

2015 tax policy measures

November 2014

In brief

The tax policy measures in the 2015 Budget largely follows IMF recommendations disclosed in the 2014 Article IV Consultation— Staff Report. IMF issued a report detailing recommendations to the Government of Ghana regarding fiscal stability and deficit reduction. In line with the Government's over-arching goal of revenue generation, we note that there have been significant changes in the areas of indirect taxes and administrative enhancements.

In detail

On Wednesday 19 November 2014 the Minister of Finance, Hon. Seth E. Tekper presented the 2015 Budget Statement and Economic Policy to Parliament. Tax policy and revenue administration reforms continue to be key fiscal policy drivers for 2015.

Tax revenue for 2015 is estimated at GH¢25,406 million and will account for 78.4% of total revenue and grants. Policy initiatives introduced to achieve this include:

Taxes on income and property

- Maximum income tax rate for free zones entities to be revised from 8% to 15%;
- Extension of 5% National Fiscal Stabilisation Levy beyond December 2014;
- Increase in withholding tax rate on directors fees from 10% to 20%; and
- Reduction of exemptions granted in Government loan agreements.

Taxes on goods and services.

- Introduction of 5 % flat VAT rate on real estate and enforcement of VAT on financial services;
- Replacement of upfront VAT exemptions with a Tax Credit System;
- Removal of VAT on specified locally produced pharmaceuticals and some of its inputs;
- Replacement of the VAT Refund Account with a General Refund Account;
- Introduction of 17.5% Special Petroleum Tax (enacted);
- Removal of import duty and VAT on inputs for the production of machetes, exercise books and textbooks. Removal of import duties on smartphones;
- Enforce 1-2% special import levy till 2017;
- Increase in tobacco excise duty rate to 175%; and

- Reversal of the ad valorem excise tax basis on certain petroleum products to specific tax basis.

Administrative measures

- Applying self-assessment scheme to all tax payers;
- Review sliding scale of excise duty on beer and malt; and
- Making TIN a requirement for all port transactions. Review use of special permits for imports and creation of Post Clearance Unit.

The takeaway

Get prepared for the several tax changes in 2015.

We can assist by:

- helping you fully consider these changes in your 2015 budget;
- preparing your staff to fully understand these changes by attending our training programmes – tailored or general.

Let's talk

For a deeper discussion of how this issue might affect your business, please contact:

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