Navigating taxation

2019 Ghana Tax Facts and Figures

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Introduction

In this publication, all currency references are in Ghana Cedi (GH¢), which was approximately USD 0.19 as at 20 August 2019.

Although we have taken all reasonable care in compiling this publication, we do not accept responsibility for any errors or inaccuracies that it may contain. This guide has been prepared for quick reference, and action should not be taken on the strength of the information contained herein without obtaining professional advice.

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A brief profile of PwC

About us – Global overview

PwC firms provide industry-focused assurance, tax and advisory services to enhance value for our clients. We are a network of firms in 158 countries with more than 250,000 people who are committed to delivering quality in assurance, advisory and tax services. Tell us what matters to you and find out more by visiting us at **www.pwc.com/gh**

Our global values

As professional advisers, we help our clients solve complex 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 in business processes. In order to succeed, we must grow and develop, both as individuals and as a business.

Our global 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 values-driven firm.

In Africa, PwC is the largest provider of professional services, with close to 400 partners and over 9,000 people located in 34 countries. This enables us 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. As such the professional services offered can add significant value to clients' businesses.

PwC Ghana, which is located in Accra and Takoradi with a branch office in Sierra Leone, has over 300 employees and 13 resident partners/directors. We offer professional services to both the private and public sectors in Ghana in the following industries:

- **Consumer and industrial products and services (CIPS)**: Fast-moving consumer goods, telecommunication, manufacturing, construction, transport, media and service-oriented companies;
- **Energy utilities and resources**: Mining and exploration, oil and gas as well as renewable energy and utility companies;
- **Financial services**: Banking, insurance, pensions and non-banking financial institutions; and
- **Government and public sector**: Government, multi- and bi-lateral agencies (donor agencies, NGOs).

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Direct taxation

Income liable to tax

In Ghana, income tax is levied each year on the income of both resident and non-resident persons.

Resident persons are taxed on their worldwide income, while non-resident persons are taxed on income which has a source in Ghana. Generally, income has a source in Ghana if it accrues in or is derived from Ghana.

Resident persons

An individual is resident for tax purposes if that individual is:

- present in Ghana for an aggregate period of 183 days or more in any 12-month period that commences or ends during the year;
- a citizen who is temporarily absent from Ghana for a period of not more than 365 continuous days where that citizen has a permanent home in Ghana; or
- an employee of the Government of Ghana who has been posted abroad.

A partnership is resident for a year if any of the partners resided in Ghana at any time during that year.

A company is resident if it is incorporated under the Companies Act, 1963 (Act 179), or management and control of the company is exercised in Ghana at any time during the year.

A Ghanaian permanent establishment is treated as a resident company for the purposes of income taxation.

Persons not meeting the above criteria are considered to be non-resident persons.

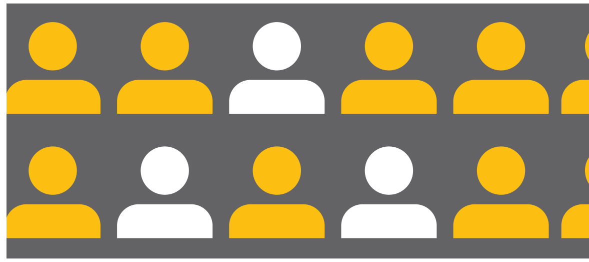
Income sources

The chargeable income of a person for any calendar year is the total of that person's income for the year from each business, employment, and investment less the total amount of deduction allowed to that person.

Taxation of individuals

Monthly tax rates

The table below indicates the new monthly income tax bands and rates generally applicable to the chargeable income of resident individuals:



Year 2019	Chargeable income GH¢	Rate %	Tax payable GH¢	Cumulative income GH¢	Cumulative tax GH¢
First	288	0	0	288	0
Next	100	5	5	388	5
Next	140	10	14	528	19
Next	3,000	17.5	525	3,528	544
Next	16,472	25	4,118	20,000	4,662
Exceeding	20,000	30			

The chargeable income of non-resident individuals is generally taxed at a flat rate of 25%.

Income from employment

An individual's income from employment for a calendar year is the gains and profits of that individual from the employment for that year or a part of the year.

Personal relief

Personal reliefs ranging from GH¢ 100 to GH¢ 600 (per category) are available to individuals who meet the qualifying criteria. Individuals with disabilities are also entitled to 25% of their non-investment assessable income as personal relief.

Contributions to retirement benefit schemes

Statutory contributions towards retirement are categorised under a three-tiered scheme, as follows:

- First tier – A mandatory basic social security scheme;
- Second tier – A mandatory fully funded and privately managed occupational scheme; and
- Third tier – A voluntary fully funded and privately managed provident fund and personal pension scheme.

The general mandatory monthly contribution rates are as follows:

- For employers: 13% of the employee's salary; and
- For employees: 5.5% of the employee's salary.

The employer is responsible for remitting the total mandatory contributions within 14 days from the end of the month in which the deduction is expected to have been made. The contributions are remitted to the Social Security and National Insurance Trust (SSNIT) and an approved trustee, as appropriate.

Exemption from tax is available for contributions made to the mandatory and voluntary schemes.

Interest incurred by an individual on residential premises

Mortgage interest incurred by an individual on a loan employed in the construction or acquisition of one residential premises may be claimed as a deduction against the income of that individual.

Non-cash benefits

Except where specifically exempt or otherwise stated, non-cash benefits received from employment are recognised at market value and taxed.

Accommodation facilities and vehicle-related benefits are specifically provided for and valued as follows:

Facility provided	2019
Provision of accommodation	**Value (% of TCE)**
Accommodation with furnishings	10%
Accommodation only	7.5%
Furnishings only	2.5%
Shared accommodation	2.5%
Provision of means of transport	**Value (% of TCE)**
Fuelled vehicle with driver	12.5% up to GH¢600 per month
Vehicle with fuel	10% up to GH¢500 per month
Vehicle only	5% up to GH¢250 per month
Fuel only	5% up to GH¢250 per month

Taxation of loan benefits

Interest on concessionary loans granted by an employer to an employee may be deemed as taxable benefit.

Non-taxable benefits/income

The following benefits and income are generally not taxable:

- A discharge or reimbursement of proper business costs incurred on behalf of the employer;
- A discharge or reimbursement of the employee's dental, medical, or health insurance expenses if the benefit is available to each full-time employee on equal terms;
- Relocation costs for recruiting a non-resident individual to come and work in Ghana based on certain conditions;
- On-site accommodation provided by an employer engaged in timber, mining, building, construction, farming business or petroleum operations to employees;
- Payment made to employees on a non-discriminatory basis which by reason of the size, type and frequency of the payment is unreasonable or administratively impracticable for the employer to account for or allocate to an individual;
- Redundancy pay;
- Pension;
- Capital sum paid to a person as compensation or gratuity for personal injury suffered by that person or because of the death of another person;
- Interest paid to an individual by a resident financial institution or on bonds issued by the Government of Ghana; or
- Interest and dividends paid or credited to a member of a unit trust or mutual fund scheme.

Taxation of overtime and bonus

Reduced income tax rates apply on the taxation of overtime and bonus payments subject to certain conditions being met.

Payment to temporary and casual workers

A payment to a temporary worker is is taxed as if that worker was a permanent worker. A payment to a casual worker is subject to 5% final withholding tax.

Pay-as-you-earn

Pay-as-you-earn (PAYE) is a system of withholding income tax from payments made by employers to employees.

Under the PAYE system, the employer deducts tax from an employee's taxable income at source and then remits the tax to the Ghana Revenue Authority (GRA) by the 15th day of the month following the month in which the deduction was or should have been made.

Employer returns

An employer must file an Employer's Annual Tax Deduction Schedule with the GRA, disclosing income paid to and tax withheld from each employee, within four months of the end of the calendar year.

Modified taxation

Individuals whose only source of income in the year is from one business may opt to be taxed under the presumptive tax scheme based on instalment or turnover, subject to certain conditions.

Year of assessment (individuals and partnerships)

The year of assessment and accounting period for both individuals and partnerships is the calendar year.

Corporate tax

Rates of tax

Income tax rates applicable to companies differ according to industry, location and type of business. The general rates applicable to entities which do not qualify for incentives include:

Entity/Activity	2019
Companies – general	25%
Companies engaged in mining or upstream petroleum business	35%

Year of assessment (companies)

The year of assessment is the calendar year.

Basis period

The accounting period of a company or trust is the accounting year of the company or trust.

A company or a trust may choose a particular accounting year. Once chosen, an accounting year cannot be changed unless approval in writing is obtained from the Commissioner-General of the GRA.

Deductions allowed

Expenses that are wholly, exclusively and necessarily incurred in the production of income are allowed as a deduction for tax purposes.

Examples of allowable expenses are as follows:

- capital allowance for the year;
- bad debts (under certain conditions);
- tax losses brought forward for a specified number of years;
- repairs and improvements under certain conditions;
- losses incurred on the realisation of business or investment assets and liabilities;
- incentives for hiring recent graduates; and
- financial costs under certain conditions.

Deductions not allowed

In general, expenses that are of a capital nature or not wholly, exclusively and necessarily incurred in the production of income are not deductible. Examples of expenses that are not deductible include domestic and excluded expenditure.

Capital allowances

Capital allowances are granted to persons who own depreciable assets and use those assets to produce income from business.

Capital allowances granted to a person are to be taken in the year granted and cannot be deferred. Depreciable assets are grouped in the following classes for the purpose of capital allowances:

Class	Assets included	Rate (%)	Basis
1	Computers and data-handling equipment with peripheral devices	40	Reducing balance
2	Automobiles, trailers, construction and earth-moving equipment, plant and machinery used in manufacturing Plantation capital expenditure	30	Reducing balance
3	Locomotives, water transportation equipment, aircraft, office furniture and fixtures Equipment not included in another class	20	Reducing balance
4	Buildings, structures and works of a permanent nature	10	Straight-line
5	Intangible assets	Over useful life	

An importer or manufacturer of excisable goods shall be granted 50% capital allowance on machinery and equipment imported for the purpose of affixing excise tax stamps.

Carry-over of tax losses

Tax losses can be carried forward for three or five years depending on the industry/ sector of operation.

Mineral royalties

Subject to any fiscal stability agreement, the mineral royalty rate is 5% of the total revenue earned from minerals (excluding petroleum and water) obtained from mining operations by a holder of a mining lease, restricted mining lease or small-scale mining licence.

Ring-fencing of financial institutions, petroleum and mineral operations

The chargeable income of financial institutions, petroleum or mineral operations is calculated separately for each financial service, petroleum right or mineral operation.

Dividends

Generally, unless exempt or subject to a double tax treaty, dividends paid by a resident company are subject to a final withholding tax of 8%.

National Fiscal Stabilisation Levy

The National Fiscal Stabilisation Levy ('NFSL') is a quarterly levy chargeable on the accounting profit before tax of some specified companies and institutions. The rate of this levy is 5% and it is applicable from 2013 to 2019 calendar years.

The affected companies and institutions are:

- Banks (excluding community and rural banks);
- Non-banking financial institutions;
- Insurance companies;
- Telecommunications companies;
- Breweries;
- Inspection and valuation companies;
- Companies providing mining support services;
- Shipping lines; and
- Maritime and airport terminal operators.

Free-zone developers/ enterprises

Companies registered to operate as free-zone developers/enterprises enjoy a ten-year income tax holiday. Once the ten-year tax holiday has expired, the tax rate on the export of goods and services is 15%. Any other income is taxed at 25%.

Young entrepreneurs

The business income of young entrepreneurs operating in certain industries is exempt from tax for five years. Depending on the location of the business, the tax rate is increased to up to 15% for the next five years and then up to 25% thereafter. Such businesses could also carry forward tax losses for five years.

Private universities

Private universities are exempted from taxes if 100% of profit after tax is ploughed back into the business.

Taxation of gifts

A gift received by an entity in respect of business or an investment is included in the assessable income of the entity and taxed at the applicable tax rate.

Realisation of assets and liabilities

The gains or losses from the realisation of business or investment assets and liabilities are included in the assessable income of the entity and taxed at the applicable tax rate.

Telecommunications and transportation business

Payments received by a person who carries on a business of transmitting or receiving messages by cable, radio, optical fibre or satellite or electronic communication from an apparatus located in Ghana, whether or not the messages originate, terminate or are used in Ghana, are liable to a withholding tax rate of 15%.

Similarly, payments received by a person who conducts a business of carrying passengers, cargo, mail or other movable assets that are embarked in Ghana (other than transhipment), including the rental of containers and related equipment that are incidental or supplementary to the transportation business, are liable to a withholding tax rate of 15%.

For a non-resident, the withholding tax is treated as a final tax.

Change in control

Any change in the underlying ownership of an entity that exceeds 50% and takes place at any time within a three-year period triggers a number of consequences for the entity, such as:

- deemed disposal of the assets and liabilities of the entity at market value and reacquisition at the same value; and
- non-deductibility of financial costs, losses and bad debts incurred before the change.

Taxation of banking business

A person engaged in banking business is required to determine income or loss from the banking business separately from any other business activity and keep separate books of account for each business. Specific provision for a debt claim is deductible if the Commissioner-General is satisfied that it is indeed a bad debt.

Taxation of insurance companies – General business

The business of a general insurance company is taxed on premiums and proceeds derived and any reserve for unexpired risk deducted in the previous period, less:

- proceeds incurred;
- premium incurred under a contract of reinsurance; and
- reserve for unexpired risk as at the end of the accounting year.

The corporate income tax rate is applied to the result.

Any other business activity of a person engaged in the general insurance business is required to be tracked and taxed separately.

Withholding tax on premium payments

Premiums paid to a resident insurance company under an insurance contract are excluded from withholding tax.

Premiums paid to a non-resident person for insurance with a source in Ghana attract a 5% withholding tax.

Life insurance business

A person engaged in a life insurance business is required to determine income from the life insurance business separately from any other business activity.

The business of a life insurance company is taxed as follows:

- **Step 1**: Exclude from income premiums and proceeds derived.
- **Step 2**: Do not deduct from income and do not include in the cost of an asset or liability premiums and proceeds incurred.

The corporate income tax rate is applied to the result.

Taxation of retirement funds

Retirement contributions received by a retirement fund are exempt from tax. Retirement payments made by the retirement fund are not deductible.

Payments sourced from Ghana

The following are some of the payments considered as having been sourced from Ghana:

- Dividends paid by a tax resident company;
- Interest paid by a resident person (including a Ghanaian permanent establishment) or paid in relation to a debt obligation secured by real property located in Ghana;

- Payments made in respect of natural resources located in Ghana;
- Rent paid for the use of, right to use, or forbearance from using an asset situated in Ghana;
- Royalties paid for the use of, right to use, or forbearance from using an asset in Ghana;
- Premiums and proceeds for general insurance paid to cover risk in Ghana;
- Payment in respect of acquiring a domestic asset or incurring a domestic liability or the realisation of that asset or liability;
- Payment made in respect of an activity conducted or forbearance from conducting an activity in Ghana;
- Payments for employment or services rendered in Ghana, regardless of the place of payment; or paid by the Government, regardless of the place of performance; and
- Any other payments brought into or received in Ghana by a resident person.

Income attributable to a permanent establishment

The income and liability of a permanent establishment are calculated as if the permanent establishment is separate from its owner and arrangements between the two are recognised.

The income of a Ghanaian permanent establishment is subject to tax in the same manner as a resident company.

The foreign income of a foreign permanent establishment is exempt from tax in Ghana.

Branch profit tax

The net profit of a branch is deemed as repatriated profits and attracts a final withholding tax of 8%.

Relief from double taxation

A resident person (excluding a partnership) is allowed to claim foreign tax credit for any income tax they pay to a foreign country in respect of a foreign-sourced income to the extent that the foreign-sourced income is included in the assessable income of that person.

Double tax treaties

Double tax treaties (DTTs) provide relief from the double taxation of income that accrues to residents of contracting states within either of the jurisdictions covered by the treaty. Ghana has DTTs with France, Germany, the United Kingdom, South Africa, Italy, Belgium, the Netherlands, Switzerland, Denmark, the Czech Republic*, Morocco, Singapore*, Mauritius and Ireland*.

Treaty tax rates

Tax rates applicable under the terms of these treaties are as follows:

Country/ Type of income	Dividends (where the recipient holds at least 10%/25% of shares) %	Dividend (in any other case) %	Royalties %	Technical or management service fee %	Interest %
France	7.5	15.0	12.5	10.0	12.5
United Kingdom	7.5	15.0	12.5	10.0	12.5
Germany	5.0	15.0	8.0	8.0	10.0
South Africa	5.0	15.0	10.0	10.0	10.0 (5.0% for non-resident banks)
Belgium	5.0	15.0	10.0	10.0	10.0
Italy	5.0	15.0	10.0	10.0	10.0
The Netherlands	5.0	10.0	8.0	8.0	8.0
Switzerland	5.0	15.0	8.0	8.0	10.0
Denmark	5.0	15.0	8.0	8.0	8.0
Czech Republic*	6.0	6.0	8.0	8.0	10.0
Morocco	5.0	10.0	10.0	10.0	10.0
Singapore*	7.0	7.0	7.0	10.0	7.0
Mauritius	7.0	7.0	8.0	10.0	7.0
Ireland*	7.0	7.0	8.0	10.0	7.0

* Not in force yet

Withholding tax under domestic tax laws

Income	Rate %
Resident persons	
Interest (excluding individuals and resident financial institutions)	8
Dividends	8
Rent on residential properties	8
Rent on non-residential properties	15
Fees to resident individuals as invigilators, examiners and part-time teachers or lecturers, and endorsement fees to individuals	10
Fees or allowances to directors, managers, board members and trustees who are resident individuals	20
Commission to insurance, sales, canvassing and lotto agents who are individuals	10
Supply of goods exceeding GH¢2,000 per annum	3
Supply of works exceeding GH¢2,000 per annum	5
Supply of services by an entity exceeding GH¢2,000 per annum	7.5
Supply of general services by an individual	7.5
Payments to petroleum subcontractors	7.5
Payments for unprocessed precious minerals	3
Royalty, natural resource payments	15
Non-resident persons	
Dividends	8
Royalties, natural resources payments and rents	15
Management and technical service fees	20
Goods, works or any services	20
Repatriated branch after tax profits	8
Interest income (excluding individuals)	8
General insurance premiums	5
Income from telecommunication and transportation business	15
Payments to petroleum subcontractors	15

A withholding agent is required to prepare and provide the withholdee with a withholding tax certificate within 30 days of the month of deduction.

Exempt income

The following types of income are exempt from taxes:

- Gain from life insurance when the proceeds are paid by a resident insurer;
- The income of a non-resident person from a business that operates ships or aircraft, if the Commissioner-General is satisfied that an equivalent exemption is granted by that person's country of residence to persons resident in Ghana;
- A dividend paid to a resident company by another resident company when the company receiving the dividend controls at least 25% of the voting power in the company paying the dividend. This exemption does not apply to certain special industries;
- Interest or dividend on an investment paid or credited to a holder or member of an approved unit trust scheme or mutual fund;
- Interest and gains realised by a non-resident person on bonds issued by the government of Ghana;
- Gains from the realisation of GSE-listed securities;
- Income of an approved unit trust or mutual fund; and
- Income of an approved real estate investment trust.

Anti-avoidance schemes – Income splitting

Income splitting includes transfers of income or assets (including money) to an associate that result in the transferee receiving or enjoying the income from that property in order to reduce the combined tax liability of the transferor and transferee. Income splitting is not permitted under the laws of Ghana.

Transfer pricing

Ghana's Transfer Pricing Regulations (TPRs) require that transactions conducted between persons who are in a controlled relationship (e.g. parent-subsidiary, associates, relatives, etc.) be done at arm's length. The TPRs also cover transactions between an employer and employee.

A transaction is conducted at arm's length if the terms of the transaction do not differ from the terms of a comparable transaction between independent persons.

The acceptable methods under the TPRs are similar to those contained in the guidance of the Organisation for Economic Co-operation and Development (OECD) on transfer pricing.

At the end of the year, taxpayers who conducted business with other persons with whom they have controlled relationships are required to:

- complete and file annual transfer pricing returns; and
- should have supporting documentation or information on transactions with connected persons.

Thin capitalisation

A company is deemed as being thinly capitalised if the ratio of its debt to equity is greater than 3:1. Thin capitalisation rules does not apply to financial institutions.

Administrative procedures – Furnishing of returns of income

A return of income should be filed with the GRA within four months of the end of each accounting period.

Subject to approval by the Commissioner-General, multiple extensions may be granted to file a return at a later date other than the compliance due date. Extensions granted shall not exceed 60 days from the date the return was originally due to be filed.

Cases where a return is not required

Unless the Commissioner-General requests so in writing, a return shall not be filed by:

- a non-resident person who has no tax payable for the year; or
- a resident individual who has no tax payable on his or her chargeable income for the year.

Statement of estimated tax payable

A person who is required to directly pay tax in instalments is required to file an estimate of tax payable for the year with the Commissioner-General by the date for payment of the first tax instalment.

Payment of tax

Tax instalment payments are generally due by the last day of the third, sixth, ninth and twelfth months of the basis period where the accounting period is a 12-month period.

Withholding tax is due 15 days after the end of each calendar month that a tax is withheld.

In any other case, tax is due on the date stated in a notice of assessment.

Offences and penalties

Penalties and interests apply for non-compliance and, in some cases, criminal sanctions exist for the income tax offences.

Indirect taxation

Value Added Tax, National Health Insurance Levy and Ghana Education Trust Fund Levy

Scope

In Ghana, Value Added Tax ('VAT'), National Health Insurance Levy ('NHIL') and Ghana Education Trust Fund Levy ('GETFL') are charged on any supply of goods and services that is a taxable supply and is made by a taxable person in the course of its taxable activity.

A taxable activity means an activity, whether or not for a pecuniary profit, carried on by a person in Ghana or partly in Ghana that involves the supply of goods or services to another person for consideration.

Except for exempt goods and services, VAT, NHIL and GETFL are generally charged on the following:

- the supply of goods and services made in Ghana; and
- imports of goods and services.

The liability for VAT, NHIL and GETFL is in the case of:

- a taxable supply, by the taxable person making the supply;
- imported goods, by the importer;
- an imported service, by the receiver of the service under certain conditions; and
- the supply of telecommunication services or electronic commerce for use in Ghana, by the non-resident person making the supply or its agent.

Except for supplies considered to be zero-rated or subject to a flat rate of 3% (for wholesalers and retailers of goods), the standard rate of VAT is 12.5%, the NHIL is 2.5% and the GETFL is 2.5%.

NHIL and GETFL are calculated on the value of the taxable supply of the goods, services or imports, with VAT charged on the value of the taxable supply inclusive of NHIL and GETFL.

A taxable person is a person who is registrable for VAT and/or who has been registered by the Commissioner-General and issued with a certificate of registration. The effective date of registration as a taxable person is the date specified on the certificate of registration, or, in the case of persons who are registrable but not yet registered for VAT, from the beginning of the tax period immediately following the tax period in which the obligation to register arose.

Standard (invoice credit) scheme

The general mandatory registration turnover threshold for taxable supplies over a 12-month period is GH¢200,000.

Group registration

Group registration is possible but subject to approval of a written application by members of the proposed group of businesses.

Tax representative

A taxpayer may appoint a person as his representative in dealings with the GRA subject to conditions approved by the Commissioner-General.

Exempt supplies

Some supplies that are specifically exempt are listed below:

- Agricultural inputs;
- Water, excluding bottled or packaged water;
- Electricity within specified limits;
- Textbooks, approved supplementary readers, newspapers, atlases, charts, maps and music;
- Education services, and laboratory and library equipment for use in rendering such services;
- Medical services and medical supplies;
- Certain pharmaceuticals, active ingredients and selected inputs;
- Domestic transportation;
- Machinery and parts of machinery designed for use in certain activities;
- Crude oil and hydrocarbon products;
- Accommodation in a dwelling, or land for agricultural use and civil engineering public works;
- Goods specifically designed for the disabled; and
- Financial services.

The full list and detailed descriptions of exempt items are provided in the relevant VAT legislation.

VAT, NHIL and GETFL incurred

A VAT-registered business, which principally makes taxable supplies, may recover up to 100% of the VAT incurred on goods or services purchased for the business, subject to meeting certain conditions. The 2.5% NHIL and the 2.5% GETFL are however not recoverable as an input tax deduction against output tax.

There is a time limit of six (6) months within which to claim VAT incurred on goods and services procured.

VAT flat rate scheme

There is a flat rate scheme (3% VAT) applicable to taxable supplies made by wholesalers and retailers in the course of their taxable activity. The scheme does not cover manufacturers and service providers and does not cover the supply of any form of power, heat, refrigeration or ventilation. All other VAT provisions apply to the flat rate scheme, except for the right to deduct input tax. The provisions of the NHIL and the GETFL do not, however, apply to the scheme.

Withholding of VAT

The Commissioner-General has appointed some persons as VAT withholding agents. These agents are required to withhold from payments for standard rated supplies, 7% of the taxable output value for VAT purposes, i.e. the taxable value inclusive of NHIL and GETFL, and issue a Withholding VAT Credit Certificate at the time of payment.

Returns

Registered businesses are generally required to submit monthly returns showing:

- VAT charged on supplies;
- The taxable value of supplies sold that were exempt or relieved from VAT;
- VAT incurred on the purchase of goods and services;
- The net VAT payable or credit; and
- NHIL and GETFL charged on supplies.

VAT, NHIL and GETFL returns and payment (if any) are ordinarily due by the last working day of the month after the month to which the returns relate.

VAT, NHIL and GETFL on imported goods are paid when the associated duties are paid. The return and payment of VAT, NHIL and GETFL on imported services are due within 21 days of the month following the month in which the services were imported.

VAT withholding returns are filed by the 15th day of the following month to which the returns relate and tax withheld is paid by the due date.

Refunds

Businesses can apply for VAT refunds in accordance with the provisions of the relevant VAT legislation. Refund claims must satisfy relevant conditions.

Penalties

There is a comprehensive system of penalties and interest payable for:

- the incorrect declaration of VAT, NHIL and GETFL;
- the late submission of returns;
- late payments; and
- infringements of the provisions of the VAT laws.

Some monetary penalties resulting from non-compliance are given in the table below:

Offence	Sanctions
Failure to register	Up to twice the amount of tax on taxable supplies until the application is filed
Failure to issue (proper) tax invoices	Up to GH¢ 1,200, plus the higher of GH¢ 500 and triple the amount of tax
Late filing of VAT return	GH¢ 500 plus an additional GH¢ 10 per day
Making a claim for a refund which you are not entitled to	Twice the original refund request, plus interest
Late payment of tax	125% of the Bank of Ghana monetary policy rate, compounded monthly, and applied to the amount outstanding
General penalty	Up to three times the amount of tax involved

Fiscal Electronic Devices

With the passage of the Taxation (use of Fiscal Electronic Device) Act, 2018 (Act 966), there are plans to implement a Fiscal Electronic Device (FED) system to replace the current manual invoicing system for VAT. The GRA is expected to fully implement the rollout of the FED system over a two-year period.

Communication service tax

Communication service tax (CST) is payable by users of electronic communication services (ECS) provided by a person permitted or authorised under the Electronic Communications Act, 2008 (Act 775), and its Regulations.

Users of ECS include individuals and corporate entities, as well as the ECS providers themselves.

The rate of CST is 9% and this is chargeable on ECS and recharges made by ECS providers. Charges for ECS include those made for monetary and non-monetary consideration (e.g. promotions and bonuses). CST is also applicable to interconnection services.

ECS providers in Ghana are ordinarily required to collect tax and account to the GRA on a monthly basis.

The due date for filing this monthly return is the last working day of the month following the month to which the tax return and payment relate, unless the Commissioner-General directs otherwise.

If a CST return is not filed by the due date without justification, a penalty of GH¢2,000 applies, with an additional penalty of GH¢500 for each day the return is not submitted.

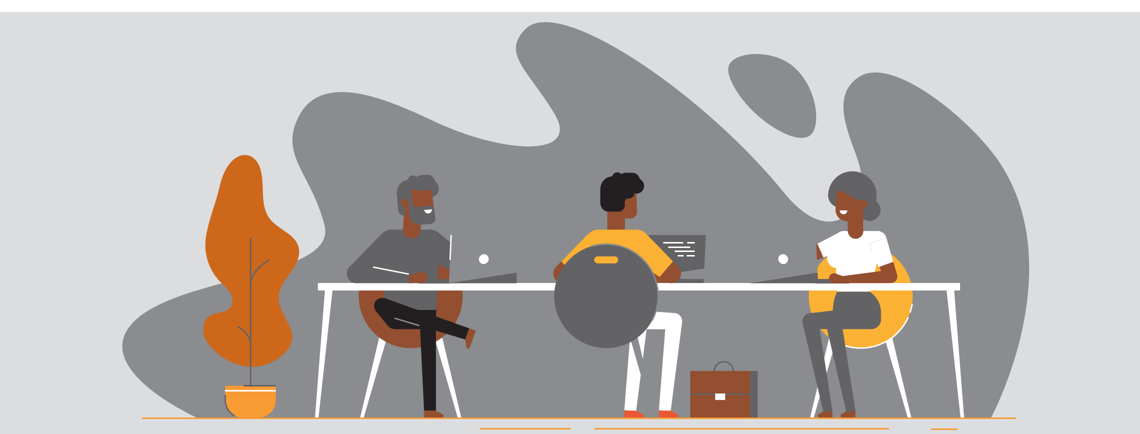
If an extension approval has not been granted by the Commissioner-General of the GRA, interest at 125% of the statutory rate is imposed on CST that is not remitted to the GRA by the due date.

Special petroleum tax

Persons licensed to operate as oil marketing companies are required to charge a Special Petroleum Tax at specific rates per litre or kilogram on the following petroleum products:

- petrol;
- diesel;
- liquefied petroleum gas;
- natural petroleum gas; and
- kerosene.

The tax is administered by the GRA and should be remitted by the last working day of the month following the month of transaction.



Customs and excise taxes

Ghana enacted the Common External Tariff (CET) classification system as the binding customs duty regime in 2016.

The CET sets out the various duties and administrative charges applicable to imports and exports and also outlines the rates of excise duties applicable to excisable goods manufactured in or imported into the country.

Import duties

Typically, import duties range between 0% and 35%, depending on the nature (description) of the item imported as specified in the CET.

Import duties are generally levied on the cost, insurance and freight (CIF) value of the item imported.

NHIL of 2.5% and GETFL of 2.5% are also applied to the CIF (used for customs purposes) and import duty amounts, while VAT of 12.5% is applied on the CIF, import duty, NHIL and GETFL inclusive amount.

Special import levy

A special import levy of 2% applies on the importation of certain goods. The levy applies in addition to the import duties and mandatory statutory or administrative charges.

This levy is expected to expire by December 2019.

African Union import levy

An African Union (AU) import levy of 0.2% applies on eligible imports of goods from non-AU Member States into AU member states for consumption within the member state. The AU levy is mainly to provide a reliable and predictable source of funding for the AU and some of its specialised agencies.

ECOWAS levy

An Economic Community of West African States (ECOWAS) levy of 0.5% is imposed on imports of goods from non-ECOWAS member states into ECOWAS member states. Funding raised through the ECOWAS levy is primarily used in financing the activities of the ECOWAS Commission and Community institutions.

Export and Import Levy (EXIM)

A 0.75% EXIM levy, which replaced the EDAIF levy in 2017, applies on all imports of goods into Ghana. Proceeds from the EXIM levy are subsequently allocated to the Ghana EXIM Bank and the Ghana Export Promotion Agency.

Import duty exemptions

There are special import duty exemptions for some privileged persons, organisations and institutions (e.g. diplomatic missions) as well as for persons belonging to certain specific industries (such as mining, oil and gas, and free-zone entities).

Administrative charges

There are statutory administrative charges ranging between 0.4% and 3.45% of the value of goods imported. These charges may apply regardless of any import duty exemptions.

Advance Eco levy

An Advance Eco levy is required to be paid by all exporters of used electrical and electronic equipment and tyres imported into Ghana. Specific rates of levy are applicable for each item in accordance with the HS Code classification.

Export duties

Exports do not usually attract any duties, except in some cases for specific classes of goods.

Excise duties

Excise duties generally range between 0% and 175% of the ex-factory price and apply to products such as beer, spirits, tobacco products, etc.

Excise tax stamp

Excise tax stamps are to be affixed to specific excisable goods which are manufactured in or imported into the country.

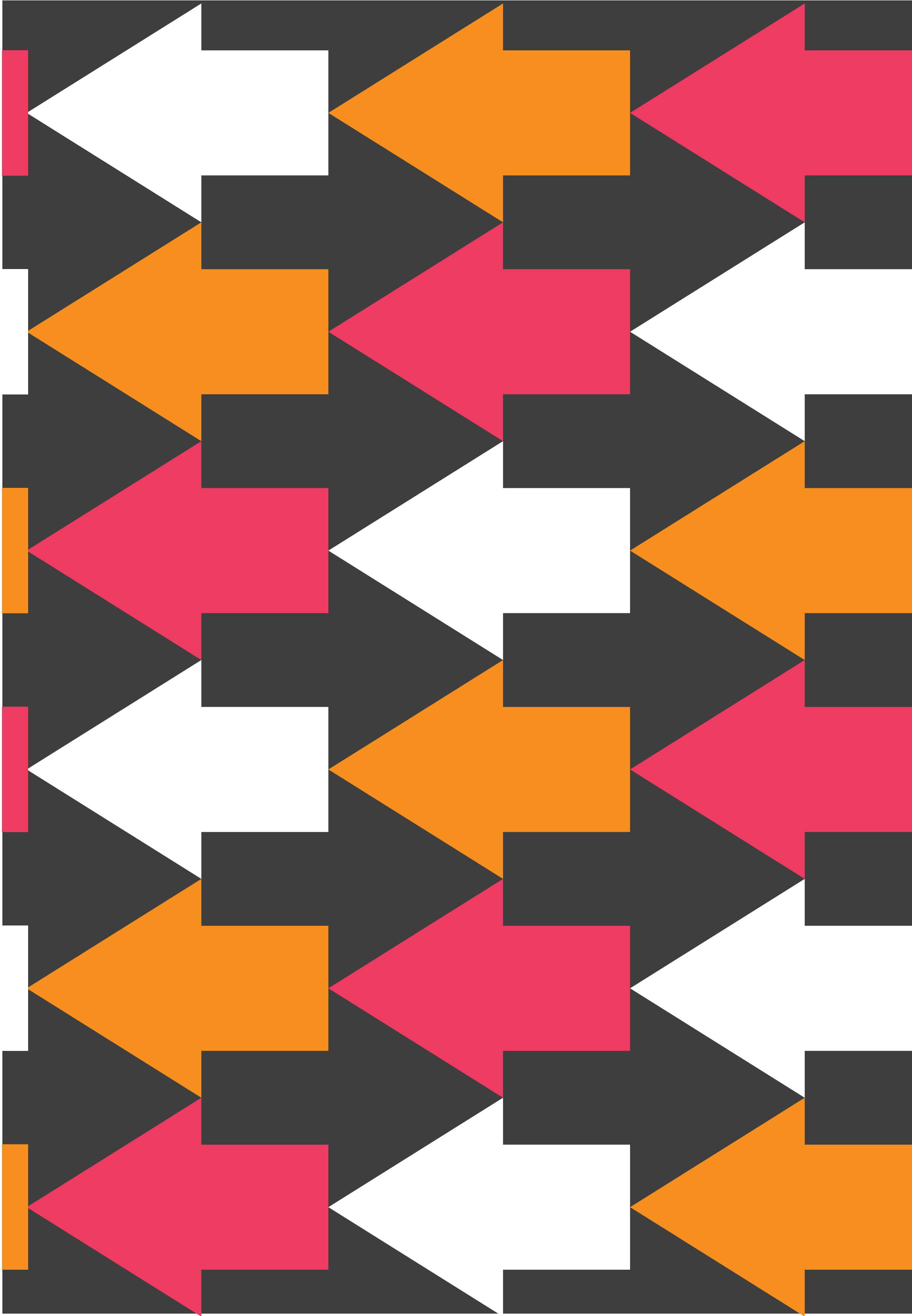
They apply to tobacco products, alcoholic and non-alcoholic carbonated beverages, bottled water and other goods specified by the minister responsible for finance, before sale or before entry into the market.

Environmental tax

An environmental excise tax of 10% applies to specified locally manufactured and imported plastic and plastic products.

Airport tax

Airport tax is levied on local and foreign travel. The tax is GH¢5 for local travel and US$60–US$200 for foreign travel.



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