

Recent Amendments to the Tax Laws



February 2024

In brief

Following the passing of the following tax laws in December 2023 by Ghana's Parliament, the President has assented to the laws and they have been gazetted on 29 December 2023.

1. Customs (Amendment) Act, 2023 (Act 1106);
2. Value Added Tax (Amendment) Act, 2023 (Act 1107);
3. Excise Duty (Amendment) (No.2) Act, 2023 (Act 1108);
4. Stamp Duty (Amendment) Act, 2023 (Act 1109);
5. Exemptions (Amendment) Act, 2023 (Act 1110);
6. Income Tax (Amendment) (No.2) Act, 2023 (Act 1111); and
7. Emissions Levy Act, 2023 (Act 1112).

The above tax laws are principally meant to boost government's revenue mobilization efforts in its attempt to achieve the macroeconomic fiscal targets indicated in the 2024 National Budget.

In detail

Revision of the Chargeable Income Bands for Resident Individuals

Income Tax (Amendment) (No.2) Act, 2023 (Act 1111) revised the chargeable income bands for resident individuals. The changes were necessitated by an increase in the national daily minimum wage from GH¢14.88 (GH¢401.76 per month) to GH¢18.15 (GH¢490.05 per month).

Consequently, the tax-free band was increased from GH¢4,824 to GH¢5,880 with some other changes to the other bands.

The new amendment, Act 1111, accordingly amends the First Schedule to the Income Tax Act, 2015 (Act 896) as amended ("ITA") to reflect these changes.

Annual Rates

Income	Rate of Tax
First GH¢5,880	Nil
Next GH¢1,320	5.0%
Next GH¢1,560	10.0%
Next GH¢38,000	17.5%
Next GH¢192,000	25.0%
Next GH¢366,240	30.0%
Excess of GH¢600,000*	35.0%

*For consistency, the GH¢600,000 should be GH¢605,000

The table below may be used for the purpose of estimating the monthly income tax of resident individuals:

Income	Rate of Tax
First GH¢490	Nil
Next GH¢110	5.0%
Next GH¢130	10.0%
Next GH¢3167	17.5%
Next GH¢16,000	25.0%
Next GH¢30,520	30.0%
Excess of GH¢50,000	35.0%

*For consistency, the GH¢50,000 should be GH¢50,417.

A careful review of the new chargeable income bands in the amendment act reveals an error in the bracket beyond which resident individuals will be taxed at 35%.

The highest band should be in excess of GH¢605,000 instead of the GH¢600,000 indicated in the Amendment Act.

Given this discrepancy, taxpayers are faced with a decision: should they self-correct the highest band or proceed with the error? The attention of the Ghana Revenue Authority (“GRA”) has been drawn to this and we expect corrections to be made soon. In the meantime, we will recommend the use of the downloadable monthly PAYE schedules to determine PAYE payable for the month until the error is rectified.

Amendment to the Exemptions Act

The Exemptions (Amendment) Act, 2023 (Act 1110) provides for a waiver of customs duties and taxes in respect of the importation of fishing gear for agricultural purposes. The waiver led to a modification of the headnote before section 17 of the Exemptions Act, 2022 (Act 1083) which originally read as “Personal Effects, Foodstuffs and Equipment for Trial” to read as “Personal Effects, Foodstuffs, Equipments for Trial and Fishing Gear”

Additionally, the amendment defines a “fishing gear” to include a “fishing float”.

To benefit from this exemption, any fishing gear imported for agricultural purposes must be certified by the Minister of Fisheries and Aquaculture Development and approved by the Minister of Finance.

Amendments to the Value Added Tax, Customs and Excise Duty Acts.

Rental of Commercial Premises

Previously, the supply of non-exempt immovable properties except for dwelling was taxed at a standard VAT rate of 15% irrespective of the nature of the supply or who the supplier is. Following the amendment of the VAT Act, Act 1107 provides that a VAT registered or registrable (VR) person who makes a supply of an immovable property for rental purposes other than for accommodation in a dwelling or in a commercial rental establishment, or a VR estate developer that supplies immovable property, is to account for the VAT at a flat rate of 5% calculated on the value of the taxable supply. The flat rate of 5% is also applicable to the lease, sale, transfer, and other forms of supply of commercial space and property.

As a result of the change in the VAT scheme and in line with section 48 (7E) of Act 1107, such a VR person would not be entitled to input VAT deduction in respect of these supplies.



Penalty on the failure to withhold and pay withholding VAT

Act 1107 imposes a penalty on an appointed VAT withholding agent who fails to withhold VAT and remit to the GRA by the 15th day of the month following the month in which the withheld amount is due. A penalty of 30% is imposed on any such default. The VAT withholding agent is allowed to recover the VAT that should have been withheld from the vendor.

Non-life Insurance

Act 1107 provides for the taxation of the supply of non-life insurance. This is likely to lead to an increase in the cost of the insurance premiums charged on non-life insurance contracts. Insurance companies engaged in the supply of non-life insurance contracts will be allowed to make input VAT deductions on amounts equal to the tax fraction of any amount paid during the tax period by the taxable person (insurer) to indemnify the insured person under a non-life insurance contract.

VAT on air transport

Act 1107 provides for the re-introduction of VAT on (domestic) transportation by air. Prices for local air travel are expected to increase following the implementation of this amendment.



Electric Vehicles

With the gradual adoption of electric vehicles in the country, Act 1107 provides for an import VAT waiver on electric vehicles for public transportation. This measure falls in line with the Government's agenda on climate resilience through the reduction of greenhouse emissions and the use of clean energy.

Locally Manufactured Textiles and Locally Assembled Vehicles

The zero-rate concession for the supply of textiles by a local manufacturer and the supply of locally assembled vehicles under the Ghana Automotive Development Programme ("GADP") has been extended to 31 December 2025 under the new VAT amendment. The previous concession expired on 31 December 2023. The extension is expected to consolidate the gains made in the textiles industry, which would otherwise have been in decline due to competition from counterfeit and smuggled substitutes. Again, for the local vehicle assemblers, the extension will likewise afford the automotive manufacturing industry the space to establish itself as a fully integrated and competitive industrial hub for automotive assembly in the West African sub-region.

Emissions Levy Act, 2023 (Act 1112)

Act 1112 imposes a levy on carbon dioxide equivalent emissions from specified sectors and emissions from vehicles at defined rates as provided in the schedule below:

Type of emissions	Sector/motor vehicle	Rate
Carbon dioxide equivalent emissions from specific sectors	<ol style="list-style-type: none">1. Construction sector2. Manufacturing sector3. Mining sector4. Oil and gas sector5. Electricity and heating sector	GH¢ 100 per tonne of emissions per month
Emissions from motor vehicles	Internal combustion engine vehicles: <ol style="list-style-type: none">1. Motorcycles and tricycles2. Motor vehicles, buses and coaches up to 3000 cc3. (i) Motor vehicles, buses and coaches above 3000 cc (ii) Cargo trucks and articulated trucks.	GH¢75 per annum GH¢150 per annum GH¢300 per annum



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Excise Duty Amendments

The excise duty rate of 25% applied on cider beer in Act 1093 has also been reviewed in the new amendment. Act 1108 introduces an increase in the excise duty rate on cider beer to align with the excise duty rate on beer at 47.5%.

The amendment also provides for a reduction on the excise duty on plastics from 10% of the qualifying price to 5%. The coverage of the excise duty on plastics has also been expanded to imported plastic packaging.

Customs and Stamp Duty Amendments

The Customs Act was amended to allow for the waiver of imported raw materials for the manufacture of sanitary towels among other updates to tariffs on other import items. The update on imported raw materials for sanitary towels is targeted at addressing the production costs and subsequently a reduction in retail price for the locally manufactured sanitary towels for consumers.

The Stamp Duty Act was also amended to provide for more realistic fees for stamping of registrable documents.