



The hidden tax cost of your remote employee



Remote and hybrid working are here to stay. For a foreign employer with someone working from Ghana, that raises an uncomfortable question: has that laptop at the kitchen table created a taxable or registrable presence for your company in Ghana?

If it has, the consequences go well beyond a tax return. Your business could face income tax on profits, payroll obligations, VAT exposure, company registration requirements, and penalties and interest if these are picked up late.

What the OECD now says about home offices

In 2025, the OECD updated its Commentary on Article 5 of the Model Tax Convention. Article 5 sets out model treaty wording for deciding when a foreign business's activities in another country are enough to create a taxable presence there, known as a "permanent establishment" (PE). New paragraphs 44.1 to 44.21 now explain when a home office can amount to a PE.

The headline consideration is a 50% working-time test over 12 months. If someone works from home for less than half their total working time, the home generally won't be treated as the employer's place of business.

Above 50%, the question becomes whether there's a commercial reason for the person being in that country. That might be serving local customers or suppliers, building a customer base, working with local partners, providing services that need someone on the ground, or offering support across time zones. Employee preference, talent retention or office savings alone usually won't be enough.

So ask yourself honestly: is your Ghana-based team member there because they want to be, or because your business benefits from having them there?

Why Ghana's own rules matter more

The OECD guidance is a useful benchmark, but Ghana's domestic law may cast a wider net. Under section 110 of the Income Tax Act, 2015 (Act 896), a foreign business can have a Ghanaian PE through:

- A place in Ghana where it carries on business or has a place at its disposal
- Substantial equipment or machinery
- A construction or installation project lasting 90 days or more
- Providing services in Ghana
- A dependent agent acting on its behalf

The business lesson is simple: no office in Ghana doesn't mean no Ghana tax risk. A salesperson closing deals, or a consultant delivering services locally, may create exposure even where the home office test is never met.

Will a tax treaty protect you?

It might, but it helps to know what actually changed. The 2025 update did not amend the treaty wording. Article 5 still defines a PE broadly as a fixed place of business. Only the Commentary changed, setting out the OECD's view of how that wording applies when the "place of business" is someone's home.

That is why older treaties don't need to be renegotiated. The UK–Ghana DTA predates post-COVID remote working and says nothing about home offices, yet the new Commentary still helps answer whether a fixed place of business exists. The Mauritius–Ghana DTA is similar, and its services rule in Article 5(3) (b) may create a PE where services are performed in Ghana for more than six months, whether or not there is a home office.

One caveat: Ghana is not an OECD member, and the Commentary guides interpretation rather than binding law. So, watch the Ghana Revenue Authority closely. Any guidance it issues on when a home office may create a PE will shape how these treaties work in practice.

If the GRA took a stricter view than the OECD tomorrow, would your arrangements still hold up?



What about your employee's salary?

Under Article 15(2) of most of Ghana's tax treaties, salary may stay taxable only in the employee's home country if all three of these conditions are met:

1. The employee spends no more than 183 days in Ghana in the relevant 12-month period;
2. The employer isn't resident in Ghana; and
3. The pay isn't borne by a PE in Ghana.

If any one of these fails, Ghana may tax the salary. That brings Ghana PAYE, employer returns and SSNIT contributions into play. Getting these wrong can mean backdated liabilities and unhappy employees.

Do you know how many days your people spent in Ghana last year, and who is actually bearing their costs?

VAT follows its own logic

Article 2 of Ghana's tax treaties doesn't cover VAT, so a "no PE" conclusion doesn't settle the VAT question. That answer lies in the Value Added Tax Act, 2025 (Act 1151).

Generally, a service is supplied where the supplier has its place of business. However, professional, data processing and information services may be treated as supplied where the customer uses them. Registration also needs attention, because a business without a fixed place of business in Ghana may have a voluntary registration refused. In short, VAT calls for its own analysis, although your PE status may still be relevant to it.

Don't overlook the non-tax obligations

Remote working can also trigger obligations outside tax. Under the Companies Act, 2019 (Act 992), a foreign company that establishes a place of business in Ghana may need to register as an external company within 28 days. Where work is done in Ghana, the Labour Act, 2003 (Act 651) may also apply, including its rules on employment terms and statutory benefits. If personal data is processed using equipment in Ghana, the Data Protection Act, 2012 (Act 843) may be relevant too. For businesses in the extractive sectors, petroleum and mining laws and their regulations may add further requirements.



A practical checklist

- Track where people work and for how many days.
- Ask why each person is in Ghana: personal convenience or commercial activity?
- Test PE exposure under Ghana's domestic rules and any applicable treaty.
- Check payroll against the 183-day, employer-residence and PE-borne remuneration tests.
- Review VAT separately.
- Confirm your registration, employment, data protection and sector-specific obligations.
- Require pre-approval for cross-border remote work in your policy.

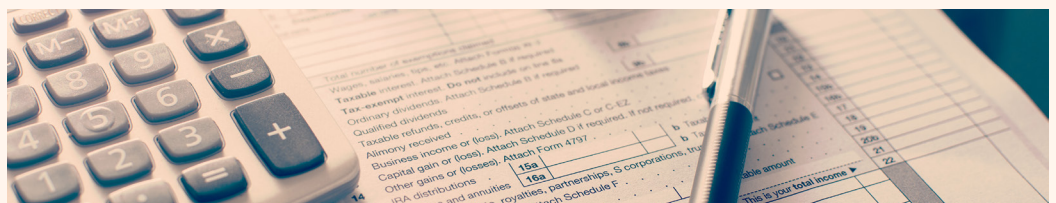


The bottom line

Remote work can be a real competitive advantage, but only if the risks are managed. The OECD's 2025 Commentary brings welcome clarity, yet relying on it alone could leave you exposed in Ghana.

Could a single remote hire be creating a tax, payroll or registration obligation you haven't planned for? Would your current policy spot it before the Ghana Revenue Authority does?

If you would like to pressure-test your remote working arrangements or build a policy that lets you hire talent in Ghana with confidence, let's talk.





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