

On point

Amendment of Value Added Tax Act, 1998 (Act 546) as part of interim fiscal measures

July 2013

The Government of Ghana, through the Ministry of Finance and Economic Planning, recently presented to Parliament a Value Added Tax (Amendment) Bill seeking to remove telephone handsets from the list of supplies exempt from Value Added Tax (“VAT”) under the Value Added Tax Act, 1998 (Act 546). Consequently, Parliament has passed this Bill. The impact of this amendment is that VAT will now be chargeable on the supply and import of telephone sets including mobile or cellular phones and satellite phones .

Local suppliers of telephone handsets will now have to charge 15% VAT (i.e. 12.5% as VAT and 2.5% National Health Insurance Levy) on the handsets they sell if they are standard rated suppliers or 3% if they are VAT Flat Rate Scheme suppliers.

Another resulting tax implication, which is welcome, is that entities which previously traded solely in telephone handsets can now claim some or all of input VAT incurred which are deductible. This is because they have now become registrable for VAT for making “taxable supplies” and have to charge VAT once their registration application is approved by the Ghana Revenue Authority. Please note that persons registered under the VAT Flat Rate Scheme are not entitled to input VAT deduction.

To qualify as a standard rated supplier, that person’s turnover must exceed GH¢90,000 per annum. VAT Flat Rate Scheme suppliers, on the other hand, are businesses with turnover between GH¢ 10,000 and GH¢ 90,000 per annum.

We recall that in 2008, when Government was imposing talk tax or the communication service tax on communication usage, it said that it was doing so because importers were evading payment of import duties on imported telephone sets. Hence, the need to exempt telephone handsets from VAT and NHIL. The current situation is that we still have CST in place on communication usage while Government has re-introduced the VAT and NHIL on importation of telephone sets and its local sales. This would increase the tax burden for users of telephone sets.

From now, users of telephone handsets will have to bear VAT on the purchase of the device in addition to the 6% CST on the electronic communication services they receive.



You need to know that...

This Act has been passed by Parliament but we are yet to obtain confirmation that it has received Presidential Assent and final gazette notification. Once we have confirmed these facts, we would inform you accordingly so you can incorporate this amendment in your strategic planning.



How PwC can assist your business

PwC Ghana has built competencies in tax compliance and advisory services over the years; we can assist your business with compliance with the new taxes and levies once in force and any other tax and regulatory question or assistance that you require.

PwC also has the capacity to conduct training for your staff on both new and existing grey areas of tax compliance.

Please contact the under listed persons if you wish to discuss any of the matters contained in this publication or if you require our professional tax advice on any transactions:

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the 1990s, the number of people in the UK who are employed in the public sector has increased from 10.5 million to 12.5 million (12% of the population).

There are a number of reasons for this increase. One is that the public sector has become a more important part of the economy. Another is that the public sector has become more efficient. A third is that the public sector has become more attractive to workers. A fourth is that the public sector has become more diverse.

The public sector has become a more important part of the economy because it provides a range of services that are essential for the well-being of the population. These services include health care, education, and social care. The public sector has also become more efficient because of the introduction of new technologies and the restructuring of public services.

The public sector has become more attractive to workers because it offers a range of benefits that are not available in the private sector. These benefits include job security, pension schemes, and flexible working arrangements.

The public sector has also become more diverse because it now employs a wide range of people from different backgrounds and cultures. This diversity has helped to make the public sector a more inclusive and welcoming place to work.

There are a number of challenges facing the public sector in the future. One is that the population is ageing, which will increase the demand for health and social care services. Another is that the public sector is facing a budget deficit, which will limit the amount of money available for investment in new services and technologies.

Despite these challenges, the public sector remains an important part of the UK economy and a source of pride for many people. It is essential that we continue to invest in the public sector to ensure that it can meet the needs of the population in the future.

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