

# OPTIONS FOR REGISTERING A FARMER ORGANISATION IN PAPUA NEW GUINEA

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This leaflet is supported by the Farmer Organisations for Africa, Caribbean and Pacific (FO4ACP) program, which aims to improve incomes and livelihoods of family farmers in the Africa, Caribbean and Pacific countries and enhance their food and nutrition security and safety. The program is a partnership between the European Union, the African, Caribbean and Pacific Group of States, the International Fund for Agricultural Development and the Pacific Island Farmers Organisation Network.



This leaflet summarises the options for registering different types of farmer groups. It aims to help farmers decide which option is the most appropriate for their organisation. Please note, it is a general guide only, and specific legal and tax advice should be taken before registering your organisation (see back of leaflet).

## WHY REGISTER A FARMER GROUP?

Farmers can work together informally, without registering the group. However, many groups choose to register themselves so that they are legally recognised. Benefits of formalising a farmer organisation include:

- easier access to government and non-government assistance, such as grants or training
- able to open a bank account, and hold assets such as property, in the name of the group
- a registered organisation has more status, giving farmers a stronger voice on industry platforms
- protects the members from certain kinds of legal and financial liability.

## HOW DO WE DECIDE THE BEST OPTION FOR REGISTERING OUR FARMER GROUP?

The best registration option for a group is usually driven by the purpose of the group, and its activities.

Purposes and activities might include:

- working together to increase trade and profits for the individual members
- working together to support development of the industry, following shared ideals and values
- working together to strengthen knowledge on good practices, through training and information sharing
- working together to advance the shared interests of the group members within the wider industry.

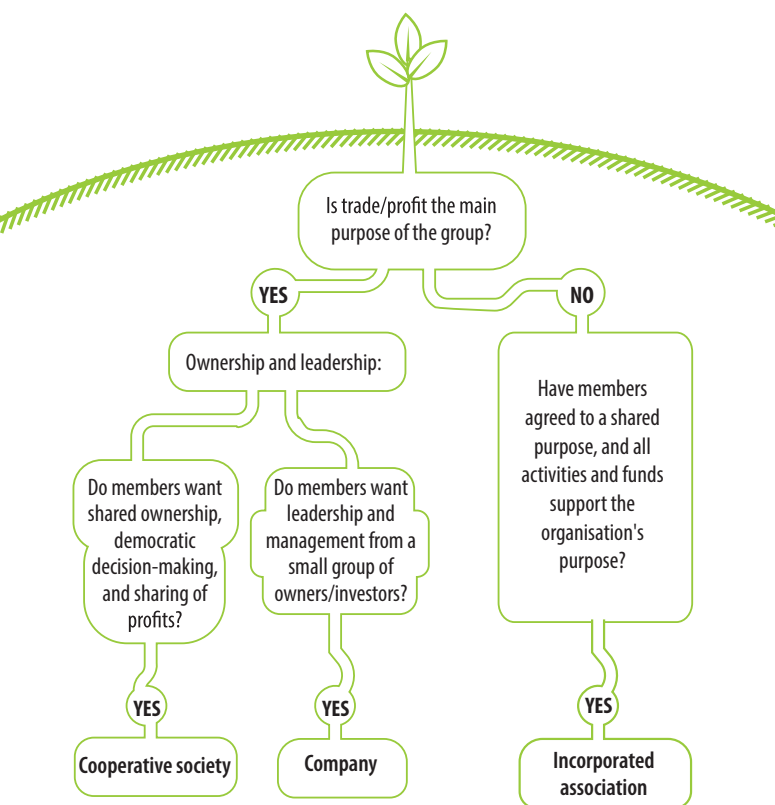
This table outlines some of the characteristics of the three main registration options, to help guide the decision on which might be the preferred option for a farmer group. The full requirements for each type of organisation are given in detail in the relevant legislation. The information below is an interpretation of the legislation, and its accuracy cannot be guaranteed. You should obtain legal advice before making a decision on which registration option to take.

	COMPANY	INCORPORATED ASSOCIATION	COOPERATIVE SOCIETY
<b>Profit or non-profit?</b>	Profit	Non-profit	Profit
<b>Legal framework</b>	Companies Act 1997 Companies (Amendment) Act 2014	Associations Incorporation Act 1966	Co-operative Societies Act 1982
	Legislation is available at <a href="http://www.paclii.org/countries/pg.html">http://www.paclii.org/countries/pg.html</a>		
<b>Main features</b>	A company is the most common legal entity for carrying out business, where profit is the primary motivation. It has the most detailed legislation, and therefore the clearest status.	An incorporated association is an option where members are joining together for a common benefit, and not seeking individual profit. The group adopts rules to govern activities, and states its purpose on application for incorporation. Any funds raised are used to pursue the purpose of the association.	A cooperative is a democratic organisation, owned and controlled by its members for a common benefit. A cooperative in PNG needs at least seven members. Members pool their resources together to produce and market their goods and services, and share the profits.
<b>Trade freedom/restrictions</b>	As long as the company is in compliance with the Companies Act, it is free to trade without restrictions.	An incorporated association is restricted to activities that contribute to the purpose of the association, as agreed on registration.	A cooperative society is broadly free to trade within general laws, in compliance with the Co-operative Societies Act and its own rules. The legislation states that a cooperative society "can do all things necessary or convenient to carry out its objects as expressed in its rules".
<b>Income tax</b> (at 2021 – note rates can change, subject to the annual national budget)	Income is taxed at 30%.  Tax exemptions may be available as incentives for agriculture. Consult the IRC or a tax agent for advice on any benefits, incentives or exemptions that may apply.	Income is taxed on the same basis as companies, i.e. 30%.	Income is taxed on the same basis as companies, i.e. 30%.
<b>Reporting requirements</b>	All companies are required to keep complete records as set out in the Companies Act. All companies must prepare a financial statement for each financial year.	Less reporting requirements than companies; detailed in the Associations Incorporation Act. An incorporated association must file independently audited accounts for every financial year.	Less reporting requirements than companies; detailed in the Co-operative Societies Act.
	It is recommended that all farmer organisations keep at least basic records, including: details of members, details of staff, finances (accounts), and minutes of any meetings and decisions.		

## The main options for registering a farmer organisation in PNG are:

- Company
- Incorporated association
- Cooperative society.

This decision plant helps identify the best registration option for a farmer organisation, based on its purpose and activities.



## FURTHER INFORMATION

### Legal advice



For legal advice, you should consult a law firm – for a useful list go to <https://www.nationwidepngpages.com> then select LEGAL SERVICES from the dropdown menu.

### Tax advice



The PNG Internal Revenue Commission (IRC) has information and advice on tax issues for businesses on its website (though this is not up to date at December 2021) – go to <https://www.irc.gov.pg> then select BUSINESS & EMPLOYERS/TAXATION OF COMPANIES

You are advised to visit an IRC office for up-to-date advice from a government tax advisor – to find a local office, go to <https://www.irc.gov.pg> then select ABOUT IRC/CORPORATE INFORMATION/IRC OFFICES

Or consult an independent registered tax agent – for a list of agents go to <https://www.irc.gov.pg> then scroll down to find the link to APPROVED TAX AGENTS 2021

### Advice on business registration and compliance



The Investment Promotion Authority (IPA) is responsible for the administration of PNG's key business laws such as the Companies Act, Business Names Act, Business Groups Incorporation Act and the Associations Incorporation Act. Go to <https://www.ipa.gov.pg> then select Our Services/Business Registration, Regulation and Certification



### PIFON

Pacific Island Farmers Organisation Network (PIFON) provides services and networking for farmer groups in PNG and other Pacific Island countries: <https://pacificfarmers.com>