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Navigating taxation

2017 Tax Facts and Figures

A quick guide to taxation in Ghana

pwc

Introduction

In this publication, all currency references are in Ghana Cedi (GH¢), which was approximately USD0.24 as at 28 April 2017.

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

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Our core values

As professional advisors, 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.

PwC in Africa

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.

Our in-depth knowledge and understanding of African operating environments enables us to put ourselves in our clients' shoes and to offer tailored tax, assurance and advisory solutions for every business challenge. Realising the appeal of the continent as an investment destination, our dedicated staff provide assistance to organisations looking to expand their presence in Africa.

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 ten resident partners/directors. We offer professional services to both the private and public sectors in Ghana in the following areas:

Consumer and industrial products and services (CIPS): Fast-moving consumer goods, telecoms, manufacturing, construction, transport, media and service-oriented companies.

Energy and mining: Mining and exploration, oil & gas as well as renewable energy and utility companies.

Financial services (FS): Banking, insurance, pensions and non-banking financial institutions.

Government and public sector: Government, and multi- and bi-lateral agencies (donor agencies, NGOs).

Table of Contents

Direct taxation

Income liable to tax

Income tax is levied in each year of assessment on the total income of both resident and non-resident persons in Ghana.

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

Resident persons

An individual is generally 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, including one who is temporarily absent from 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 for tax purposes 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 year of assessment 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.

Monthly tax rates

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

Year 2017	Chargeable income GH¢	Rate %	Tax payable GH¢	Cumulative income GH¢	Cumulative tax GH¢
First	216	0	0	216	0
Next	108	5	5.40	324	5.40
Next	151	10	15.10	475	20.50
Next	2,765	17.50	483.88	3,240	504.38
Exceeding	3,240	25			

The chargeable income of non-resident individuals is taxed at a flat rate of 20%.

Income from employment

An individual's income from employment for a year of assessment 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¢400 are available to individuals who meet the qualifying criteria. Individuals with disabilities are also entitled to 25% of their 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 social security and occupational scheme 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 the approved private trustee, as appropriate.

Exemption from tax is fully and partially available for contributions made to the mandatory and voluntary schemes, respectively.

Interest incurred by an individual on residential premises

Mortgage interest incurred by an individual on a loan employed in the construction or acquisition of 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 or arm's length and taxed.

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

Facility provided	2017
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

Qualifying loans provided by employers to their employees are not taxable; otherwise, interest is deemed to have been charged on the loan and employees are taxed on it.

Non-taxable benefits/income

The following benefits and income are generally not taxable:

a. A discharge or reimbursement of proper business costs incurred on behalf of the employer;

b. 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;

c. The costs of relocating an individual to or from the country where the individual is first employed by the employer or when employment ends, and the individual is:
   - recruited or engaged outside of Ghana,
   - recruited or engaged solely to serve the employer in Ghana, and
   - a non-resident;

d. Accommodation provided by an employer to an employee of a timber, mining, building, construction or farming business or petroleum operations at a place or site where the field operations of the business are carried on;

e. 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;

f. Redundancy pay;

g. Pension;

h. 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;

i. Interest paid to an individual by a resident financial institution or on bonds issued by the Government of Ghana; or

j. Interest or dividends in an approved unit trust scheme or mutual fund, paid or credited to a member.

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 generally taxed according to the graduated tax table. A payment to a casual worker is subject to 5% 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 PAYE tax from employees' taxable income at source and then remits the PAYE tax to the Ghana Revenue Authority (GRA) on or 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 of assessment is from one business may opt to be taxed under the presumptive tax scheme based on instalment or turnover, subject to the application of certain rules.

Year of assessment (individuals and partnerships)

The year of assessment and basis 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	2017 %
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 basis period of a company or trust is the accounting year of the company or trusts.

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 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

Expenditure that is of a capital nature or not wholly, exclusively and necessarily incurred in the production of income may not be deducted. Examples of expenses that are not allowed as deductions 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	i) Automobiles, trailers, construction and earth-moving equipment, plant and machinery used in manufacturing ii) 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	Straight-line

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 license.

Ring-fencing of petroleum and mineral operations

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

Dividends

Generally, unless the dividend is exempt, a dividend received from a resident company is 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 profit before tax (accounting profits) of some specified companies and institutions. The rate of this levy is 5% and it is applicable to the 2013-to-2017 years of assessment.

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 are entitled to a ten-year tax holiday. Once the ten-year corporate tax holiday has expired, the corporate tax rate on exports of goods and services is up to 15%. After the tax holiday, income from goods and services provided to the domestic market is taxed at 25%.

Annuities, instalment sales and lease transactions

Payments made by a person under an annuity or finance lease or in acquiring an asset under an instalment sale are treated as interest and a repayment of capital under a loan made by the person, lessor, or seller to the payer, lessee or buyer, respectively. This has tax implications for the lessor or seller on the one hand and the lessee or buyer on the other hand.

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 corporate 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 a company and taxed at the corporate 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, including:

- 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 to 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 appropriate.

Taxation of insurance companies – General business

Any other business activity of a person engaged in general insurance business is required to be kept separate.

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.

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 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. 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.

Branch profit tax

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

Relief from double taxation

A resident person (excluding a partnership) is allowed to claim a 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*, Singapore* and Mauritius*.

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% 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
Singapore*	7.0	7.0	7.0	10.0	7.0
Mauritius*	7.0	7.0	8.0	10.0	7.0

*Yet to be ratified by the Parliament of Ghana.

Withholding tax under domestic tax laws

Income	Rate %
Resident persons	
Interest (excluding individuals and resident financial institutions)	8
Dividends	8
Rent on residential properties to individuals and legal persons	8
Rent on non-residential properties to individuals and legal persons	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
Supplies of goods exceeding GH¢2 ,000 per annum	3
Supplies of works exceeding GH¢2 ,000 per annum	5
Supplies of services by an entity exceeding GH¢2 ,000 per annum	7.5
Supplies of general services by an individual	7.5
Lottery winnings exceeding GH¢2 ,592	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	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:

a. Gain from life insurance when the proceeds are paid by a resident insurer;

b. 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;

c. 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;

d. Interest paid to an individual by a resident financial institution or on bonds issued by the Government of Ghana;

e. Interest or dividend on an investment paid or credited to a holder or member of an approved unit trust scheme or mutual fund;

f. Interest and gains realised by a non-resident person on bonds issued by the government of Ghana; and

g. Gains from the realisation of GSE-listed securities.

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
- Provide 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 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 basis 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 may not exceed 60 days from the date on which 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 may 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 their chargeable income for the year.

Statement of estimated tax payable

A person who is an instalment payer for a year of assessment 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 basis period is a twelve-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 payment.

Offences and penalties

Penalties and interests apply for non-compliance; and, in some cases, criminal liabilities apply for income tax offences.

Indirect taxation

Value-Added Tax and National Health Insurance Levy

Scope

Except for exempt goods and services, value-added tax (VAT) and the National Health Insurance Levy (NHIL) are charged on the following:

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

VAT is charged on any supply of goods and services that is a taxable supply and is made by a taxable person in the course of their 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.

The liability for VAT is in the case of:

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

Except for supplies considered to be zero-rated and supplies subject to a flat rate of 3% (for a wholesaler or a retailer of goods), the standard rate of VAT is 15% and the NHIL is 2.5%.

The VAT and NHIL are calculated on the value of the taxable supply of the goods, services or imports.

A taxable person is a person who is registrable for VAT and 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.

Standard (invoice credit) scheme

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

Group registration and deregistration

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 their representative in dealings with the Ghana Revenue Authority, subject to conditions approved by the Commissioner-General.

Exempt supplies

Some supplies that are specifically exempt are listed below:

1. Agricultural inputs;
2. Water, excluding bottled or packaged water;
3. Electricity within specified limits;
4. Textbooks, approved supplementary readers, newspapers, atlases, charts, maps and music;
5. Education services;
6. Laboratory and library equipment;
7. Medical services and medical supplies; Certain pharmaceuticals, active ingredients and selected inputs;
8. Domestic transportation;
9. Machinery and parts of machinery;
10. Crude oil and hydrocarbon products;
11. Accommodation in a dwelling, or land for agricultural use and civil engineering public works;
12. Goods specifically designed for the disabled; and
13. Financial services.

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

VAT and NHIL incurred

A VAT-registered business which principally makes standard taxable supplies may recover up to 100% of the VAT and NHIL incurred on goods or services purchased for the business, except for some restricted expenses or items.

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

Returns

Registered businesses are required to submit monthly returns showing:

- VAT and NHIL charged on supplies;
- VAT and NHIL incurred on the purchase of goods and services; and
- the net VAT and NHIL due or owing.

VAT and NHIL returns and payments (if any) are ordinarily due by the last working day of the month after the month to which the return relates.

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

Businesses are usually not entitled to VAT and NHIL refunds. Refund claims must satisfy several conditions.

Penalties

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

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

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 6% 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¢500 applies, with an additional penalty of GH¢10 for each day that 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 has not been remitted to the GRA by the due date.

*ECS includes a service providing electronic communications, a closed user group service, a private ECS, a public ECS, a radio communication service and a value-added service.

Special petroleum tax

Persons licenced to operate as oil marketing companies are required to charge a special petroleum tax at the rate of 15% on the ex-depot price of:

- 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 the transaction.

Customs and excise taxes

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

The CET repealed the Harmonised System and Customs Tariff Schedule 2012 ('the HS Code').

The CET sets out the various duties and administrative charges applicable to imports, exports and excise duties.

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.

VAT and NHIL of 17.5% are also applied to the CIF (used for customs purposes) and import duty amounts.

Special import levy

A special import levy of 2% applies on the importation of certain goods for the years 2013 to 2017.

The special import levy applies in addition to the normal import duties and mandatory statutory or administrative charges.

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 2.5% and 3.45% of the value of goods imported. These charges may apply regardless of any import duty exemptions.

Export duties

Exports do not usually attract any duties.

Excise duties

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

Excise tax stamp

Excise tax stamps are to be affixed to specific excisable goods which are manufactured in the country 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 plastic and plastic products listed.

Airport tax

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

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