

FMM 03.9 Non-Tax Revenue

9.1 Authority and Prescribed Requirements

- As specified under FMM 03.8 Revenue
- Non-Tax Revenue Administration Act 2022 (NTRAA) – key sections are:
 - Section 4 declares all Non-Tax Revenue (NTR) as property of the State.
 - Section 5(2) requires that all NTR be deposited into the CRF unless otherwise authorized by law.
 - Section 7(1) mandates daily transfers of NTR to the CRF.

9.2 Standards and Supporting Documentation

- Finance Instruction 02/2023, Management of Non-tax Revenue bank accounts supporting the NTRA Act Operations, 8 May 2023

9.3 Minimum Responsibilities

Parliament is responsible for establishing fees and charges including what it is applied for, the value of fees and charges and any other conditions to be prescribed.

The Minister Treasury is responsible for determining the activities and services for which fees and charges shall apply in consultation with the relevant Minister. The Minister is also responsible for changes to fees and charges for the effects of inflation or other cost of living increases.

The Treasury department head is responsible for revenue policy and the oversight of the NTRAA.

The Non-Tax Revenue Administration Committee (NTRAC) are established to determine allocations between operational funding for statutory bodies and transfers to the CRF and approve Revenue Determinations to regulate NTR administration.

The Non-Tax Revenue Administration Secretariat (NTRAS) is required to ensure compliance with NTRAA and PFMA provisions and monitor and report quarterly on NTR collections and transfers.

The Finance departmental head is to provide guidance on NTR handling and maintain oversight of revenue accounts.

Departmental heads collect NTR as public money and ensure it is deposited daily into the CRF unless authorised for collection in Trust Fund accounts, and are to submit financial and operational reports, including Revenue Determination compliance, to NTRAC.

9.4 Mandated Policy

- 1. Non-Tax Revenue (NTR) is considered public money and must be deposited into the CRF unless otherwise authorised by law, such as receipting to a trust fund bank account.**
- 2. Non-tax revenue is recognised on receipt into the agency's bank account.**

9.4.1 For agencies within the defined scope of the NTRA

- 3. No in-scope NTRA agency may use NTR for operational purposes unless formally approved by NTRAC and Treasurer through a revenue determination process. Any entity retaining NTR without authorisation will be subject to financial penalties, and unremitted funds will be automatically transferred to the CRF at the end of the fiscal year.**
- 4. The Department of Treasury is required to enforce compliance through periodic audits, financial reporting requirements, and automatic fund transfers from statutory accounts into the CRF where applicable.**
- 5. All statutory fees, fines, levies, and charges must be reviewed at least once every three years under PFMA Section 71B, ensuring they remain aligned with service delivery costs and inflation.**

9.4.2 Policy on the review of Fees and Charges under the PFMA

- 6. Where the charges, fees, commissions and imposts:**
 - depend on the cost of services provided, the rate of charges, fees and other revenue items should be reviewed continually, (and in any case before submitting annual budget estimates), with reference to the actual costs.
 - is based on fixed rates and not based on value, the rate may require revision depending on the movements of market prices of the products from which the revenue is derived.

- 7. While preparing annual budget estimates, departmental heads should first review revenue performance of the current and preceding years before paying attention to expenditure requirements.**
- 8. All fees, charges, and arrears are to be managed transparently and in alignment with the national fiscal framework. Revenue collection must support the financial sustainability of public entities, and arrears management should aim to prevent revenue loss.**
- 9. Under the provision of 71D, fees and charges not paid within the fiscal year in which they fall due for payment are in arrears. Within 30 days after the close of a fiscal year, the agency department head shall report to the Finance departmental head on all fees and charges in arrears for the fiscal year.**

9.4.3 Management of non-tax revenue bank accounts for agencies in-scope for the NTRA

10. The Department of Finance (DoF) shall ensure guidelines for the operation, collection and management of revenue.

- The NTRA Holding Account, which will form part of the CRF, to operate as a cash management buffer account to ensure the availability of cash reserves to fund warrants issued by the Department of Treasury when there are insufficient funds in the Waigani Public Account (WPA).
- In accordance with the NTRA Act Section 8(5), one revenue account (hereafter DoF Revenue Accounts) for every public and statutory body, where the NTRA Act is applied.
- In accordance with NTRA Act Section 8(1), one operating account for every statutory body (hereafter, Operating Accounts).
- In accordance with NTRA Act Section 8 (1) and (9), one trust account (hereafter, NTR Revenue Trust Accounts) for each of the public bodies, which operate Drawing Accounts and collect non-tax revenue on behalf of the State.

11. The Operating and NTR Revenue Trust Accounts established under shall contain only non-tax revenue -

- appropriated by the National Budget; and

- transferred to a public or statutory body subject to Section 9 of the NTRA Act.

12. Pursuant to the NTRA Section 8, if a person or public or statutory body holds non-tax revenue in a bank account other than in accordance with the NTRA, the Finance Secretary shall transfer, without deduction of any type, to the DoF Revenue Account specified for the public or statutory body, all such money including the non-tax revenue held in that bank account.

13. The Department of Finance must reconcile the NTR Revenue Accounts and the NTRA Holding Account monthly to ensure the transparent operation of the accounts in accordance with this FI and the requirements of the PFMA.

14. Public and Statutory Authorities must reconcile all Operating and Revenue Trust Accounts in accordance with the requirements of the PFMA.

Where the public or statutory body operates on the IFMS, all of the bank accounts referenced in this shall be operated solely on the IFMS.

9.5 Non-Mandatory Guidance

9.5.1 Definition of Non-Tax Revenue versus Tax Revenue

NTR includes all revenue that does not originate from taxes, such as fees, fines, user charges, licenses, and penalties collected by public and statutory bodies. They are considered fees and charges.

Taxes are compulsory financial contributions imposed by a government on individuals, businesses, or other entities. Unlike fees or charges, taxes are not payments for a specific service, specific action or benefit received but are collected to support the general functioning of the government. Levies, tariffs and duties are also considered taxes.

Further Information	enquiries@treasury.gov.pg
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