

Ghana

Transfer pricing capability statement



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1 Framework for related-party arrangements in Ghana

Transfer pricing (“TP”) defined



- TP refers to the determination of prices at which goods, services and intangible properties are bought and sold between related parties/associates or persons in a controlled relationship.
- In Ghana, both cross-border and in-country arrangements are required to be at arm’s length’ between transactions and as long as they are concluded among associates or related parties.

Basis in the law



- Section 70 of the Internal Revenue Act, 2000 (“Act 592”) as amended and its related Regulations (“IRA”) (repealed in 2015);
- Section 31 of the Income Tax Act, 2015 (“Act 896”) (ITA);
- Transfer Pricing (TP) Regulations 2012, L.I 2188; and
- Practice Notes on the Transfer Pricing Regulations 2012, L.I 2188 (Methodologies and Related Issues) PN/CG0001/2013.

Arrangements in scope



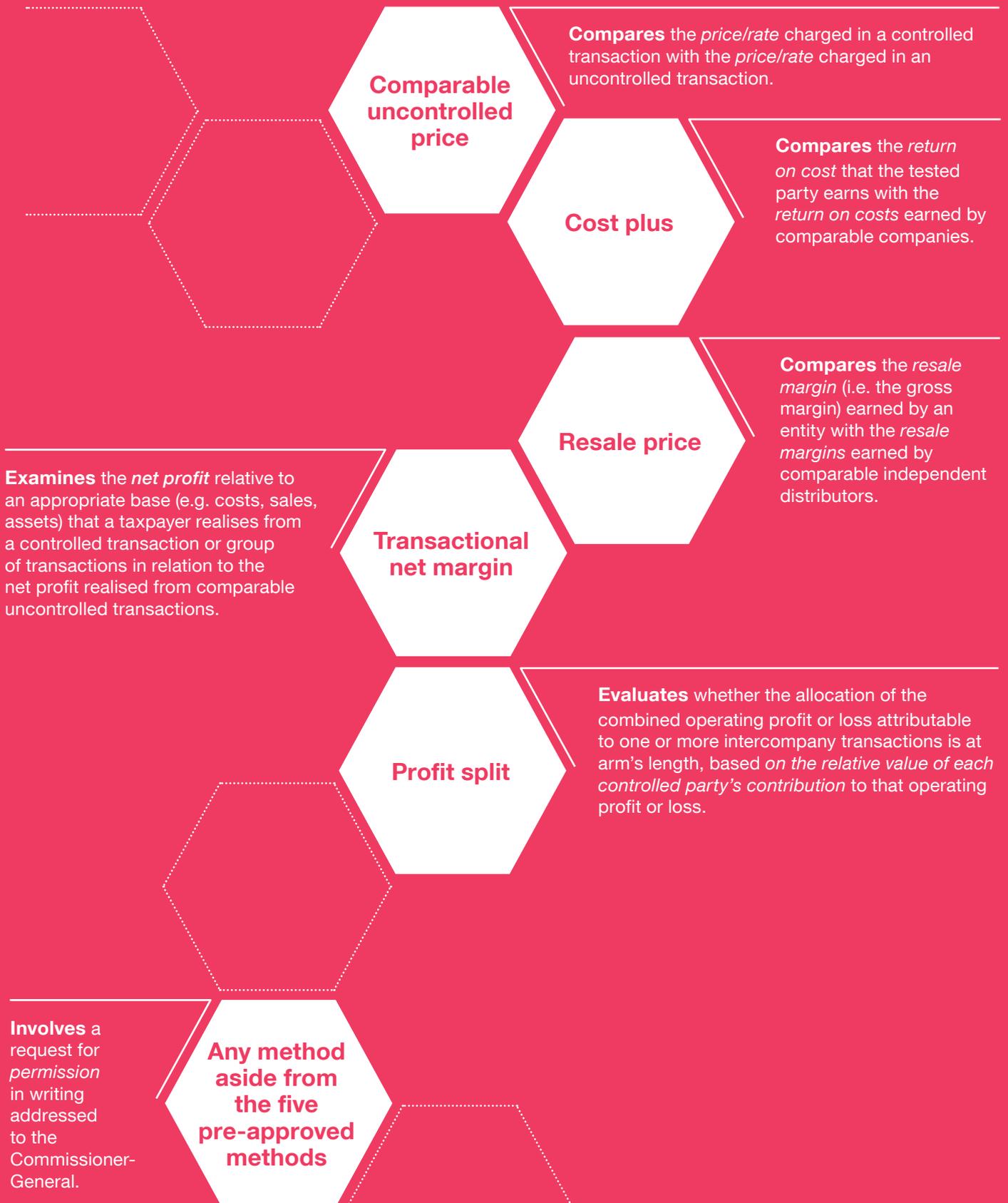
- Purchase, sale and lease of goods and tangible or intangible assets;
- Provision or receipt of services, including management, technical and intragroup services;
- Rent, hire and similar charges;
- Provision of finance and other financial arrangements; and
- Dealings between a permanent establishment “PE”) and its head office and/or related branches or group entities.

Other considerations



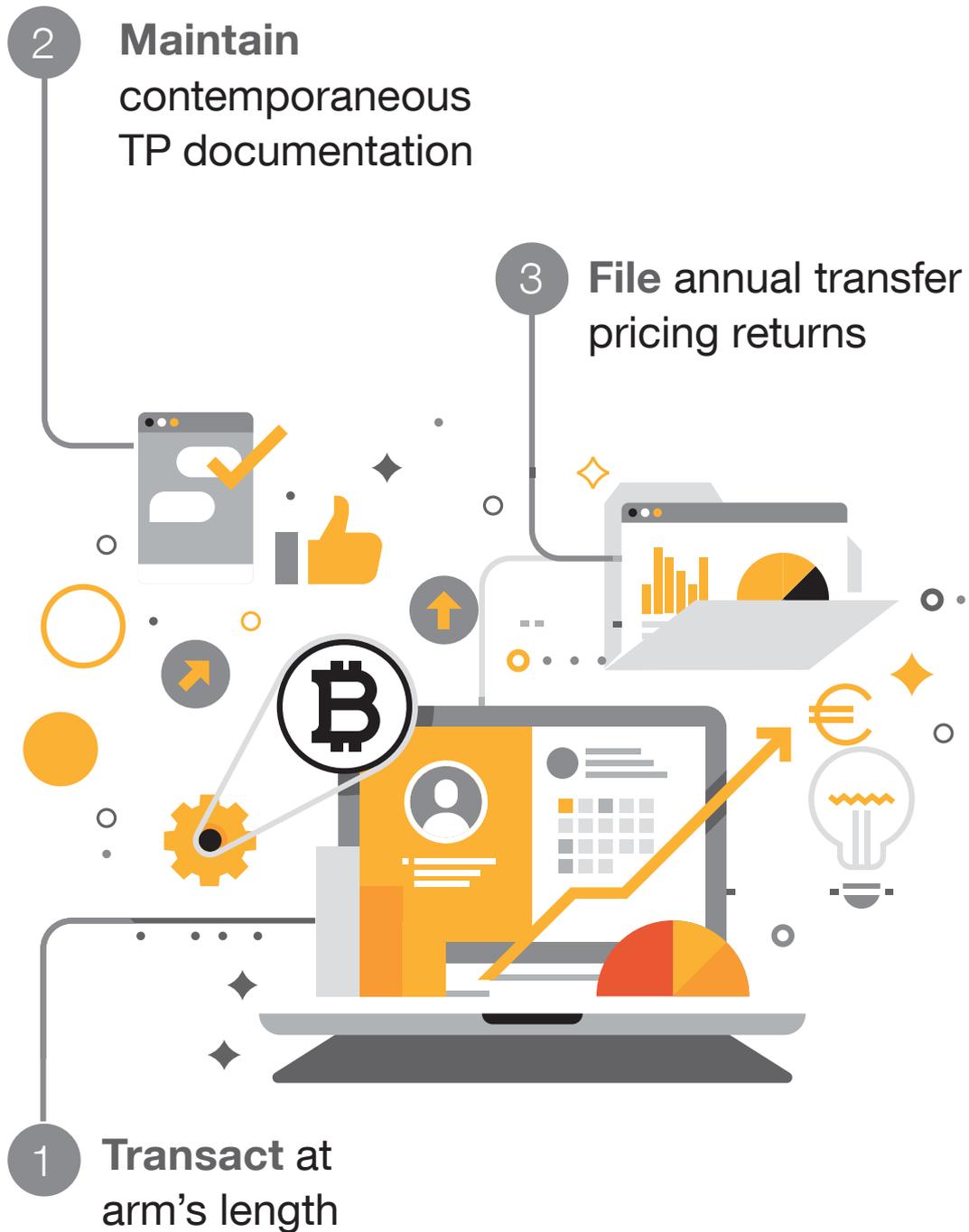
- There are five pre-approved TP methods that can be used in determining an arm’s length price.
- Arrangements not concluded in accordance with the arm’s-length standard would entitle the GRA to recharacterise or make an adjustment to income or expenses by way of inclusions and deductions in order for such arrangements to reflect arrangements between independent persons.
- TP rules in Ghana also apply to dealings between a permanent establishment (PE) in Ghana and its head office and/or other related branches or group entities.

2 Transfer pricing methods



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Transfer pricing requirements in Ghana



4 How PwC can help



2. Conduct benchmarking studies, including:
 - Assisting with benchmarking pricing levels, where third party comparable data is unavailable, to support pricing;
 - Conducting searches to find companies undertaking similar transactions in similar industries and in similar areas of the world, utilising information of independent companies on appropriate benchmarking databases; and
 - Collating results from searches to give evidence of an arm's-length range of results.
3. Update existing TP documentation:
 - Updating your existing TP policies and ensuring they are in line with Ghana TP regulations.

TP risks and opportunities review

1. Establishing whether and where any transfer pricing audit exposure exists. This entails:
 - Conducting a review of your existing documentation and inter-company agreements;
 - Analysing and identifying opportunities to reduce tax and penalty exposure; and
 - Recommending “best practice” policies for your related-company transactions.

TP documentation support

1. Prepare appropriate TP documentation, or review TP documentation prepared by you, including:
 - Preparing/Updating economic and business analyses;
 - Conducting functional analysis interviews and performing functional analyses; and
 - Concluding on entities' characterisation and on the most appropriate TP methodology.

TP compliance support

1. Prepare annual TP returns on your behalf.
2. Review annual TP returns prepared by you.
3. Respond to GRA queries on the filed TP returns.

TP audit support

1. Provide support to you at meetings with the GRA – accompany you to introductory meetings, meetings to provide clarifications and meetings to discuss draft and final audit reports.
2. Prepare/Review audit packs and defense files for submission to the GRA.
3. Prepare/Review responses to issues raised in the draft/final audit reports.
4. Recommend processes to reduce the risk of income adjustments during transfer pricing audits.

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How PwC can help

Intercompany debt analysis and TP documentation

1. Advise you on the factors to consider when setting an intercompany debt, and the alternatives available.
2. Assist with determining an appropriate debt quantum from a TP perspective as well as advise on an arms'-length interest rate. In doing this, we would:
 - Determine the credit rating of the borrower;
 - Analyse the debt capacity of the borrower in the context of debt serviceability/ thin capitalisation;
 - Conduct benchmarking studies to determine an arm's-length range of interest rates; and
 - Assist with preparing TP documentation with the conclusions reached.

TP business structuring

1. Realign your business model to take advantage of different tax incentives. We can also help you pursue other business structuring opportunities.
2. Conduct a TP pre/post merger/acquisition review during for example your vendor or buyer due diligence.

TP advisory

1. Realign your business model to take advantage of different tax incentives. We can also help you pursue other business structuring opportunities.

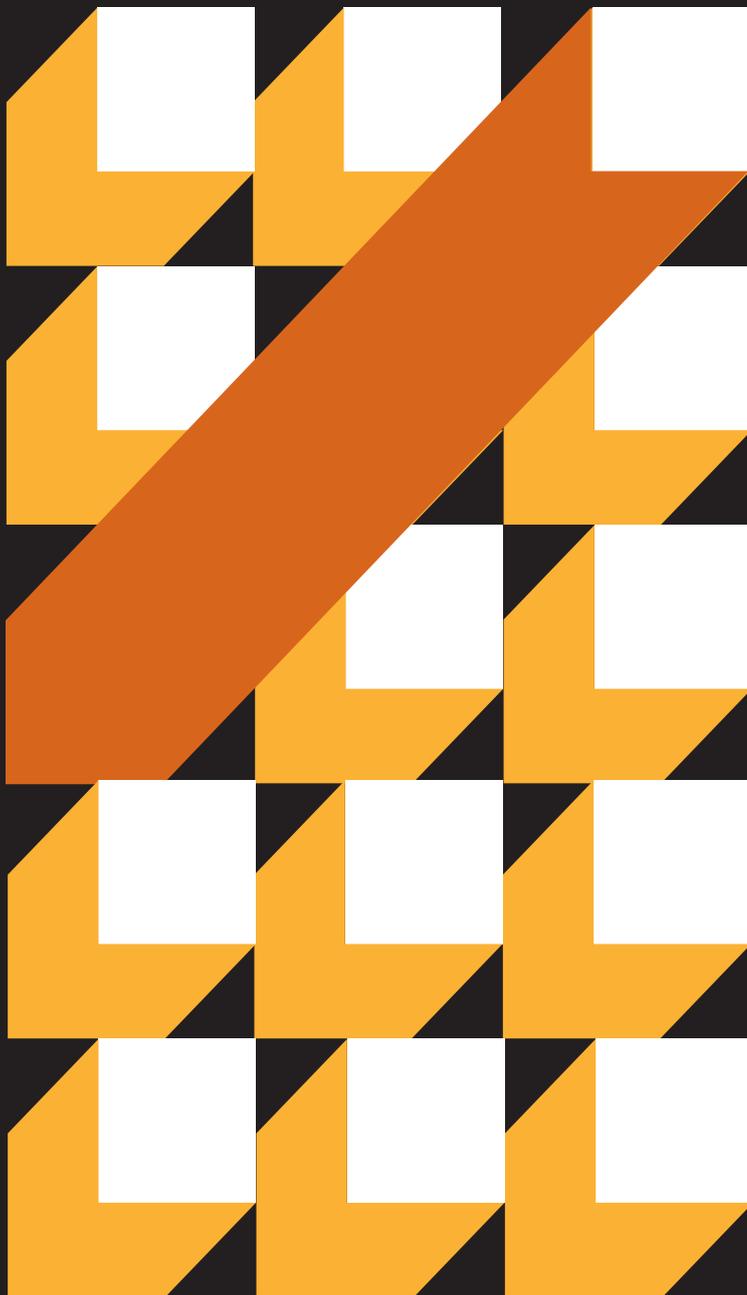


Other TP related services

1. Prepare/Review branch profit attribution calculations.
2. Conduct permanent establishment reviews.
3. Perform economic substance reviews.
4. Provide TP and indirect taxes (VAT and customs) support.
5. End-to-end TP solutions and implementation

5 What sets us apart

At PwC we leverage on our global network, our strong relationships with regulators and the experience of our team



Experience

Our team has extensive experience and expertise in providing tax and transfer pricing advice to clients across many industries. Our TP specialists have been trained and have gathered first-hand practical experience in several countries including: Africa, the United Kingdom and the United States.

Regulator relationships

We have strong relationships with key regulators and the Ghana Revenue Authority. We have been successful at making recommendations which have helped to reduce the compliance burdens and complexities which sometimes come with new legislation.

Our reputation and network

The Global Tax Monitor, a multi-client independent survey, ranks PwC as the leading firm globally for transfer pricing, by reputation, with a very strong lead over the competition. We have the support of industry specialists across our network firms globally. We are well connected to other teams and experts across Africa and the world and are able to provide our clients with globally tested solutions.

Let's get

the

conversation

started



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Meet our transfer pricing team



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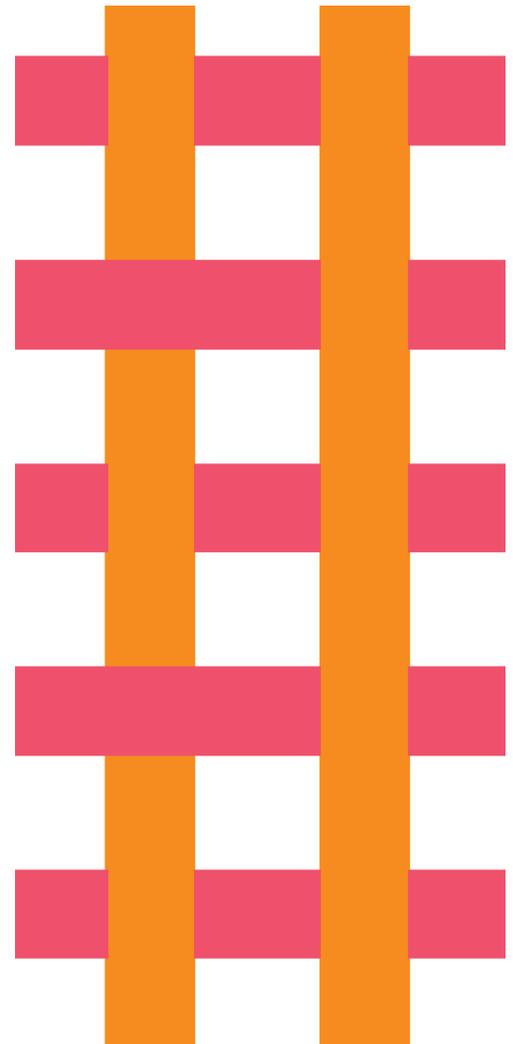
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Get in touch, we will be happy to help.



At PwC, our purpose is to build trust in society and solve important problems. We're a network of firms in 158 countries with over 250,000 people who are committed to delivering quality in assurance, advisory and tax services. Find out more and tell us what matters to you by visiting us at www.pwc.com.

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