



# Palau Goods & Services Tax (PGST)

## Frequently Asked Questions (FAQ)

### What is the Palau Goods & Services Tax (PGST)?

According to the Republic of Palau Bureau of Revenue and Taxation, the Palau Goods & Services Tax (PGST) is a 10% tax on the supply of most goods and services consumed in the Republic of Palau whether imported, manufactured or produced locally, including telecommunications services.

Businesses, which meet certain criteria defined by the Bureau of Revenue and Taxation must calculate and collect PGST from their customers on behalf of the national government.

### How will this impact PNCC prices?

PNCC has consulted with the President's Office and the Bureau of Revenue and Taxation on how PGST should be implemented for PNCC services specifically. **The effective increase in the price you pay will be only 6% but PNCC will remit the full 10% PGST to the Bureau of Revenue and Taxation.**

This means that PNCC's base prices for all services will be reduced to account for the removal of existing taxes, before the new 10% PGST is added.

While we work to adjust our charging and billing systems to show the reduced base price you will see a temporary adjustment on your invoice or bill equal to the amount the base rate is reduced by.

### When must PNCC start charging PGST as mandated by law?

In compliance with the Palau Goods and Services Tax Act, Chapter 12 of Title 40, PNCC will begin charging the PGST on all telecommunications services effective January 1, 2023. The changes to the rates of your PNCC services are detailed by service type below.

### What if I am subscribing to PNCC postpaid services?

If you are subscribing to PNCC postpaid services, you will have PGST added to your monthly subscription fee and any overages. You will see the PGST inclusive amount clearly displayed on your monthly bill. While the effective increase will be 6%, PNCC will remit the full 10% to the Bureau of Revenue and Taxation. The new PGST tax will appear on your January bill that you receive in February 2023.

### What if I buy a device or equipment from PNCC?

If you are purchasing equipment/devices from PNCC (such as a smartphone), the price you will pay after 1<sup>st</sup> Jan will be PGST inclusive. The effective increase in the price you pay will be 6% but PNCC will remit the full 10% PGST to the Bureau of Revenue and Taxation.

## How will the PGST be applied to prepaid Airtime card purchases?

If you are using PNCC prepaid Airtime cards, the rates of any prepaid services you use with these cards (calls, texts or mobile data) will increase by an average of 5% across all services in the table below. PNCC will display all price from 1<sup>st</sup> Jan as PGST inclusive and will remit the full 10% PGST to the Bureau of Revenue and Taxation.

The rates for prepaid Voice, Text, and Data services as of 1<sup>st</sup> Jan 2023 will be as follows:

Prepaid Service Type	Current Price	New PGST Inclusive Price
Send a Text message (SMS)	0.06	0.06
Send an International SMS	0.20	0.21
Make a Local call	0.15	0.16
Receive a Local call	0.15	0.16
Make a Long-distance call*	0.20	0.21
Mobile Data – per Megabyte	0.15	0.16

*\*to most destinations worldwide*

## How will the PGST be applied to the rates for PalauCel prepaid plans and bundles?

The price of PalauCel prepaid plans and bundles will increase by an average of 6%. PNCC will remit the full 10% PGST to the Bureau of Revenue and Taxation.

The rate for PalauCel prepaid plans and bundles as of 1<sup>st</sup> Jan 2023 will be as follows:

Plan	Current Price	New PGST Inclusive Price
30 Days	\$25	\$26.50
15 Days	\$15	\$15.75
8 Days	\$8	\$8.50
2 Days	\$2	\$2.10

## Will 10% PGST be added to the face value of PNCC prepaid Airtime cards?

No, since the rates of the services provided by the prepaid Airtime cards will have the PGST added (see table above), the face value of these prepaid cards will not change to include the PGST.

This method of collecting PGST for prepaid card users applies to all prepaid Airtime card purchases at PNCC offices and in the PNCC online store; users will not pay any extra fee on the face value of Airtime prepaid cards. *This means you will still be able to buy these cards at the same convenient face values as before.*

Current Airtime Prepaid Card Denominations	Prepaid Card Face Value effective January 1, 2023
Airtime Card (mobile recharge) - \$5	\$5
Airtime Card (mobile recharge) - \$10	\$10
Airtime Card (mobile recharge) - \$25	\$25
Airtime Card (mobile recharge) - \$50	\$50

## How will the PGST be applied to prepaid Internet card purchases?

If you are purchasing prepaid Internet cards after 1<sup>st</sup> Jan 2023, then the face value of the card will increase by 6% and this will be charged at the point of purchase. PNCC will remit the full 10% PGST to the Bureau of Revenue & Taxation.

This is different to Prepaid Airtime cards as a purchase of a prepaid Internet card is for a single purpose and set duration. Since no other rate is charged after the activation of a prepaid Internet card the PGST must be collected for it at the point of purchase in order to comply with the legislation.

Prepaid Service Type	Current Price	New PGST Inclusive Price
Prepaid Internet Card	\$2	\$2.12
Prepaid Internet Card	\$5	\$5.30
Prepaid Internet Card	\$10	\$10.60

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