

PwC 2024 Budget Digest

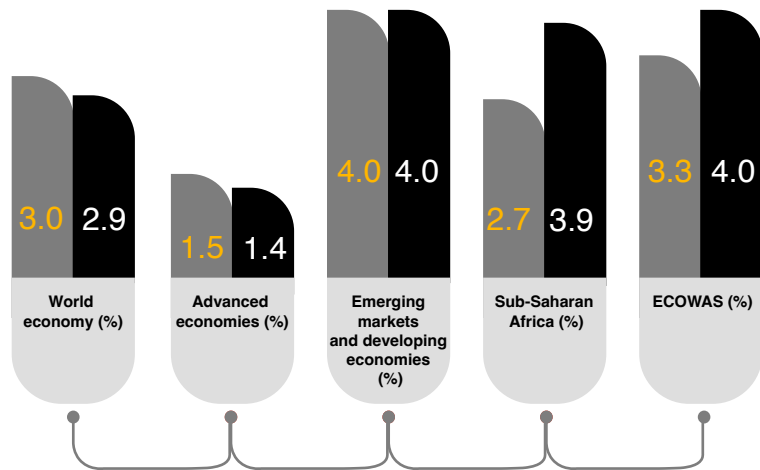
Pursuing growth and development
within a stable macroeconomic
environment

November 2023



Macroeconomic performance and outlook

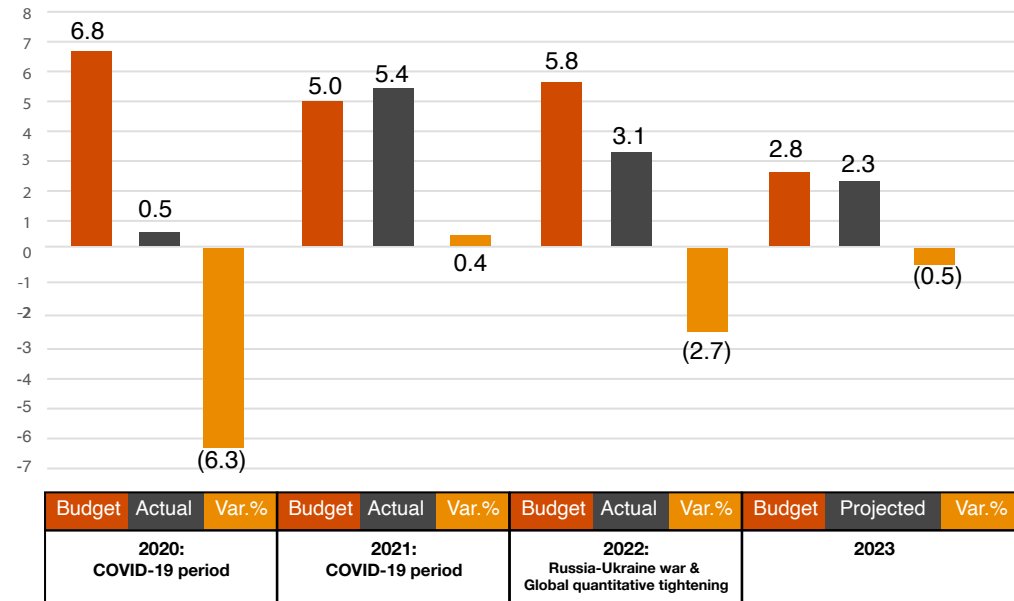
Global GDP growth (%)



■ 2023 Revised ■ 2024 Forecasted

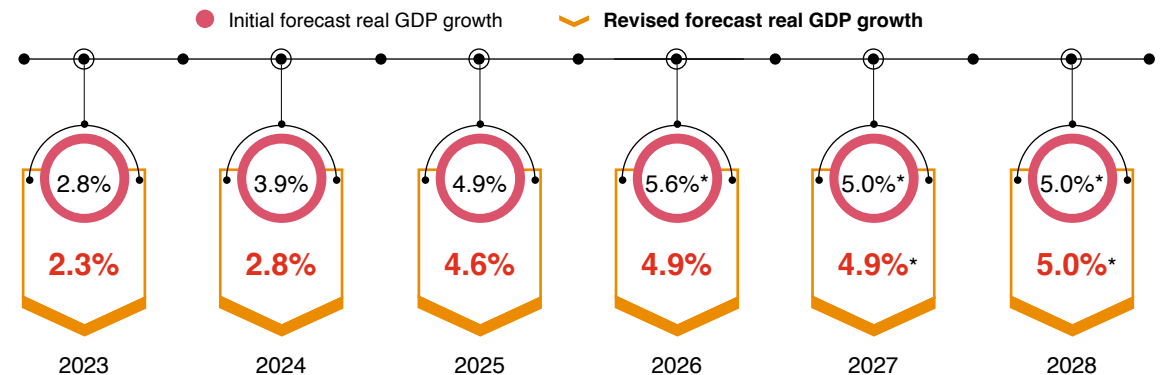
Source: Budget Statement 2024, World Bank and IMF

Domestic real GDP growth (%) - historical



Source: Budget Statement 2024




Forecast real GDP growth (%)



*IMF forecast
Source: Budget Statement 2024

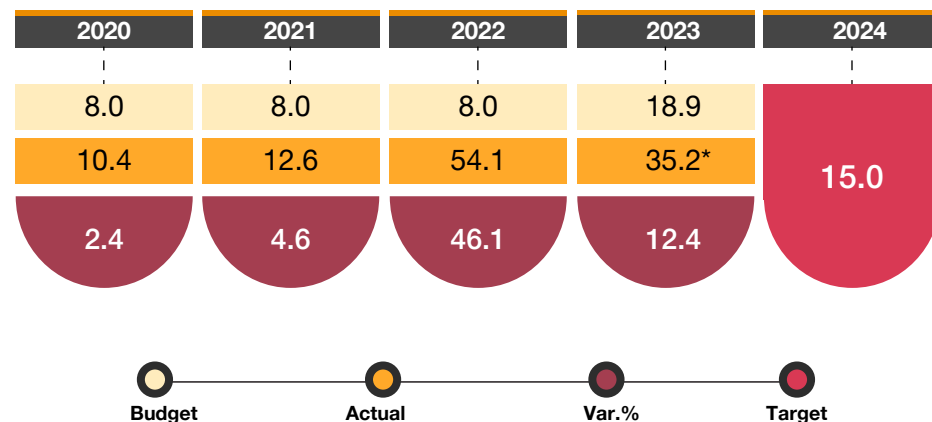
Macroeconomic performance and outlook

Sectoral growth rates

	2020			2021			2022			2023			2024
	Budget	Actual	Var. (%)	Budget	Actual	Var. (%)	Budget	Actual	Var. (%)	Budget	Actual	Var. (%)	Forecast
 Agriculture (%)	5.1	7.3	2.2	4.0	8.4	4.4	5.3	4.2	(1.1)	2.6	3.2	0.6	3.0
 Industry (%)	8.6	(2.5)	(11.1)	4.8	(0.5)	(5.3)	6.3	0.9	(5.4)	3.9	(1.2)	(5.1)	3.9
 Services (%)	5.8	0.7	(5.1)	5.6	9.4	3.8	5.6	5.5	(0.1)	1.7	4.6	2.9	1.9

Source: Budget Statement 2024, PwC analysis

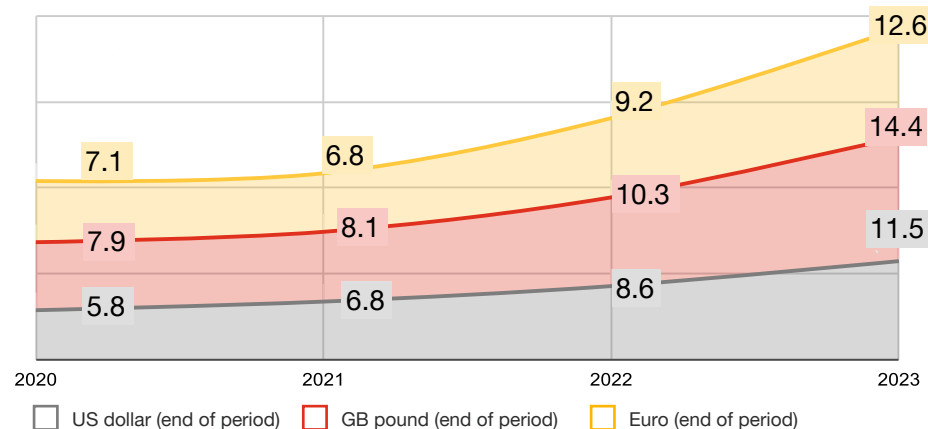
Period-end inflation (%)



*Revised target as at Oct 2023

Source: Bank of Ghana economic data & Budget Statement 2024

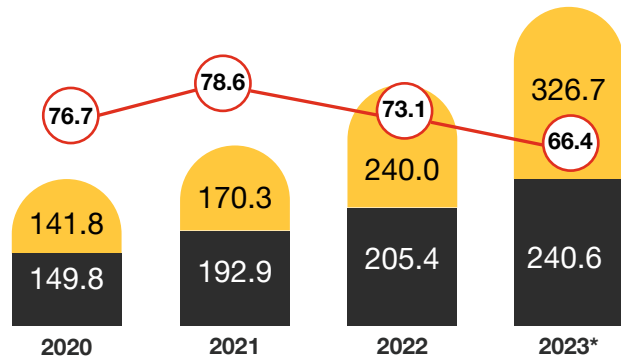
Exchange rate



Source: Bank of Ghana monthly exchange rate indicators

Fiscal and monetary performance

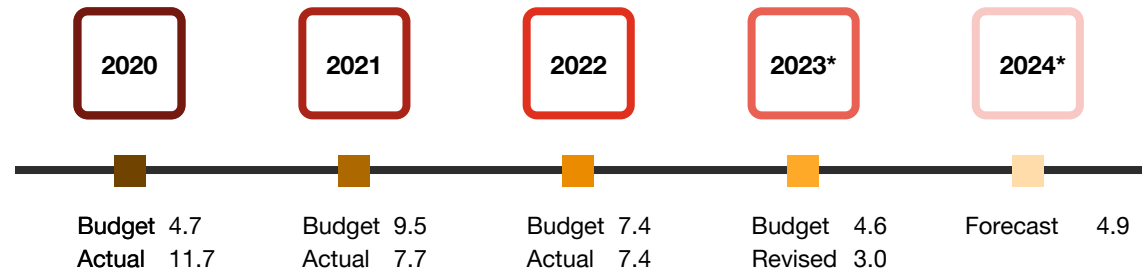
Public debt



○ Debt/GDP (%) ■ External debt (GH¢bn) ■ Domestic debt (GH¢bn)

*Data is as at June 2023. Provisional public debt is estimated at GH¢613.6 billion if potential liabilities from SPVs, IPPs-PPAs, and the financial sector are included. This is estimated to be equivalent to 76.6% of GDP.

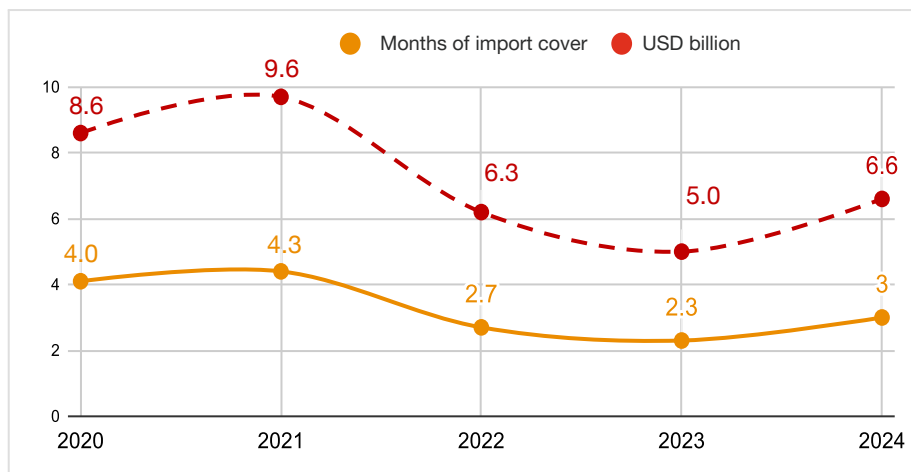
Fiscal deficit (% of GDP)



*Fiscal performance data computed on a commitment basis

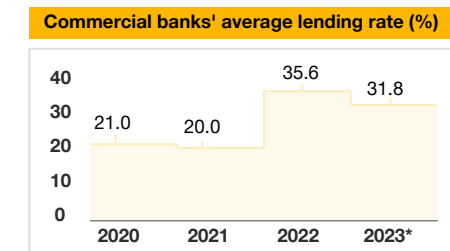
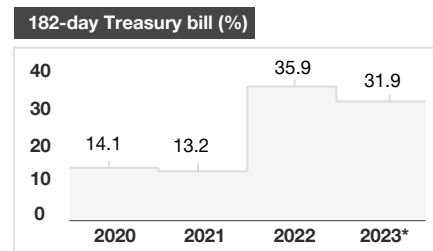
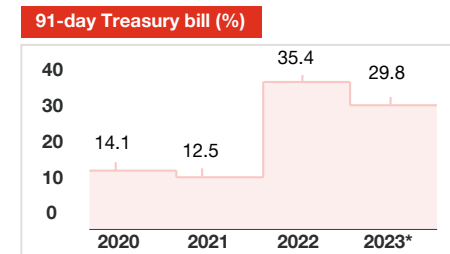
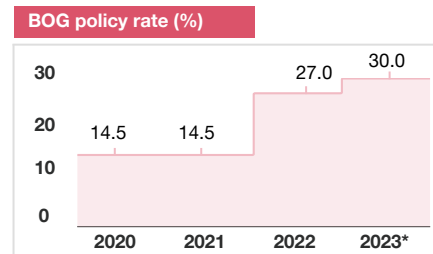
Source: Budget Statement 2024

Gross International Reserves



Source: Monetary Policy Committee (MPC) reports

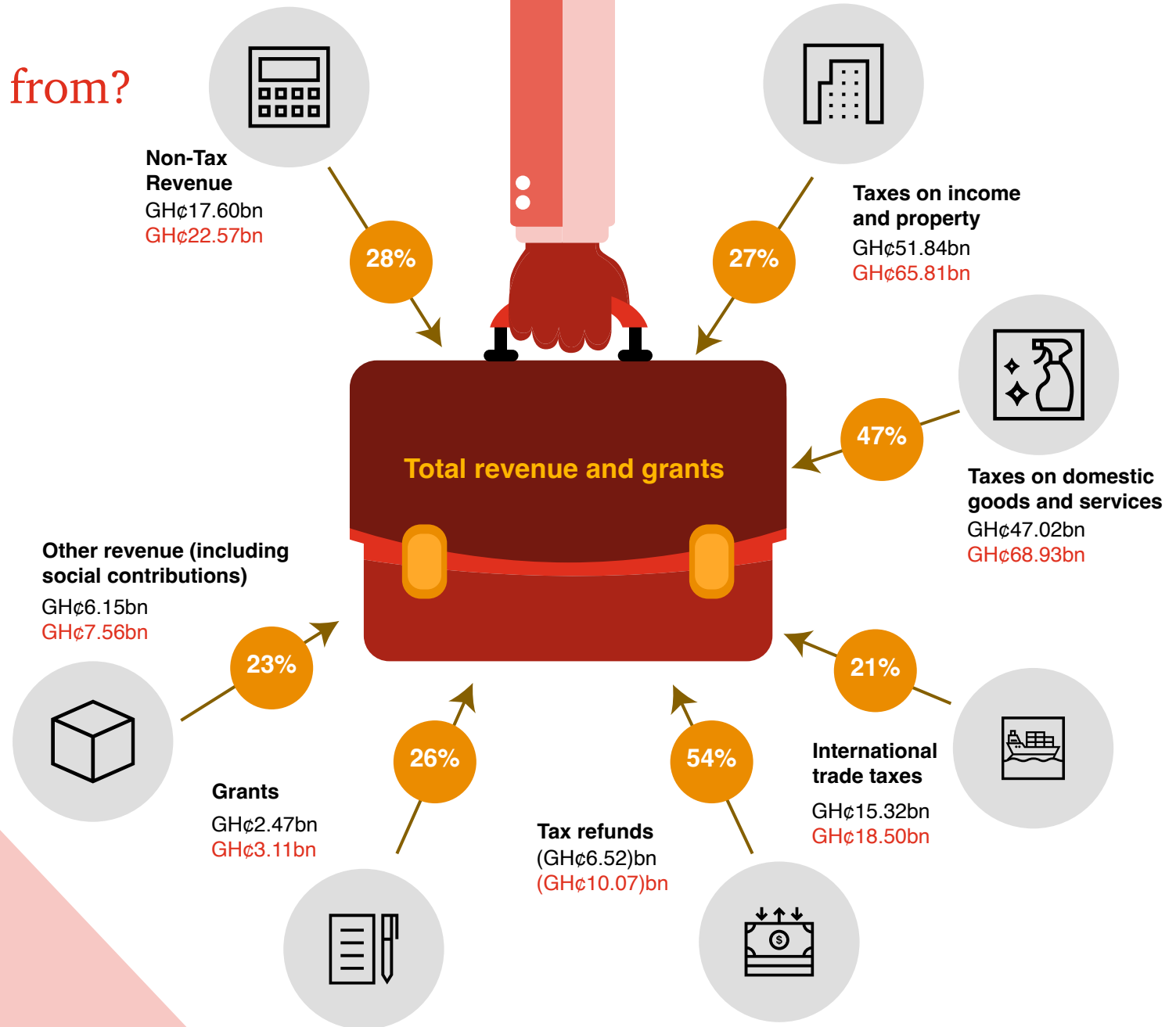
Interest rates



*As at Aug, Oct, Nov 2023

Source: Bank of Ghana monthly interest rates

Where is the money coming from?



- 2023 Projected revenue (GH¢)
- **133.88 billion**
- 2024 Budget (GH¢)
- **176.41 billion**
- Total Variance (%)
- **32%**

Where is the money going?

2023 Projected Expenditure

● **172.96 billion**

2024 Budget (GH¢)

● **226.68 billion**

Total Variance (%)

● **31%**

Subsidies

GH¢0.21bn

GH¢0.42bn

100%

Grants to other Govt units

GH¢28.87bn

GH¢39.59bn

37%

Capital expenditure

GH¢18.61bn

GH¢28.72bn

54%

Goods and services

GH¢11.81bn

GH¢11.07bn

(6%)

Compensation of employees

GH¢51.21bn

GH¢63.68bn

24%

Interest payments

GH¢34.77bn

GH¢55.93bn

61%

Social benefits

GH¢0.40bn

GH¢0.87bn

118%

Other expenditure

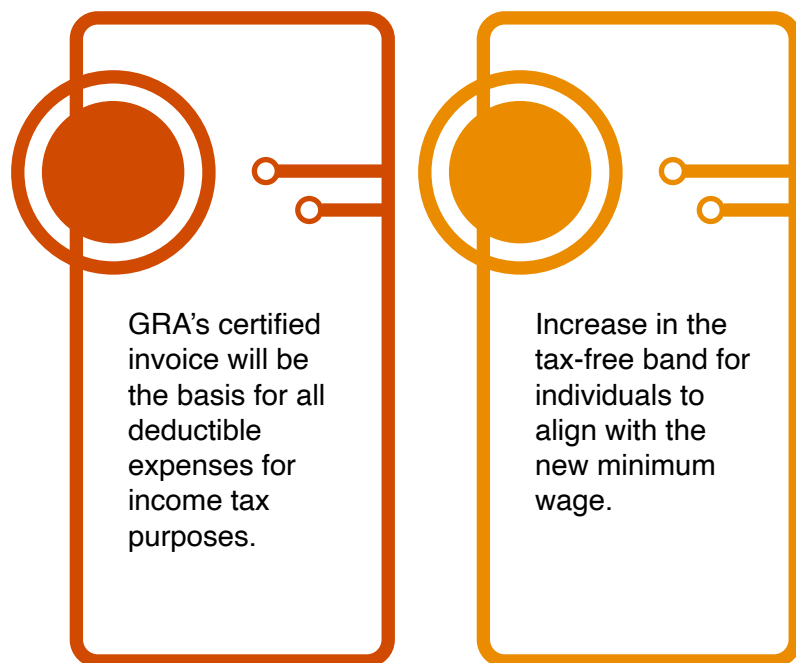
GH¢27.08bn

GH¢26.40bn

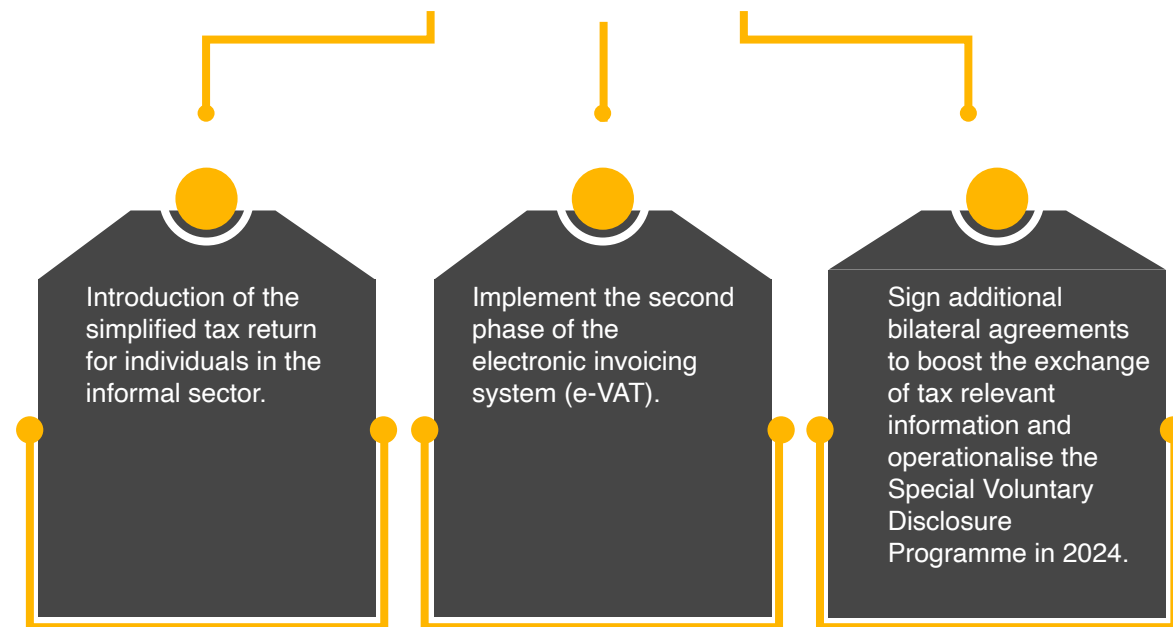
(3%)

Proposed tax measures

Direct tax measures



Administrative measures



Proposed tax measures

Indirect tax measures

Extend the zero-rating of VAT on locally manufactured African prints for two (2) more years.

1

Introduce a VAT flat rate of 5% to replace the 15% standard VAT rate on all commercial properties to simplify administration.

2

Align VAT and Customs legislation to reflect the same VAT status on both imported goods and locally supplied goods.

3

Zero-rate VAT on locally produced sanitary pads.

4

Extend zero rate of VAT on locally assembled vehicles for 2 more years.

5

Waive import duties on import of electric vehicles for public transportation for a period of 8 years.

6

Waive import duties on semi-knocked down and completely knocked down electric vehicles imported by registered EV assembly companies in Ghana for 8 years.

7

Waive import duty on medical consumables and raw materials for the pharmaceutical industry.

8

Grant import duty waivers for raw materials for the local manufacture of sanitary pads.

9

Grant exemptions on the importation of agricultural machinery, equipment and inputs.

10

Expand environmental excise duty to cover plastic packaging, industrial and vehicle emissions.

11

Expand the implementation of Communications Service Tax.

12

Review the excise duty rates on beer.

13

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We therefore recommend that you seek professional advice before taking decisions based on these measures.

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