



TAX CIRCULAR – Introduction of Palau Goods and Services Tax (PGST) and change of Hotel Room and Cabin Tax

ISSUED: June 15, 2022

Ref No. TC 2022-3

Notice: Tax Circulars provide the public with information on the Bureau's interpretation of the tax laws it administers. They are the Director's interpretation of the law and indicate how the law would be applied by the Bureau in similar circumstances. Refer to TC – 2022-1 for details on how taxpayers may rely on advice given in a Tax Circular.

Introduction of Palau Goods and Services Tax (PGST)

As a result of the amendments that were made to the Title 40 of the Palau National Code (PNC) made by RPPL 11-11 (which became law in September 2021), the Palau Goods and Services Tax will come into effect on the 1st of January 2023 at the rate of 10%. Chapter 12 of Title 40 was inserted by section 2 of RPPL 11-11. A copy of the new legislation can be found through the link of below:

<https://www.palau.gov.pw/wp-content/uploads/2022/04/RPPL-11-11.pdf>

Change of rate of Hotel Room and Cabin Tax

The Hotel Room and Cabin Tax rate has reduced from \$12 or 12% to \$10 or 10% (whichever is the greater) with effect from 1 January 2023. This change will apply to bookings made after January 1, 2023. Section 1401 of Title 40 was amended by Section 14 of RPPL 11-11. A copy of the amendment can be found through the link below:

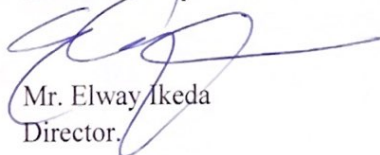
<https://www.palau.gov.pw/wp-content/uploads/2022/04/RPPL-11-11.pdf>

Application of this tax circular

The Tax Circular will apply until nullified.

Title 40 PNC is amended by RPPL 11-11 with effect from January 01, 2023.

Authorized by:


Mr. Elway Ikeda
Director.