

International Assignment Services

Taxation of International Assignees Country – Ghana

*Human
Resources Services*

*International
Assignment
Taxation Folio*



Table of Contents

Introduction – International assignees working in Ghana.....	3
Step 1 – Understanding basic principles.....	4
Step 2 – Understanding the Ghanaian tax system	5
Appendix A – Airport tax table.....	7
Appendix B – Tax tables containing rates of taxation.....	8
Appendix C – Typical tax computation.....	9
Appendix D – Double-taxation agreements	10
Appendix E – Ghana contacts and offices.....	11

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Introduction – International assignees working in Ghana

This folio is intended to assist foreign nationals sent to work in Ghana with their tax planning. It gives a broad background to taxation in Ghana and other important aspects to be considered by a foreign national working in Ghana on a temporary basis.

This folio is not intended to be a comprehensive guide. It merely attempts to give an overview of the issues involved. Accordingly, professional advice should be sought before making important decisions.

For further information or assistance please contact one of the individuals listed in Appendix E.

Last updated: January 2011

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Menu

Step 1 – Understanding basic principles

The scope of taxation in Ghana

1. Income tax is levied on residents on any income derived from, accruing in, brought into, or received in Ghana.
2. Other taxes for which individuals may become liable are:
 - Social security – 5.5% of basic salary;
 - VAT – 15%;
 - Airport tax – Please refer to Appendix A for the applicable tax rates ;
 - Capital gains tax – 15%; and
 - Gift tax – 15%.

The tax year

3. The tax year runs from 1 January to 31 December.

Method of calculating Ghanaian tax

4. Income tax on resident individuals is levied on a sliding scale at rates that vary between 0% and 25%. Resident expatriates are levied on the same sliding rates as residents on all their taxable income earned in Ghana.

Husband and wife

5. A husband and wife are treated as separate taxpayers in Ghana.
6. Annual tax returns should be filed within four months of the end of the tax year.

Residence and nonresidents

7. An individual who is not a citizen of Ghana is resident for tax purposes in any particular year if he/she resides in Ghana for any period exceeding 183 days in any twelve month period that commences or ends during the year of assessment.
8. Nonresidents are liable for tax on income earned or derived in Ghana. They are not liable for tax on income brought into Ghana or received from a source outside Ghana. Tax relief would be available where Ghana has a tax treaty with the other country.

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Menu

Step 2 – Understanding the Ghanaian tax system

Taxation of employment income

9. Taxable income includes salaries, wages, bonuses, commissions, director's fees, and any taxable benefits.
10. Employment income is subject to monthly withholding tax deducted by the employer and paid over to the tax authorities on a monthly basis.

Benefits

11. Non-cash benefits received from employment are also taxable, i.e.:
 - Use of company car;
 - Use of household furniture;
 - Company provided accommodation;
 - Use of coupon for fuel;
 - Utilities paid by the company; and
 - Other collateral benefits.

Deductions

12. An employee can claim relief in respect of his/her life assurance contributions and social security, if the contributions are invested in Ghana. Donations made by the employee to the Ghana National Trust Fund are also allowed as a deduction from income.

Personal allowances

13. The allowances per year are as follows:
 - Basic tax free allowance – GH¢1,008;
 - Individual with dependent spouse – GH¢35;
 - Unmarried man or woman supporting two or more children – GH¢35;
 - Person over 60 years of age and entitled to old age relief – Lesser of GH¢35 or total employment or business income;
 - Individual who supports an aged relative, limited to two such relatives – GH¢25;
 - Child education relief of GH¢30 per child but limited to three children in a registered secondary school;
 - Disabled person – 25% of income from business or employment; and
 - Cost of training for residents in respect of professional, technical, or vocational skills or knowledge – GH¢100.

Note: The government has announced new personal allowances. These allowances are yet to receive parliamentary approval.

Tax rates

14. Please refer to Appendix B for the applicable tax rates.

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Menu

Appendix A – Airport tax table

Destination	Class	Airport tax	
Within Ghana	-	GH¢	5.00-
Within West Africa		US\$	60.00
Outside West Africa	Economy	US\$	100.00
Outside West Africa	Business	US\$	150.00
Outside West Africa	First	US\$	200.00

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Menu

Appendix B – Tax tables containing rates of taxation

Applicable for the tax year ending 31 December 2011

Currency: Ghana cedi (GH¢)

Taxable income over	Not over	Tax on Column 1	Percentage on excess
0	1,008	–	0.0%
1,008	1,248	12.00	5.0%
1,248	1,968	72.00	10.0%
1,968	16,200	2,490.60	17.5%
16,200	and above	4,050.00	25.0%

The above rates are applicable only to residents.

Note: The government has announced new personal tax tables. These allowances are yet to receive parliamentary approval.

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Menu

Appendix C – Typical tax computation

Individual tax calculation – Year ending 31 December 2011

Assumptions

Resident husband and wife with two children in approved educational institution. Neither the wife nor the children have any separate income. Husband is provided with fully furnished accommodation and use of an official car with fuel. Income includes salary of GH¢13,120.

Tax computation	GH¢	GH¢
Basic salary	13,120	
Rent element (10% of basic salary)	1,312	
Car element (10% of basic salary) 1	3,600	
Total income		18,032
Less:		
Employee's contribution to social security fund (5.5% of basic salary)	721.6	
Subtotal		17,310.4
Less – Reliefs:		
Married	(35)	
Children's education (2 x 30)	(60)	
Total deductions		(95)
Chargeable income		17,215.4
Tax thereon:		
On first 16,200	2,574.6	
On remaining 1,015.4 at 25%	253.75	
Tax payable		2,828.35

Notes:

1. Car element restricted to GH¢300 per month, that is, GH¢3,600 per year

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Menu

Appendix D – Double-taxation agreements

Countries with which Ghana currently has double-taxation agreements:

Belgium	Italy	The Netherlands
France	South Africa	United Kingdom
Germany	Switzerland	

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Menu

Appendix E – Ghana contacts and offices

Contacts

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Menu

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