

2021 Tax News from the Lens of a Tax Consultant

(Part I)

The year 2021 paved the way for a “new life” after our initial experience with the COVID-19 pandemic. As we face 2022 with optimism, let us recap some of the tax measures introduced in Ghana in 2021. Hopefully, this approach will help us take advantage of the promise in 2022 as we learn from 2021 and make the changes we can. It is imperative to mention however that we do not aim to cover every single tax news item of 2021 with this article.

To provide a structure for what happened in 2021 and make for easy reading, we have summarised the 2021 tax calendar year into the respective quarterly periods.

Quarter 1 (January, February, March)

In January, the Ghana Revenue Authority (“GRA”) introduced new excise tax stamps to provide advanced security features for manufacturers and importers of products that pay excise tax. This initiative was undertaken to enable the GRA and the general public to identify counterfeit products and improve excise tax revenues. Next, the Ghana-Czech Republic double taxation treaty (“DTT”) - an agreement to avoid double taxation and prevent tax avoidance for residents of the respective countries - entered into force after the mutual ratification in 2020 by Ghana and Czech Republic. Still in January, we obtained a copy of Ghana’s DTT with Norway. The DTT largely follows the United Nations DTT Model and so tends to address the concerns of less developed countries.

Then in February, the Registrar General’s Department (“RGD”), announced for companies to provide the name of its Beneficial Owners (“BO”) by 30 June 2021 to avoid sanctions. This requirement may result in the Commissioner-General of the GRA reclassifying transactions between companies and their legal owners.

In March, the 2021 National Budget, with the theme “Economic Revitalisation through Completion, Consolidation and Continuation” was presented to Parliament with some tax proposals. Some revenue generating proposals introduced were the 1% COVID-19 Health Recovery Levy (“CHRL”), 5% Financial Sector Recovery Levy (“FSRL”) for banks (other than rural or community banks), and additional Energy Sector Levies in the form of Energy Sector Recovery Levy of up to GHp20 on some petroleum products and Sanitation and Pollution Levy of GHp10 per litre on petrol and diesel. Proposals were also made to provide support to selected self-employed persons and businesses in the education, tourism, and transportation sectors. In addition, proposals for waivers of penalties and interest (“PIWA”) for all taxpayers with tax debts up to 30 December 2020 was made to Parliament for approval. Parliament approved all the tax Bills in that month to enable the Government implement its plans.

We received information that Norway has ratified its DTT with Ghana although there is no publicly available information indicating the same for Ghana.



Quarter 2 (April, May, June)

The GRA issued a Practice Note (“PN”) on Mortgage Interest Deduction under the Income Tax Act, 2015 (Act 896) (“ITA”) in April. The PN highlighted the conditions and procedures for mortgage interest deduction. Also, the transition period for replacing the tax identification number (“TIN”) for persons with the Ghana Card unique identification code started. Then, requests were made to the Supreme Court of Ghana (“SC”) to declare as unconstitutional the default requirement for taxpayers to advance 30%/100% of disputed taxes to the GRA before a request for an audit report to be reviewed is entertained by the GRA. The Social Security and National Insurance Trust (“SSNIT”) reviewed its maximum insurable earning from GH¢25,000 to GH¢35,000. The month ended with GRA issuing administrative guidelines for the CHRL, FSRL, and the PIWA laws.

In May, CHRL became applicable on all supplies that attract VAT at the rate of 1%. In the same month, GRA improved its e-portal system and issued a communique to encourage electronic filing (“e-filing”) of tax returns and electronic payment (“e-payment”) of taxes. The GRA also appointed and published a list of commercial banks with which taxpayers can pay their taxes.

In the early days of June, the National Tripartite Committee (“NTC”) concluded its upward review of Ghana’s National Daily Minimum Wage (“NDMW”) to GH¢12.53 for the 2021 and GH¢13.53 for the 2022 calendar years. This sets the benchmark for the minimum amount to contribute for pensions and also usually triggers an update to individual tax tables for resident individuals.

The first two quarters of 2021 were characterised by tax measures such as the ratification of some DTT Ghana signed with other countries, fiscal policies proposed in the 2021 Budget Statement and GRA’s issuance of practice notes to provide clarity on some tax provisions in the ITA. In our next edition, we will look at some of the key tax developments in the third and fourth quarters of the year 2021.



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Want to know more? Let’s talk.

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