from Exchange Transactions

IPSAS 23 – Revenue from Non-Exchange Transactions (Taxes and Transfers)

IPSAS 11 – Construction Contracts (Where Government is Earning Revenue (fees) from Projects)

IPSAS 42 – Social Benefits

IPSAS 41 – Financial Instruments (Including Investment Income as Revenue)

8.3 Minimum Responsibilities

The Treasury department head is responsible for the development and issuance of revenue policy.

The Finance department head is responsible for revenue collection and reporting systems and issue guidelines for the treatment of various types of revenue.

Departmental heads are to establish systems to properly account for all revenue streams and ensure compliance with legislative and policy requirements for revenue treatment this includes adequate staff resources. They are to also to recommend revenue estimates as part of the budget cycle.

Heads of finance are to record, reconcile, and report revenue in compliance with prescribed classifications and systems reconcile deposited revenues promptly into the appropriate accounts.

8.4 Mandated Policy

- 1. Parliament controls the raising of all revenue, under the Constitution (S209(1)) Notwithstanding anything in this Constitution, the raising and expenditure of finance by the National Government, including the imposition of taxation and the raising of loans, is subject to authorisation and control by the Parliament.**
- 2. All revenues collected by public entities must be deposited into the Consolidated Revenue Fund (for National Government) for national revenues or General Revenue Funds (for provincial and local-level governments) for provincial revenues unless otherwise specified by law.**
- 3. All revenue is recognised when collected, receipted and under the control of the public entity.**
- 4. No agency has the authority to retain part or all of this unless by Ministerial Determination under the Non-tax Revenue Administration Act or through an Act of Parliament.**
- 5. Agencies are directed to adopt cashless revenue receipting. Cash is not accepted.**
- 6. As a general rule, the sale of goods or services by government institutions must be made on a cash or prepayment basis. However, where credit arrangements are necessary for the efficient delivery of services — and are authorised by law or government policy — agencies must establish robust receivables management practices, including invoicing, collection, reporting, and write-off procedures in accordance with the Public Finances (Management) Act.**

8.5 Non-Mandatory Guidance

8.5.1 Types of Revenue

IPSAS categorises revenue as either exchange or non-exchange. Exchange transactions are deposits received for goods or services (e.g., licensing fees, user charges). Non-Exchange transactions are revenues such as taxes, fines, and grants, where the payer receives no direct benefit.

Type of Revenue	Definition	Treatment
Proceeds from Sales	Income generated from the sale of government assets or goods and services.	Deposit into CRF or GRFs for sub national governments. Recognised on receipt.
Grants	Funding received from donors, international organisations, or other governments for specific programs.	<p>Classified as restricted (reciprocal) or unrestricted (non-reciprocal). Restricted grants must be reported separately and used solely for the intended purpose per grant agreements. There is usually a trust fund established for these grants.</p> <p>Unrestricted grants do not need to be reported separately and are deposited into the CRF or General Fund for Sub-national government. Where possible restricted (reciprocal) revenue that has been received but not yet 'earned' should be recognised as unearned revenue. Where delivery or work has been performed but revenue is not received, this should be recognised as a receivable.</p>
Taxes	Mandatory contributions levied on income, goods, and services by the government.	Deposit directly into CRF or GRFs and recognised when receipted using the chart of account based on type of tax revenue categories. Recognised on receipt.
Fees and Charges	Payments made for services provided by the government, such as licenses or permits.	Deposit into CRF or GRFs unless an exemption is authorised for deposit into a Trust Fund. <i>Refer to FMM Non-Tax Revenue.</i>
Fines and Levies	Penalties or charges imposed for regulatory or legal non-compliance.	Deposit into CRF or GRFs unless an exemption is authorised for deposit into a Trust Fund. Recognised on receipt.

Interest	Revenue earned from investments, deposits, or loans issued by the government.	Allocate to CRF when receipted including interest earned on a Trust Fund which is swept on a periodic basis to the CRF. Recognised on receipt.
Unclaimed Monies	Funds held by the government that have not been claimed by rightful owners within the statutory period.	Unclaimed monies are held in trust for a specified period of time under law. These are then swept into the CRF at the end of this period. The agency is to maintain a record for potential claims within statutory limits. Recognised on receipt.
Transfers Between Funds	Movement of funds from the CRF to Trust Funds, General Revenue Fund, or other authorised accounts.	Requires authorisation under PFMA Section 14 and specifically appropriated under the National Budget. Recognised on transfer

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