

On Point

Ghana Tax News in a snapshot

June 2010

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Welcome to this *special* edition of **On Point**, our abridged newsletter which aims to give you Ghana Tax News in a snapshot. The maiden edition was published in September 2009, with a follow up edition in April 2010.

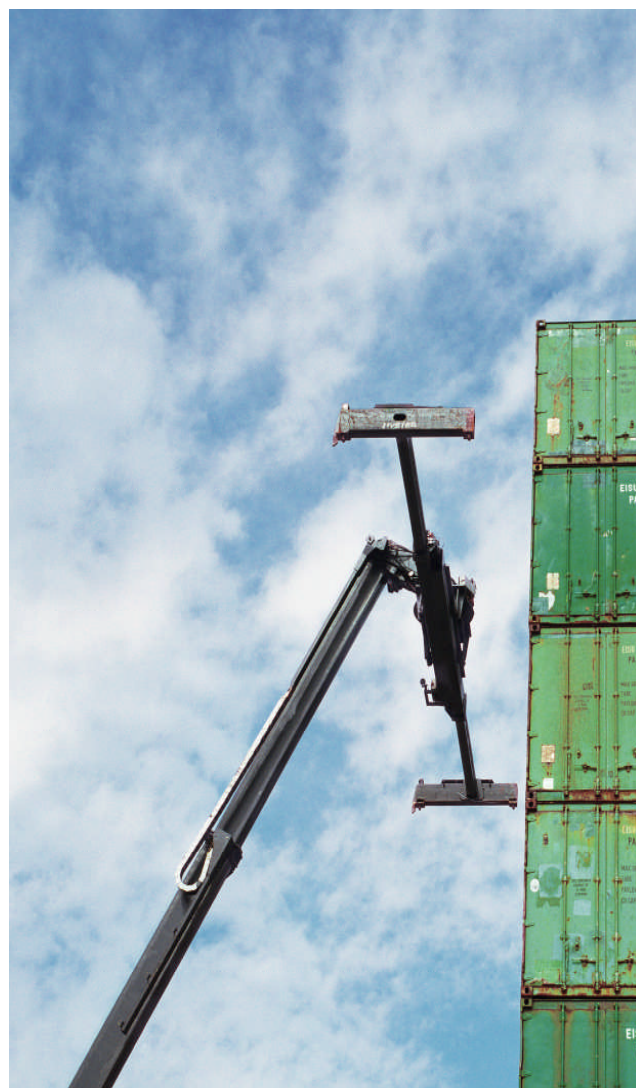
This edition focuses solely on recent amendments to Ghana tax law.

Increase in Capital Gains Tax rates

The Government of Ghana has passed a new law to amend the rate of capital gains tax under the Internal Revenue Act 2000 (Act 592) to 15% (previously 5%).

The effective date of the new capital gains tax rate is 21 May 2010.

From this date, any chargeable assets realised must be assessed to capital gains tax at the rate of 15%. A return in writing must also be submitted to the Commissioner of the IRS accompanied by the amount of tax calculated as payable.



Personal Income Tax rates

On Friday 11 June 2010, the national newspaper, the Daily Graphic reported Parliament's approval of new personal income tax rates.

The new chargeable income thresholds are aimed at making the average tax resident individual better off from a take home pay perspective.

Legislative Instrument (L.I.) 1965 which has been passed repeals the previous L.I 1830 and amends the Internal Revenue Act 2000 (Act 592).

In the 22 & 23 June 2010 editions of the the Daily Graphic Newspaper, the Internal Revenue Service (IRS) has announced that the implementation date of the new law is 9 June 2010.

The new LI 1965 is expected to be gazetted in early July, as such, there remains some uncertainty as regards its effective date and possibility of retrospective application (if at all) however in the interim, and in the wake of the announcement from the IRS, employers may comply and make necessary payroll adjustments going forward.

The new chargeable income thresholds and associated tax rates are as follows:

New Annual Chargeable Income Thresholds and Individual tax rates

	Annual Chargeable Income (GH¢)	Rate (%)	Tax Payable (GH¢)	Cumulative Income (GH¢)	Cumulative Tax (GH¢)
First	1,008	Nil	Nil	1,008	Nil
Next	240	5	12	1,248	12
Next	720	10	72	1,968	84
Next	14,232	17.5	2,490.60	16,200	2,574.60
Exceeding	16,200	25			

New Monthly Chargeable Income Thresholds and Individual tax rates

	Monthly Chargeable Income (GH¢)	Rate (%)	Tax Payable (GH¢)	Cumulative Income (GH¢)	Cumulative Tax (GH¢)
First	84	Nil	Nil	84	Nil
Next	20	5	1	104	1
Next	60	10	6	164	7
Next	1,186	17.5	207.55	1,350	214.55
Exceeding	1,350	25			

The implications are that the highest marginal rate of income tax of 25% applies to annual chargeable income in excess of GH¢ 16,200 (previously GH¢

9,600) and monthly chargeable income in excess of GH¢ 1,350 (previously GH¢ 800).

Contact us if you would like to discuss any aspects of this snapshot.

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