



# Doing Business and Investing in Ghana

April 2020



# Table of contents

Message from our country senior partner	1
About PwC	2
About this publication	4
Glossary	5
Perspectives on Ghana as an investment location	6
Common questions to consider	18



# Message from our country senior partner

Welcome to the 2020 edition of our Doing Business and Investing in Ghana publication!

As Ghana focuses on building a more sustainable economy, it has become important for the country to continually attract new foreign investments. Ghana has consistently attracted considerable investment from overseas and has maintained a good history of trade with the rest of the world. The Ghanaian Government maintains the goal of creating a business environment that would attract more foreign private capital.

Ghana has a generally positive business environment. Over the years, the country has taken steps to diversify the economy, increase trade across borders and improve the ease of doing business within its boundaries. In the latest Doing Business Report conducted and issued by the World Bank, Ghana placed 118th out of 190 economies surveyed. This was a drop from the 114th spot in 2019.

We have designed this guide to serve as a good starting point for anyone looking to conduct business in Ghana: it will provide insight into the key considerations of investing and doing business in Ghana, and address investors' frequently asked business and tax questions.

I hope you find this edition as useful as the previous one. If you have any questions or wish to share any comments, do contact me or any of my fellow partners. We will be happy to speak with you.



# About PwC

PwC firms help organisations and individuals create the value they are looking for. We are a network of firms in 157 countries with more than 276,000 people who are committed to delivering quality in assurance, tax and advisory services. Tell us what matters to you and find out more by visiting us at [www.pwc.com/gh](http://www.pwc.com/gh)

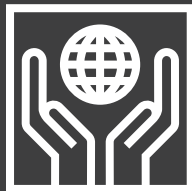
## Our core values

As professional advisers, we help our clients to solve important business problems and aim to enhance their ability to build value, manage risk and improve performance. We take pride in the fact that our services add value by helping to improve transparency, trust and consistency of business processes. In order to succeed, we must grow and develop, both as individuals and as a business.

Our values of Act with integrity, Make a difference, Care, Work together and Reimagine the possible help us to achieve this growth. We strive to deliver what we promise, work together as a team and become a more purpose-led and also values-driven firm.



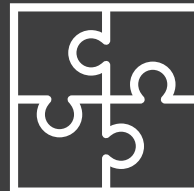
Act with  
integrity



Make a  
difference



Care



Work  
together



Reimagine  
the possible

## PwC in Africa

In Africa, PwC is the largest provider of professional services, with more than 400 partners and over 9,000 people located in 34 countries. This enables PwC to provide clients with seamless and consistent service, wherever they are located on the continent.

## PwC Ghana

PwC Ghana is a member firm of PricewaterhouseCoopers International Limited, each member firm of which is a separate legal entity. PwC's global network provides us with a broad resource base of in-depth knowledge, methodologies and experience that we use to provide value for our clients. As an established market, Ghana has high levels of economic activity and very good growth prospects and is a country in which our clients feel the professional services that are offered can add significant value to their businesses.

PwC Ghana is located in Accra and Takoradi. We also have a branch office in Sierra Leone. Together, we boast of over 300 employees and 13 resident partners/directors.

We offer professional services to both the private and public sectors in the following industries:

- Consumer and industrial products and services (CIPS): fast-moving consumer goods, telecoms, manufacturing, construction, transport, media and service-oriented companies.
- Energy, utilities and resources: mining, exploration and renewable energy companies, and oil and gas utilities.
- Financial services: banking, insurance, pensions and non-bank financial institutions.
- Government, multi- and bi-lateral agencies (donor agencies, NGOs).

# About this publication

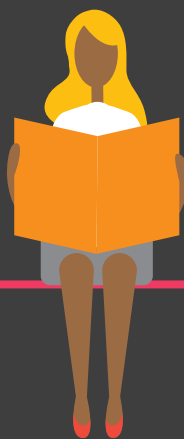
## How to use this guide

The design of this guide enables you to go directly to any section that is of interest. We hope that you find the guide useful should you choose Ghana as the location for your business.

## The purpose of this book

This guide does not attempt to cover every issue nor does it cover specific tax and regulatory issues relating to industries/sectors that might impact you when doing business in Ghana. It merely seeks to answer generally the questions that most commonly arise. You should always seek independent advice, as the guide has been prepared for general guidance on matters of interest only.





# Glossary

AAPET	Akuffo Addo Program for Economic Transformation	IQ	Immigration Quota
AEQ	Automatic Exchange Quota	LCA	Local City Authorities
BOG	Bank of Ghana	MC	Minerals Commission
BOP	Business Operating Permit	MoFEP	Ministry of Finance Economic and Planning
CRD	Capital Requirement Directive	Mol	Ministry of Interior
DC	Data Controller	NCA	National Communications Authority
DP	Data Processor	NDPAS	National Digital Property System
DTT	Double-Tax Treaties	NIP	National Identification Project
EC	Energy Commission	NPA	National Petroleum Authority
ECOWAS	Economic Community of West African States	NPRA	National Pensions Regulatory Authority
EPA	Environmental Protection Agency	OMC	Oil Marketing Company
GAT	Ghana Amalgamated Trust Plc	PA	Petroleum Agreement
GAX	Ghana Alternative Market	PC	Petroleum Commission
GCX	Ghana Commodities Exchange	PDS	Power Distribution Services Limited
GDP	Gross Domestic Product	PE	Permanent Establishment
GFIM	Ghana Fixed Income Market	PFJ	Planting for Food and Jobs
GFZA	Ghana Free Zones Authority	PURC	Public Utilities Regulatory Commission
GIPC	Ghana Investment Promotion Centre	RGD	Registrar General's Department
GIS	Ghana Immigration Service	SEC	Securities and Exchange Commission
GNPC	Ghana National Petroleum Corporation	SSNIT	Social Security and National Insurance Trust
GRA	Ghana Revenue Authority	TIN	Tax Identification Number
GSE	Ghana Stock Exchange	TPR	Transfer Pricing Regulations, (L.I. 2188)
GSS	Ghana Statistical Service	TTA	Technology Transfer Agreement
ICT	Information and Communication Technology	VRA	Volta River Authority
IPP	Independent Power Producer	VSAT	Very Small Aperture Terminal



# Perspectives on Ghana as an investment location

## Economy

Ghana is well endowed with a wide range of agricultural and natural resources, and successive governments in recent years have forged bold and comprehensive industrialisation plans aimed at adding value to our agriculture and natural resources and leveraging our rising population of educated youth.

Ghana's export position has been strengthening over recent years due to stronger performance in all three major export commodities, i.e. cocoa, oil, and gold.

Ghana remains a world leader in cocoa production, with a production of 900k metric tonnes of cocoa beans in the 2017/2018 crop year. The supply of cocoa beans in the 2017/2018 crop year was adversely affected by factors such as poor weather conditions and land degradation.

However, the signing of a strategic partnership agreement between Ghana and Cote d'Ivoire in September 2018 was expected to boost cocoa production and pricing for both countries in the medium term. The two countries have agreed to, among other things, work together to adopt good practices for adaptation and to also mitigate the adverse effects of climate change. Brent (BR) crude oil output in Ghana averaged 51.18 million barrels, about 3m barrels more than the output in 2017. The projected BR crude oil output for 2019, which was based on a three-year simple average (2017, 2018 and 2019), was 63.4 million barrels. The increase in oil production was attributed to the commencement of crude oil production on the Sankofa-Gye Nyame (SGN) and increased production from the Tweneboa-Enyenra-Ntomme (TEN) as well as the Jubilee Fields.

Ghana remains a net importer of petroleum products. However, the recent and expected increase in oil production will improve the balance of trade position.







## Government sector

Ghana practises a democratic system of governance. Parliamentary and presidential elections are held every four years in accordance with the provisions of Ghana's Constitution. The most recent elections were held in 2016, with the country experiencing a smooth transition in Government. The next elections are expected to be held in December 2020.

There are currently 16 administrative regions in Ghana, with 254 metropolitan, municipal and district assemblies (MMDAs). The country practises a system of decentralisation where the various regions and MMDAs are allowed some degree of autonomy in decision-making. There are also various structures of traditional governance which are recognised under the Constitution.

Ghana's legal system is based on the 1992 Constitution. Statutes are enacted by Parliament, while rules, orders and regulations are enacted through delegated legislation, common law and customary (traditional) law. The hierarchy of the court system in Ghana is as follows:

- the Supreme Court (i.e. the highest court);
- the Court of Appeal;
- the High Courts;
- the Circuit Courts; and
- the District Courts.

The Government of Ghana has in recent times come up with several initiatives to increase efficiency in the government sector, are explained below:

### **The National Digital Property Addressing System (NDPAS), National Identification Project (NIP) and interoperable electronic platform**

The Government aims to formalise the country's economy by establishing a national database for easy identification and increased access to information on its citizens, locations and businesses. It launched the NDPAS and NIP in 2017 to enhance business activities in Ghana through the creation of a secure personal identification system for citizens and establishing proper national address and location systems, respectively.

The digital address is mandatory for getting the National Identification Card and other services in the country. The digital address generated is unique to each property and has a maximum of 11 alpha-numeric characters which reflect region, district and postcode. The GhanaPostGPS can be downloaded from the Google Playstore or the App Store.

These projects are still ongoing and are expected to improve security and facilitate the deployment of emergency services.

An interoperable electronic platform was established for the financial sector with the aim of reducing the risk of doing business in that sector. It is designed to interface mobile money transactions with the banking system to monitor and facilitate electronic transactions within the country. Once it has been implemented, it will also work together with the NIP to create a robust credit database which will reduce the cost involved in obtaining financing from financial institutions.



## Financial services sector

In Ghana, the financial services industry is categorised into three main sectors: banking and finance, insurance and capital markets.

### Banking

Banking is the largest component of the banking and finance segment. As a result of high credit risk in the economy in recent years coupled with the collapse of some insolvent banks in the last two years, several banks squeezed their credit stance, resulting in a lower rate of growth in loans and advances. According to the 2019 Mid-Year Budget Review, following the banking reform exercise, total assets of the banking sector increased by 12% between June 2018 and June 2019. Total deposits also increased by over 22% during the same period.

In addition to the above, asset quality has also increased, as was reflected in the declining Non-Performing Loans (NPL) ratio from 22.6% in June 2018 to 18.1% in June 2019. There were also significant improvements in the banks' profitability indicators.

### Banking reforms

Since 2017, the banking sector in Ghana has been undergoing reform in order to improve investor confidence and shore up the banking sector's ability to finance big-ticket transactions. Among the major changes that have taken place in the banking sector since 2017 is the withdrawal of licences of banks that were considered technically insolvent and illiquid. In all, the regulator has collapsed nine banks, with their assets and liabilities assumed by GCB Bank and Consolidated Bank Ghana. This drastic move by the regulator is expected to keep the banking industry highly liquid to be able to meet customer obligations and inspire investor confidence.

Additionally, several measures have been put in place to drive the growth of the banking sector in Ghana. This includes the increase in the new minimum regulatory capital to GH¢400m by the end of 31 December 2018. As of January 2019, 16 banks had met the GH¢400m threshold, three mergers involving six banks had received Bank of Ghana approval and five banks (Agricultural Development Bank, National Investment Bank, OmniBSIC, Universal Merchant Bank and Prudential Bank) are benefiting from capital injection by Ghana Amalgamated Trust Plc (GAT).



The capital injection is expected to enhance the capacity of banks in Ghana to undertake larger transactions in Ghana and the West Africa sub-region. Since the emergence of the upstream oil and gas industry, there has been negligible funding from local banks due to the relatively small size of the balance sheets of Ghanaian banks.

However, with the increase in capital, expectations are that the oil and gas industry, together with other risky industries in the economy, would begin to gain the attention of the local banking sector.

Beyond meeting the new minimum capital, banks are required to top up their capital based on the inherent risk in their portfolio. This is driven by the Capital Requirement Directive (CRD), the rule book for the Basel framework implemented by the Bank of Ghana from January 2018. Based on the CRD, banks will now align their capital requirements to the amount of risk they carry.

Furthermore, the banking industry has seen the rollout of the risk management code and corporate governance directive. These initiatives are expected to consolidate the gains made by the industry and sustain the existing liquidity position of banks. Among the reasons for the collapse of nine banks in the past two years is corporate governance failure, and the regulator is confident that the risk management code and corporate governance directive would help to address the challenges and forestall recurrence.

Investors in the banking industry should be confident that, based on the merits of the initiatives mentioned above, their investments would not be lost based on systemic failures.



## Obtaining a banking licence in Ghana

Despite the relatively high number of banks in Ghana, there are opportunities for interested investors, especially in the areas of agriculture and development finance. Retail banking also presents enormous opportunities based on the low banked population ratio, which is currently around 45%.

To share in the opportunities, interested investors could consider acquiring a stake in existing banks, especially the local banks which have a relatively high appetite for capital injection. For those interested in stock exchange dealings, the Ghana Stock Exchange presents opportunities to invest in the stock of ten listed banking stocks. Alternatively, interested investors could consider setting up a new banking institution, but this would demand a minimum capital of GH¢400m as required by the regulator.

To obtain a universal banking licence to operate in Ghana, a body corporate must apply to the Bank of Ghana for a Class 1 banking licence. This application must be in writing and must be accompanied by:

- A certified true copy of the Regulations or other Instrument relating to the proposed business of banking;
- Names, addresses and occupations of persons who would hold significant shareholdings directly or indirectly in the proposed banking venture and the respective values of such holdings;
- Particulars of the directors and key management personnel concerned with the management of the banking business;
- Statutory declaration from each would-be director stating that they are free of any criminal convictions, public criticisms and warnings regarding their conduct. They must also each submit a criminal record certificate from the Criminal Investigation Department;
- Feasibility reports including a business plan and financial projections for the first five years; and
- Capital and sources of funds.

Additionally, the Central Bank may request other particulars or interview the promoter, directors and proposed senior management personnel in the course of appraisal to satisfy itself about the representations made or information furnished by the applicant.

Apart from the universal banking stream, interested investors could look at lower tiers such as savings and loans companies, microfinance companies, finance houses, leasing companies, lending companies etc. The capital requirements and regulations for these lower-tier financial institutions are lower than for the universal banks.

## Regulation of the banking sector

The banking sector of Ghana is regulated by the Bank of Ghana. The regulatory and legal framework within which banks, non-bank financial institutions as well as forex bureaux operate in Ghana are the following:

- Banks and Specialised Deposit Taking Institutions Act, Act 930;
- Bank of Ghana Act, 2002 (Act 612);
- Bank of Ghana (Amendment) Act, 2016 (Act 918);
- Non-Bank Financial Institutions Act, 2008 (Act 774);
- Replace with Companies Act, 2019 (Act 992); and
- Bank of Ghana Notices/Directives/Circulars/Regulations.

## Minimum capital requirements

Aside from the GH¢400m minimum capital requirements for universal banks, the regulator has set minimum capital requirements for the other operators in the banking and finance space, and these are stated below:

- Non-bank financial institutions – GH¢15m;
- Rural banks – GH¢1m; and
- Microfinance and money lending companies (deposit taking and non-deposit taking) – GH¢2m.

## Insurance

### Obtaining an insurance licence in Ghana

The insurance industry in Ghana is regulated by the National Insurance Commission and governed by the Insurance Act 2006 (Act 724).

The Act prohibits composite insurance companies and requires that life and non-life operations of insurers are carried out by different companies.

While non-life insurance has a larger asset base than life assurance, life assurance has grown at a faster pace in the last five years due to the prospects in that sector. This is evidenced by the entry of international giants such as Prudential, Old Mutual and Hollard. It is estimated that in the next five years, life assurance will control more assets than non-life insurance due to the rising middle-income segment of the population.



To obtain a licence to operate as an insurance company in Ghana, a body corporate must submit an application to the NIC accompanied by:

- A copy of Certificate of Incorporation and Certificate to Commence Business;
- Copies of documents filed at the Registrar General's Department (RGD);
- Details of each shareholder including CVs and completed Personal Questionnaire from each Director, Principal Officers (at least two) and proposed Chief Finance Officer;
- A detailed five-year Business Plan containing relevant projections;
- Evidence of availability of minimum required capital and its source;
- At least 60% of the minimum capital requirements must be in cash or cash equivalent;
- A letter of consent from its external Auditor as well as the latest audited financial statements and Statement of Affairs showing all assets and liabilities;
- Proposed insurance products;
- In the case of Life companies, particulars and letter of consent from Actuary;
- Copies of all contracts regulating the applicant's relationship with other companies; and
- A description of the location of office accommodation to be approved by the National Insurance Commission.

## Capital market

### The Ghana Stock Exchange (GSE)

The GSE was established in July 1989 as a private company limited by guarantee under the Companies Act, 2019 (Act 992). It was recognised as an authorised Stock Exchange under the Stock Exchange Act of 1971 (Act 384) in October 1990 and commenced trading on 12 November 1990. The GSE changed its status to a public company limited by guarantee in April 1994.

The number of companies listed on the GSE has increased from 36 in December 2015 to 40 in Dec 2018, reflecting an 11% growth over the period. The GSE ALL share index experienced a 29.5% increase over 2015 to 2018, increasing from 1,990.46 points on 28 December 2015 to 2,578.74 points on 31 December 2018, indicating a significant growth in average market capitalisation of all the listed companies over the period.

### Ghana Commodity Exchange (GCX)

This is a private company limited by shares that has been structured as a Public Private Partnership. It was incorporated in November 2017 by its sole shareholder, the Government of Ghana.

GCX's key goal is to link Ghanaian smallholder farmers to agricultural and financial markets in Ghana and across the West Africa region to ensure that Ghanaian farmers secure competitive prices for their commodities, as well as supply good-quality commodities which meet the nutritional needs of the Ghanaian people.

Source: Ghana Commodity Exchange

### Securities and Exchange Commission (SEC)

The Securities and Exchange Commission was established by the Securities Industry Act, 2016 (Act 929) ('the Act'), with the objective of regulating and promoting the growth and development of an efficient, fair and transparent securities market and ensuring that the integrity of the market is protected.

In accordance with the Act that established it, the SEC is expected to:

- advise the Minister of Finance and Economic Planning on matters relating to the securities industry;
- maintain surveillance over activities in securities to ensure orderly, fair and equitable dealings in securities;
- register, license, authorise or regulate the establishment of all institutions and agencies that operate within the capital market in Ghana, including securities exchanges, commodities and futures exchanges;
- formulate principles for the guidance of the industry; and
- monitor the solvency of licence holders and take measures to protect the interest of customers where the solvency of a licence holder is in doubt.



## Mining sector

The mining industry of Ghana accounts for 5% of the country's GDP, and minerals make up 37% of total exports, of which gold contributes over 90% of the total mineral exports. Thus, the main focus of Ghana's mining and minerals development industry is gold. Ghana is Africa's second-largest gold producer. Ghana is also a major producer of bauxite, manganese and diamonds. Ghana has 23 large-scale mining companies producing gold, diamonds, bauxite and manganese, and there are also over 300 registered small-scale mining groups and 90 mining support service companies.

### Regulatory framework

Under the Ghanaian Constitution, every mineral in its natural state, wherever located in Ghana, is the property of the Republic of Ghana and is vested in the President in trust for the people of Ghana. The Government of Ghana has the right of pre-emption of all minerals in Ghana, which is exercised through the Minister for Lands and Natural Resources.

Mining is regulated by the Minerals Commission (MC), which operates under the Ministry of Lands and Natural Resources. The industry is governed by the Minerals and Mining Act, 2006 (Act 703) (Minerals and Mining Act), and associated regulations. The Minerals and Mining Act gives extensive powers to the Minister to classify or reclassify land for exploration and to negotiate, grant, revoke, suspend or renew mineral rights.

The Minerals and Mining Act applies equitably to all investors, whether Ghanaian or foreign, except in the case of small-scale mining and restricted mineral operations, which are reserved solely for Ghanaians. Government is given a 10% free carried interest in the rights and obligations of the mineral operations in respect of which financial contribution shall not be paid by the Government. This free carried interest does not preclude the Government from any other or further participation in mineral operation that may be agreed with the holder of the mineral right. The Minerals Income Investment Fund Act, 2018, Act 978, provides for the establishment and the management of a fund to receive the equity interests, mineral royalties and other related income of the government in mining companies.



## Energy (electricity/oil and gas) sector

### Upstream oil and gas

#### Brief history of the oil and gas industry in Ghana

The exploration of oil and gas in Ghana began in 1896. Active research in the years leading up to early 2000 was led by the Ghana National Petroleum Corporation (GNPC). In 2001, the Government decided to move away from this approach by opening exploration opportunities to international oil companies and private investors.

In 2004, the Government granted licences for offshore oil exploration and production (known as blocks) to different international companies. In July 2007, Tullow Oil and Kosmos Energy discovered oil in commercial quantities in the western region of Ghana, naming the area 'Jubilee Field'.

Ghana's energy sector has expanded considerably after the discovery of the Jubilee Oil Field in 2007. The field started production in 2010 and has since increased from 7,000 bbl/d in 2009 to a gross production of 78,000 bbl/d in 2018. It is projected that crude oil production in Ghana could reach 500,000 barrels per day by 2024 above the current average production of 110,000 bbl/d.

#### The Petroleum Commission (PC)

As the upstream petroleum regulator, the PC is mandated to regulate, manage and coordinate all activities in the upstream petroleum industry in Ghana. All upstream petroleum companies who intend to operate in Ghana are required to register with the PC (renewable annually) before commencement of operations.

#### Investment in the oil and gas sector in Ghana

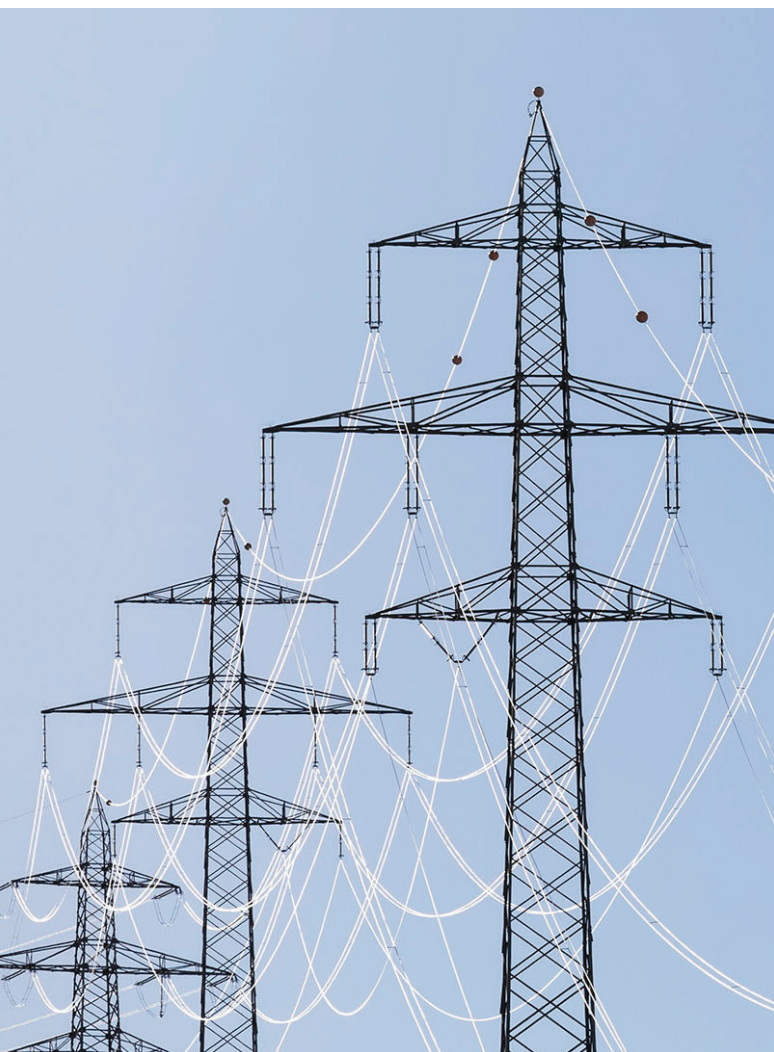
Any person who wishes to enter into a Petroleum Agreement (PA) for a block must apply to the Minister responsible for Energy. The PC is responsible for administering the application process, which involves reviewing, evaluating and making recommendations for the award of a PA.

The criteria considered in any application include the financial capability and technical track record of the applicant, and the proposed work programme, budget and fiscal terms proposed by the applicant. When the PC's recommendations are accepted and the terms of the PA are negotiated, the draft agreement is sent to Cabinet for approval. After Cabinet's approval, the agreement is executed by the parties and sent to Parliament for ratification. There is no mandated timetable for approval.

#### Local content requirements – equity participation of indigenous Ghanaian companies

The Petroleum (Local Content and Local Participation) Regulations, 2013 (L.I. 2204), seek to encourage the participation of Ghanaian citizens in the petroleum industry. As such, its provisions prescribe that a PA or licence holder should make an allowance of at least 5% equity participation by an indigenous Ghanaian company in its ownership. The Minister responsible for Energy, however, has the power to vary this requirement.

In a similar manner, non-indigenous service companies to the key players in the industry (i.e. operators, licensees, subcontractors, and the GNPC) are required to have joint venture arrangements with indigenous Ghanaian companies that provide them with an equity participation of at least 10%.





## Downstream oil and gas

The National Petroleum Authority (NPA) is the statutory agency regulating, overseeing and monitoring the petroleum downstream industry in Ghana to ensure efficiency, growth and stakeholder satisfaction.

Several oil marketing companies (OMCs) operate in Ghana, including Chase Petroleum Ghana Limited, Agapet Oil Company Limited, Oando Ghana Limited, Vivo Energy Ghana, Total Ghana Limited and Ghana Oil Company Limited, among others.

### Players in the industry

- Ministry of Energy:** The Ministry of Energy is responsible for formulating, monitoring and evaluating policies, programmes and projects for the energy sector in Ghana. The Ministry is also implementing the Government's National Electrification Scheme, which has the aim of extending reliable electricity supply to all communities within a time frame of 30 years. The programme is scheduled to end in 2020. The NES has an unbundled structure with separate operational functions in respect of power generation, transmission and distribution.
- Volta River Authority:** The state-owned VRA is involved in power generation in the country. It owns and operates the Akosombo Hydro Power Station, Kpong Hydro Power Station and TAPCO situated at Aboadze.
 

VRA is also a minority joint partner with TAQA, a private sector company, which owns and operates the Takoradi International Power Company thermal plant, also located at Aboadze.

Bui Power Authority (BPA), another state-owned agency, is implementing the Bui Hydroelectric Power Project, while several private Independent Power Producer (IPP) projects have been licensed and are at various stages of development.
- Energy Commission (EC):** The EC is responsible for the technical regulation of the power sub-sector, including the licensing of operators. In addition, the EC also advises the Minister of Energy on matters relating to energy planning and policy.
- Public Utilities Regulatory Commission (PURC):** The PURC is an independent regulatory agency and is responsible for economic regulation of the power sector, specifically approving rates for electricity sold by the distribution companies to the public. Its functions also include monitoring the quality of electricity services delivered to consumers.



## Information and communication technology (ICT)

ICT has been a vital component of the economic growth of Ghana in the last decades. The country has a stable environment for innovation and the development of ICT, with oversight from the Ministry of Communication, responsible for facilitating the development of a reliable and cost-effective world-class communications infrastructure and services, and the National Communications Authority (NCA), which are primarily regulators of the communications industry.

The country's ICT Industry comprises telecommunications operators, internet service providers, Very Small Aperture Terminal (VSAT) data operators, software manufacturers, broadcast institutions, ICT education providers, and internet cafés among others.

The infrastructural base of the sector includes licensed gateway operators, undersea cable connectivity, private licensed VSAT systems, fixed wired line networks, wireless mobile operators, public telephones systems, telecentres, dedicated transmission networks, public distribution networks (cable, TV, DSL, etc.), internet backbone connectivity throughout the country and public access point and broadcasting systems.



### Ghana's major ICT sub-sectors

#### Telecommunication sub-sector

Ghana's telecommunications sector has gone through significant phases of growth over the last two decades, with a mobile voice penetration rate of 136.68% with over 40 million subscribers and a mobile data penetration rate of 80.33% with 23 million subscribers as of September 2018.

The major players in the telecommunications sector are MTN, Vodafone and the recently merged AirtelTigo. MTN commands a large share of the market. Other players include Glo.

#### Broadcasting sub-sector

The broadcasting sub-sector has also experienced significant growth over the years. As at the third quarter of 2017, there were 367 authorised radio stations operating in the country, consisting of public, foreign, community, campus and commercial radio stations. By the third quarter of 2018, there were 136 TV stations authorised to operate in Ghana. This has been made possible due to the increasing technology infrastructure in the country.

#### Software development sub-sector

Software development is a growing sub-sector generating a lot of interest in recent years with a growing number of software development companies. The demand for these services is on the increase as a result of the ever-increasing automation of processes. Despite the significant interest, the market is quite underdeveloped, with most software development companies being either website development companies or retailers adapting existing software applications where necessary. The Government recognises this sector as a priority sector and provides it with incentives such as ability to carry forward tax losses for five years.

#### The support services sub-sector

This sub-sector comprises all services that aid in the smooth operation and/or distribution of products from the other three sub-sectors. This sector includes service providers, IT support providers, manufacturers and vendors.

#### Licensing and authorisation

The NCA, as the regulator of the sector, is responsible for receiving, reviewing and issuing licences and authorisations for the various sector participants. A company that wants to operate in the telecommunication space in the country is required to apply to the NCA and adhere to various guidelines issued by the authority.





## The digitisation of the economy

### NCA's contribution to Ghana's digital agenda

In a bid to facilitate the digitisation of the economy, in 2018, the NCA introduced and completed some projects with the aim of enhancing the protection and security of ICT consumers to facilitate confidence in the increased use of digital products and services in Ghana.

These include:

- NCA Computer Emergency Response Team (NCA-CERT);
- Common Platform (CP) for the monitoring of Government revenues in the telecom sector;
- NCA Conformance and Type Approval Testing Laboratories;
- Broadcast Monitoring Centre; and
- Communications Monitoring Centre.

These initiatives are aimed at contributing to strengthening the technology framework for Ghana's digital agenda.

### Eastern Corridor Fibre Optic Backbone project

In a bid to improve the country's ICT infrastructure, works on extending the Eastern Corridor Fibre Optic Backbone project by 165 kilometres has been completed. This extension stretches from Accra to Ho and will link up with the main project, which spanned from Ho to Bawku.

The Eastern Corridor Fibre Optic Backbone project will connect 120 communities along the route to communication means. The infrastructure has been put in place to promote the use of technology in education, health delivery, e-governance, and agriculture, among other sectors. It is expected that with this infrastructure in place, the telecommunication companies will deploy their services to these communities.

## Growth in mobile banking and mobile money interoperability

Mobile money is a fast-growing phenomenon in Ghana. According to the Bank of Ghana, the value of mobile money transactions hit GH¢233bn in 2018 compared to GH¢155bn in 2017, representing a growth of over 43%. Only three telecommunication operators offer mobile money services in the country. They are MTN, Vodafone and AirtelTigo.

This growth has been accelerated by the launch of the country's first Mobile Money Interoperability System through the Ghana Interbank Payment and Settlement Systems Limited in May 2018. With the launch of this new system, users can transfer money from one mobile money account to another across networks without restrictions.

Transactions across networks through the mobile money interoperability platform in 2018 amounted to GH¢212m. This indicates the increased use of the platform and the opportunity for a more improved performance in the coming years.

## e-Commerce

The concept of e-commerce in Ghana is developing with the increase in the digital literacy rate due to the influx of smart devices, the tech-savvy nature of the young population and improvement in technological know-how in the country. With the increase in demand for a more relaxed and convenient method of shopping, many brick and mortar shops are creating online stores to serve the needs of that section of the population. The introduction of convenient payment platforms such as mobile money has also helped in the development of this business. Top online marketplaces in Ghana include Tonaton, Olx, Jumia and Tisu, among others, with more opportunities for new entrants due to its developing nature and the willingness of the populace to explore more shopping avenues for quality and affordability. E-Commerce businesses, however, currently face a challenge with distribution due to the poor addressing system in the country. This challenge is expected to be mitigated with the introduction of the GPS Digital Addressing System.

## 4G operations for mobile services

In December 2018, the National Communications Authority awarded Vodafone Ghana with a 2x5MHz frequency spectrum block in the 800MHz Band to deploy 4G spectrum and beyond. Vodafone Ghana now joins the industry leader MTN as the only two telecommunication companies with licences to roll out 4G services in the country. The regulator has indicated its intention to replace 2G licences expiring in 2019 with universal access licences, enabling licensees to offer both fixed and mobile offers.



## Services sector

The services sector remains the largest contributor to Ghana's GDP despite declining from 45.6% as of September 2017 to 44.5% as of September 2018. The sector comprises trade, repair of vehicles and household goods; hotels and restaurants; transport and storage; information and communication; financial and insurance activities; real estate, professional, administrative, public administration; education; health; commodity, social and personal services activities. The services sector is also the largest employer, according to the 2017 Integrated Business and Establishment Survey, which was launched by the Ghana Statistical Service (GSS).



## Agriculture and agribusiness

The contribution of agriculture to Ghana's GDP has ranged from 22.1% in 2015 and 22.7% in 2016, to 21.2% in 2017. The sector is estimated to employ about 36.1% of Ghana's labour force, most of whom are small landowners engaged in agriculture mainly for subsistence.

The principal agricultural produce in Ghana is crops (industrial, staples, fruits and vegetables), livestock, fisheries and forestry/logging.

### Regulatory framework

The Ministry of Food and Agriculture (MoFA) are responsible for developing and executing agricultural policies and strategies in Ghana. It is supported by the GIPC, the Environmental Protection Agency (EPA), the Ministry of Fisheries and Aquaculture Development and the Forestry Commission, among others.

Current laws and regulations governing the agricultural sector include the Fisheries Act, 2002 (Act 625), Plant and Fertiliser Act, 2010 (Act 803), Fisheries Regulations, 2010 and the National Premix Fuel Guidelines.

### Recent developments in the sector

Although Ghana has an expanse of arable land with relatively favourable climatic conditions, the country is still a net importer of food. In 2016, Ghana imported more than US\$1.8bn worth of agricultural products, including US\$272m of rice, US\$102m of poultry meat, US\$ 277m of frozen fish, US\$145m of wheat and US\$139m of palm oil. Evidently, the agricultural sector requires massive investment to enable it to reach its full potential.

The Government launched a new agriculture initiative called Planting for Food and Jobs (PFJ) in April 2017. Under this initiative, Government committed itself to:

- subsidise the prices of improved seeds by 50% for selected farmers;
- subsidise the prices of fertilisers by 50% for selected farmers;
- provide free extension services to farmers;
- provide marketing opportunities for produce after harvest through the National Food Buffer Stock Company; and
- introduce e-agriculture, a technological platform to monitor and track the activities and progress of farmers through a database system.

The years 2018 and 2019 saw the introduction of the Akufo-Addo Program for Economic Transformation (AAPET) aimed at modernising and transforming the agriculture sector. Key features of the AAPET include the scrapping of duties on agro-processing equipment and machinery, the implementation of a grant funding facility for agribusiness start-ups, the establishment of a GH¢400m fund for sustainable agriculture financing and crop insurance schemes, the launch of a pension scheme for cocoa farmers, as well as the provision of technical assistance and tax incentives to support agro-processing, packaging and market access for farmers.





The Government's other key agricultural initiatives include:

- launch of the livestock model of PFJ called Rearing for Food and Jobs (RFJ);
- launch of Planting for Exports and Rural Development (PERD) model of PFJ;
- establishment of two facilities worth US\$216m for the importation of farm machinery and equipment;
- construction of 30 new warehouses to augment the country's storage capacity; and
- establishment of cattle ranches in selected locations to address persistent conflict between Fulani herdsmen and food crop farmers.

## Investment opportunities

As reflected in the policies implemented by successive governments, the Government of Ghana is committed to supporting and protecting private investors in the agriculture sector.

Ghana is known to offer agribusinesses easy access to export markets in Europe at a lower cost than other investment destinations in Africa. Agro-processing businesses are given a five-year tax holiday, following which they are entitled to location-based tax concessions, which can result in as low as 1% to 5% corporate income tax rate. There are also import duty exemptions for some agricultural and industrial machinery and equipment.

## Real estate sector

With an urbanisation rate of 3.51% and an increasing middle class, demand for real estate in Ghana is expected to remain strong. The housing deficit in Ghana was estimated to be 1.7 million as of 2017 and is expected to be closer to the 2 million mark currently.

The Government, as part of efforts to bridge Ghana's real estate deficit, has put in place several tax incentives for the sector. For example, certified companies in the business of providing low-cost housing are entitled to pay corporate tax at a reduced of 1% for a period of five years. In addition, VAT exemption has been granted for some categories of real estate companies. These measures among others have resulted in an increase in construction of residential homes, industrial complexes, commercial units, shopping centres and other real estate developments.

Acquiring land in Ghana can be a cumbersome process despite several attempts by the Government to streamline it. There are four categories of lands in Ghana depending on how they are owned. These are government lands, vested lands, customary or stool lands, and family or private lands. Each category has its own mode of acquisition and some lands cannot be privately owned. GIPC provides support to potential investors regarding the procedures, and the appropriate agencies to deal with in legally acquiring property. This serves to help investors to avoid instances of fraud regarding property acquisition.





# Common questions to consider

## What type of legal presence do I require?

In Ghana, business can be conducted by a foreign investor or company under a limited liability company (local company or subsidiary) incorporated under the laws of the Republic of Ghana. The foreign investor can also register in Ghana as an external company (branch) or register as a joint venture (JV) with a local partner. The regulator responsible for this is the RGD.

## What is a local company/subsidiary?

This is a company limited by shares incorporated under the Ghana Companies Act, 2019 (Act 992). A subsidiary can either be wholly or partly owned by a Ghanaian or a non-Ghanaian.

Prior to the registration of an entity in Ghana, TINs are required to be obtained by the directors, secretary and shareholder(s) of incorporated entities or the local manager(s) and process agent(s) for branches. The incorporated entity or the branch automatically receives a TIN once registered.

## How do I establish an entity in Ghana?

### Subsidiary or incorporated company

The registration requirement of a subsidiary includes the completion and filing of required statutory forms with the RGD in order to obtain certificates of incorporation and commencement of business, company's Profile and the Certified True Copy of the company's regulations.

## What costs are associated with the registration of a local company?

- Stamp duty of 0.5% is payable on the stated capital of the company; and
- Registration fee of approximately US\$70 (GH¢330) is also payable upon submission of registration documents to the RGD.



## Registering an external company

- An external company (also known as a branch) is a body corporate formed outside Ghana that has an established place of business in Ghana.
- To register a branch, the following information and documents are required to be submitted to the RGD:
  - Name of company (name of head office entity);
  - Nature of business;
  - Name and details of local manager;
  - Authorised capital (for head office);
  - Issued capital (for head office);
  - Address of principal place of business in Ghana;
  - Address of registered office in country of incorporation;
  - Name and address of process agent;
  - Memorandum and articles of association of head office, duly notarised by a notary public in the country of registration;
  - A power of attorney executed in favour of the local manager, which must be notarised as well; and
  - Certificate of incorporation of the head office duly notarised in the country of registration.

## What costs are associated with the registration of a branch?

The fee for registering a branch is US\$1,200 (GH¢4,800).

## How do I acquire an entity in Ghana?

One of the ways in which foreign investors can access the Ghana markets is by acquiring entities that already operate in those markets. An acquisition transaction will require the investor/shareholder to approach acquisition advisers/experts including an experienced tax adviser in order to facilitate and structure the deal process.

Legal limitations relating to the public interest and activities strictly reserved to Ghanaian and Ghanaian-owned enterprises are not discussed here. Thus, it is important to ask your professional advisers to consider and advise on their applicability.

In Ghana, investors can acquire either a Private Limited Liability Company or a Public Limited Liability Company incorporated under the laws of the Republic of Ghana. Specific rules apply to the acquisition of Public Limited Liability Companies, which are listed on the Ghana Stock Exchange (GSE). These acquisitions are regulated by the Security and Exchange Commission (SEC) Code on Takeovers and Mergers while, on the other hand, acquisitions in relation to private companies are less regulated.

## Before the deal

Many acquisitions begin with the prospective buyer, or its advisers, contacting the directors or the owners of the target company or business to discuss the proposal. Some acquisitions begin when an owner decides to sell and initiates an auction process. This is usually managed and coordinated by the owner's corporate finance advisers, who will contact a range of prospective buyers with a brief information memorandum (or 'teaser'). More specifically, there are usually several distinct phases to the process:

- the seller and buyer agree the main terms of the proposed deal and sign a document summarising these terms (usually not legally binding), and may also agree an exclusivity period and commit the buyer to confidentiality obligations (which will be legally binding);
- the buyer conducts due diligence on the target company;
- the buyer arranges its finance, if necessary; and
- the buyer and seller negotiate and agree the contractual documentation in readiness for completion of the transaction.





## Tax indemnity

In an acquisition of the shares of a company, but not of a business, there will usually be a tax indemnity. This document will set out the way in which the buyer and the seller will apportion any taxes that may be due from/to the company. Usually, the seller will indemnify the buyer for any taxes payable by the company that relate to the period prior to the purchase. There are many detailed provisions that may elaborate on or deviate from this position and which will be negotiated between the parties. The tax indemnity may be a separate document or appear as a schedule to the main purchase agreement.

## What other registrations are required?

In addition to incorporating or registering entities with the RGD or acquiring existing entities, entities are also required to be registered with other regulatory bodies (as discussed below) as well, depending on the industry that the entities will be operating in.

## Ghana Investment Promotion Centre (GIPC)

Under the GIPC Act, 2013 (Act 865) ('GIPC Act'), all entities in which there is foreign participation are required to register with the GIPC. The following are the minimum capital requirements under the GIPC Act:

### A joint venture with Ghanaian participation

In a JV with at least 10% Ghanaian participation, the foreign partner is required to contribute not less than US\$200,000 either in cash or capital goods relevant to the investment.

### A wholly owned foreign entity

An entity wholly owned by a non-Ghanaian requires a minimum foreign equity capital of US\$500,000 either in cash or capital goods relevant to the investment.

### Trading entity

A trading entity either wholly or partly owned by a non-Ghanaian requires a minimum equity capital of US\$1,000,000 in either cash or capital goods relevant to the investment.

In addition to the above, entities that enter into technology transfer agreements (TTAs) are required to register the TTA with the GIPC.

## Ghana Free Zones Authority (GFZA)

Companies operating in industries other than mining, petroleum and timber can obtain a licence from the GFZA to operate as a free zones entity. To qualify, the entity needs to be able to export at least 70% of its goods or services. GFZA registration enables the company to enjoy a tax holiday for a period of ten years, after which it will be required to pay corporate tax of 25% on local sales and 15% with respect to exports. Free zone entities are required to renew their registration with the GFZA annually and are also required to submit reports to the GFZA.

## Ghana Revenue Authority (GRA)

All entities carrying on business in Ghana are required to register with the GRA for tax compliance purposes.

## Social Security and National Insurance Trust (SSNIT)

Every employer is required by law to register with the SSNIT and pay Tier 1 pension contributions in respect of its employees. They are also required to register with a private pension fund manager for Tier 2 pension contributions on behalf of their employees.

## Data Protection Commission

Data controllers (DCs) and data processors (DPs) who control or process and use personal data are required to register with the DPC. DCs and DPs are required to renew their registration every two years. DCs and DPs are also required to submit yearly compliance reports to the DPC.

## National Communications Authority

Registration with the NCA will be required if an entity will be engaged in the provision of telecommunication services. Entities operating in communication businesses such as radio stations among others are also required to register with the NCA.

## Minerals Commission

All mining and mine support service companies are required to register with the MC in order to operate in the mining sector.

The registration entitles them to certain incentives, such as support in the form of the granting of an expatriate immigration quota, exemption from import duties and authorisation to invoice and receive and make payments in foreign currency subject to the Bank of Ghana's approval.

Entities registered may renew their permit yearly.



## Ghana Immigration Service (GIS)

Employers of foreign nationals are required to:

- obtain work and residence permits for their expatriates and renew same;
- notify the GIS on the departure of their expatriates from Ghana; and
- file annual returns on the status of their expatriates with the GIS.

## District/Municipal Assembly

In practice, registration with Local City Authorities (LCA) is required. This will lead to the issuance of Business Operating Permit (BOP). In practice, this registration must be initiated during the registration of the company with the RGD. Thereafter, a formal application must be made to the LCA for BOP.

## What rules apply to the operation of foreign accounts in Ghana?

### Foreign Exchange Accounts (FEAs):

Residents and non-residents are permitted to maintain a Foreign Exchange Account ('FEA').

FEAs should be credited with foreign exchange generated from activities in Ghana such as proceeds from exports of goods and services.

The threshold for transfers abroad without initial documentation from this account is US\$50,000. Subsequent transfers must be supported with supporting document.

Transfers from FEAs to Foreign Currency Accounts are not allowed.

Transfers from FEAs to Cedi accounts are allowed.

Residents and non-residents may open Foreign Currency Accounts with any authorised dealer bank in Ghana.

### Foreign Currency Account (FCA):

FCAs should be credited with unrequited transfers such as transfers from abroad for investment or embassy transfers.

Transfers from FCAs to FEAs are allowed.

Transfers from FCAs to Cedi accounts are allowed.

FCAs are free from restrictions, and transfers to and from these accounts may be made freely by authorised dealer banks in convertible currencies.

## Is it possible to repatriate funds in respect of my investment in Ghana?

Repatriation of funds in respect of branch profits, repayments of loans, dividend and management/technical fees can be made in foreign currency after the appropriate withholding taxes have been paid. Transfers in this case must be backed by supporting documentation (e.g. audited accounts, loan agreement, Technology Transfer Agreement Registration Certificates, tax clearance certificates etc.).







## How do I dissolve an incorporated company in Ghana?

The following three modes exist for winding up a local company.

### Official liquidation

This method of winding up is used where the company is insolvent and is unable to pay its debts as they fall due. The winding up is carried out under the Bodies Corporate (Official Liquidations) Act, 1963 (Act 180). The Registrar of Companies, in such a circumstance, becomes the official liquidator. Under this method, the liquidation may span over a year.

### Private liquidation

This method of winding up is used where the company is solvent. To proceed, a special resolution for the winding up is required. Prior to the date of the special resolution, an affidavit declaring that the company is solvent must be made by the directors. This winding up process may take up to a year (or sometimes beyond) to complete. The process is also required to be facilitated by an appointed liquidator who takes over the management of the company to the time when the dissolution is completed. This person will be responsible for realising the assets and settling the debts (if any) of the company.

### Dissolution without full winding up

To dissolve a company under this method, the company must not be insolvent, and its operations must have come to a halt. Also, the company should have no assets to sell nor any liabilities to settle (i.e. a shell company).

This method of dissolution is cheaper than the above two methods and may be carried out by the directors with the assistance of a professional firm. Without any regulatory non-compliance hitches, the process may take between six (6) and eight (8) weeks to complete depending on the circumstances.

## How do I close an external company in Ghana?

To close a branch, notice of cessation of the branch's operations in Ghana is required to be given to the Registrar of Companies in a prescribed form, by the local manager, within 28 days after so ceasing. Upon receipt of the notice by the Registrar of Companies, the same shall be registered and published in the gazette. Thereafter, the Registrar will strike the name of the company from the register of external companies.

Other regulatory bodies such as the GRA, who may conduct a tax audit, will have to be notified.

## What tax issues do I need to consider?

Ghana operates on a unitary tax system, in which income for resident entities is aggregated from all sources and subject to income tax. Income that is subject to final withholding tax is taxed separately. The principal law that regulates the income tax system of Ghana is the Income Tax Act, 2015 (Act 896) ('ITA'), as amended, and its regulations. All tax legislations and specific tax exemption agreements must be approved by Parliament.

Taxes which may be applicable to companies include direct taxes – corporate income tax (CIT), withholding tax (WHT) and indirect taxes – Value Added Tax (VAT), National Health Insurance Levy (NHIL) and Ghana Education Trust Fund Levy (GETFL), customs duties, excise duties, special petroleum tax. For details of the various applicable taxes, see <https://www.pwc.com/gh/en/assets/pdf/ghana-tax-facts-and-figures-2019.pdf>.

## How do I deal with employees?

### In what circumstances is a visa necessary for short-term travellers and how are the short-term visas obtained?

Generally, visas are required for every visit to Ghana irrespective of the length of stay. Visas and entry permits may be obtained from Ghana missions abroad. Visitors from countries that do not have Ghana missions may obtain an emergency entry visa upon application to the Director of Immigration. Such applicants must receive copies of their visas before embarking on their journey.







## What are the main work and business permit categories used by companies to employ expatriates?

Companies that have the intention of employing foreign nationals to work in their organisation are required under the Immigration Act, 2000 (Act 573), to obtain work and residence permits for the expatriates. The work permit allows the expatriate to work in Ghana, whereas the residence permit allows the expatriate to live in Ghana. A work permit is granted first, based on which expatriates can obtain their residence permit. The two permits are linked together, and the work and residence permits are sponsored by the employing company.

What are the procedures for obtaining work and residence permits?

### Work permits

Work permits can be obtained from the GIPC in the form of an Automatic Expatriate Quota (AEQ) or from the Ministry of Interior (MoI) or the GIS in the form of an immigrant quota.

### Obtaining an AEQ from the GIPC

The AEQ is an automatic work permit granted to expatriates by the GIPC based on the foreign equity capital investment made by a company. To benefit from this, the company must be registered with the GIPC.

### Short-term or temporary quota from the GIPC

Aside from the AEQ, an entity can negotiate with the GIPC for additional quotas known as short-term or temporary quota. This is not automatic but is given on a discretionary basis and issued for a maximum period of five years.

Unlike the AEQ, an entity which requires this quota from the GIPC will have to provide a justification to the GIPC as to why they should be given the additional quota.

### Obtaining immigrant quota from the Ministry of Interior (MoI)

Immigrant Quota (IQ) is also issued by the MoI which is equivalent to a work permit. Once the IQ is issued to an expatriate, an application needs to be made to the GIS for a residence permit without having to apply for a work permit.

Expatriates making use of the IQ may be replaced with another expatriate once they leave the employment of the applying company. The IQ is issued for a maximum period of three years.

## Obtaining a work permit from the GIS

Companies which do not use the quota systems may make an application to the GIS for a work permit. Work permits are usually issued by the GIS for a period of one year. It is however possible to obtain a work permit for a period of two years.

Entities operating in the mining sector are required to obtain letters of recommendation from the MC prior to making application to the GIS for work permits.

For upstream petroleum operators and free zones entities, applications need to be made through the PC and GFZA respectively.

### Residence permits

A residence permit can be applied for once the work permit or AEQ has been obtained from the relevant regulatory body. The documentation for the work permit is used in addition to the provision of further documents requested of the applicant.

## How can immigrants qualify for permanent residency or citizenship?

A person can apply for permanent residency or citizenship if the following applies:

- they have resided in Ghana for a period amounting in aggregate to not less than five years;
- they are of good character as attested to in writing by two Ghanaians who are notaries public, lawyers, senior public officers or any other class of persons approved of by the minister;
- they have not been sentenced to a period of imprisonment of 12 months or more;
- they have made or are, in the opinion of the minister, capable of making a substantial contribution to the development of Ghana;
- they intend to reside permanently in Ghana on the grant of the status; and
- they possess a valid residence permit at the time of the application.



## Must immigration permits be cancelled at the end of employment?

Yes, a notification letter must be sent to the GIS to inform them that the person is no longer in the employment of the company and has left the country. Evidence of the person leaving the country must be attached to the letter.

Other regulators with which quotas were obtained must be notified as well.

## Is there a specific procedure for employees on secondment to a client site?

Secondment between two resident entities can be done under a contract or sub-contract arrangement, in which case an expatriate with a work permit from one entity can be seconded to another entity. Someone on secondment from a non-resident entity to a resident entity must, however, obtain work and residence permits.

## Employment tax and social security contributions

An assessable income of an individual in Ghana is subject to tax. Included in this assessable income of an individual is income from business, investment and employment.

The employer acts as the withholding tax agent for the GRA, making sure the right employment taxes are withheld and remitted to the GRA.

Generally, all gains and benefits from employment are subjected to tax, unless exempt or deductible under Ghana law. Examples of the exempt benefits from employment are as follows:

- a discharge or reimbursement of an expense incurred by an individual on behalf of the employer of that individual that serves the proper business purposes of the employer;
- a pension;
- redundancy pay; and
- a provision of accommodation by an employer carrying on a timber, mining, building, construction, farming business or petroleum operations to that person at a place or site where the field operation of the business is carried out.

The rate of tax to be withheld by the employer is dependent on the tax residency status of the individual.

Resident individuals are taxed on their worldwide income at graduated rates which range between 0% and 30% depending on their income level as shown in the table below:

Annual chargeable income (GH¢)	Rate	Tax payable (GH¢)
3 828	0%	0
1 200	5%	60
1 440	10%	144
36 000	17.50%	6 300
197 532	25%	49 383
Excess of 240 000	30%	

Non-resident individuals are taxed at a flat rate of 25% on their income which has a source in Ghana.

Since the employer is acting as a withholding tax agent for the GRA, the law requires the employer to pay to the Authority within 15 days after the end of each calendar month a tax that has been withheld in that month.

In line with the National Pensions Act, 2008 (Act 766) as amended, employees are required to make monthly social security contributions in the country.

Contributions to social security in Ghana are made up of two schemes:

- **Mandatory contribution scheme.** The mandatory contribution scheme is made up of a first-tier mandatory basic social security scheme and a second-tier mandatory fully funded and privately managed occupational pension scheme.

The contribution rate for this mandatory scheme is 18.5% of the employee's basic salary contributed as follows:

- 13% contribution from the employer; and
- 5.5% contribution from the employee.

In remitting the contribution to the mandatory scheme, 13.5% of the employee's basic salary capped at GH¢25,000 is paid to the Tier 1 scheme and the remaining amount is paid to the Tier 2 scheme.

- **Voluntary contribution scheme.** This is a voluntary, fully funded and privately managed provident fund and personal pension scheme, also known as third-tier scheme. There is no limit to the amount one can contribute to the third-tier scheme; however, there is an exemption from tax for contributions made to the voluntary schemes up to 16.5% of an employee's basic salary.

## Expatriates

Expatriate employees or foreign nationals working in Ghana are also required to contribute to social security in Ghana; however, they may be granted exemption in certain circumstances.

For an expatriate to be granted this exemption, the expatriate who resides and exercises employment in Ghana should not be in Ghana for a period in excess of a period of 36 months or three years and in addition must also show proof of membership of another similar scheme in another country.

In addition to the above, foreign nationals may also be exempted from contributing to social security in Ghana irrespective of how long they work in Ghana under certain agreements. Certain industries, for example oil and gas, may through an agreement like a Petroleum Agreement with the Government of Ghana provide a clause excluding their foreign nationals from contributing to the scheme.





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