

# *Doing business and investing in Ghana*

2018





# Preface

Doing Business and Investing in Ghana – 2018 is published by PricewaterhouseCoopers (PwC) Ghana. This publication is intended to provide a quick overview of the business environment in Ghana.

We have endeavoured to take reasonable care in compiling this publication, which presents the position of Ghana in respect of the geographic facts, economic performance, economic sectors, investment climate, forms of business organisations, business and accounting practices, taxation regimes, etc., as at the dates stated in this publication.

Please note that information presented in this publication has been prepared for quick reference and general guidance purposes only, and does not constitute the provision of professional advice on any particular matters.

PwC is a global network of firms, each of which is a separate legal entity. The firms that make up the network are committed to working together to provide industry-focused assurance, tax and advisory services to build public trust and solve important problems in society.

The Ghana firm, which is a full member of the network of firms of PwC, has unrestrained access to the global firm's vast resource base of proprietary knowledge, methodologies and experience.

Our team of multidisciplinary professionals is able to assist you with every matter related to this publication and to advise investors as to the best way to do business in Ghana.

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# Ghana at a glance

## **Republic of Ghana**

Capital city: Accra

Location: West Africa

Longitude: 7.9465 degrees N

Latitude: 1.0232 degrees W

Population: 28.9 million

Official language: English

Currency: Ghana Cedi (GH¢)

Time zone: GMT

Climate: Tropical

Average temperature: 26°C (about 79°F)

Independence: 6 March 1957

Government: Democracy

Gross Domestic Product (GDP): Approximately US\$44 billion (as at September 2017)

Inflation rate: 11.8% (December 2017)

## **Tourism and places of interest**

Ghana is a favourite tourist destination in West Africa. There are many tourist sites and attractions across the country, notably:

- Kakum National Park
- Elmina Castle
- Cape Coast Castle and Fort William
- Mole National Park
- Paga Crocodile Pond
- Nzulezu Stilt Village

- Lake Bosomtwi
- Aburi Botanical Gardens; and
- Wli Waterfalls.

## **Population and people**

Ghana's current population is estimated at about 28.9 million (27.7 million in 2016), with females forming 49.1% of the total population. According to the United Nations Statistics Division, the population density was 119 persons per square kilometre as of November 2017. The greatest concentration of people is in the Greater Accra Region. The country's population grew by 2.39% in 2016 and is expected to reach approximately 29 million by the beginning of 2018.

Ghana has a youthful population, with some 60% of the population falling between the ages of 15 and 64 years. The age dependency ratio is 66.7%, implying that the dependent section of the population is more than half of the working population.

The average life expectancy at birth in Ghana is 61 years (59.8 years for males and 62.3 years for females). This is below the average life expectancy of the global population, which stands at 71 years.

Ghana is blessed with a rich diversity of ethnic groups, each with its own unique culture and way of life. The official language and mode of communication is English, which is taught in all schools. The major ethnic groups in Ghana include the Akans (the Akyem, Ashanti, Kwahu, Akuapem, Bono and others), who form about 47.5% of the country's total population. Other ethnic groups are the Ga-Dangme (7.4%), Ewes (13.9%), Mole-Dagbani (16.6%), Guan (3.7%), Gurma (5.7%), Grusi (2.5%),

Mande (1.1%) and others (1.4%). Ghanaians are known to be very hospitable people, and this trait spans across all the ethnic groups. They are very religious, as the following distribution depicts: Christianity accounts for 71.2% (Catholic – 13.1%, Protestant – 18.4%, Pentecostal/Charismatic – 28.3%, others – 11.4%), Islamic worship for 17.6%, traditional worship for 5.2%, other religions for 0.8% and no religion for 5.2%.

### **Education**

The school-going age in Ghana is from 3-21 years old. The educational structure of Ghana comprises:

- Pre-school (ages 3-5);
- Basic/Primary school (equivalent to elementary school) (ages 6-11);
- Junior high school (equivalent to middle school) (ages 12-14);
- Senior high school (equivalent to high school) (ages 15-17); and
- Tertiary education/Institution equivalent to college/university (ages 18-21).

In Ghana, the tertiary educational institutions comprise the polytechnics and universities, colleges of education institutions and nursing training colleges.

The Ministry of Education has oversight responsibility over educational issues in the country. The Ministry oversees various councils and bodies that are responsible for co-ordinating and implementing national policies on education. These bodies include:

### **Ghana Education Service**

- It is responsible for pre-tertiary education.

### **National Council for Tertiary Education**

- This is the Council that oversees the administration of tertiary institutions of education in Ghana. It serves as the supervisory and regulatory body that advises government through the Minister of Education on policies relating to tertiary education.

### **National Board for Professional and Technician Examinations**

- It has oversight responsibility over professional and technical institutions that are not universities.

### **Economy**

The services sector is the largest contributor to Ghana's GDP (62% as of the end of the second quarter of 2017). The industrial sector is the next largest sector of the economy (26.5% as at the end of the second quarter of 2017), followed by the agricultural sector with a 11.5% contribution to GDP at the end of the 2017 second quarter.

With about 778, 044 metric tonnes of cocoa beans having been produced in the 2015/2016 crop year, Ghana is the second-largest producer of cocoa in the world after Côte d'Ivoire.

Ghana is currently a net importer of petroleum products. However, expected production of oil and gas from the Tweneboa, Enyenera, and Ntomme (TEN) and Sankofa oilfields will increase output in 2018 and improve the balance of trade position.

Gold production was expected to increase in 2018 after a 45% increase in output from 2015 to 2016. Total gold output was 4.1 million ounces, attributable mainly to artisanal miners (1.5 million ounces in 2016, from 267 662 ounces in 2015). The issue of illegal gold mining affected gold revenue earned by the country in 2016. The Minister of Lands and Natural Resources indicated that approximately \$2.3 billion worth of gold was lost through illegal mining. As such, the government has rolled out the Multilateral Mining Integrated Project to curb this practice.

Ratings agency Fitch revised the outlook on Ghana's credit rating from negative to stable and affirmed their B credit rating, mainly due to progress made in stabilising the economy with an expected improvement of GDP growth, declining inflation, a stable currency and increased foreign exchange reserves. In addition, Fitch is of the opinion that the current government will make progress in reducing the budget deficit after the fiscal slippage experienced prior to the elections in November 2016.

# The government sector

Ghana practises a democratic system of governance. Parliamentary and presidential election was held every four years in accordance with the provisions of the 1992 Constitution. The most recent elections were in 2016, with the country experiencing a smooth transition in government.

The Constitution provides a clearly defined separation of powers among the legislative, executive and judicial arms of government.

There are ten administrative regions in Ghana with 254 metropolitan, municipal and district assemblies (MMDAs). Ghana practises a system of decentralisation where the various regions and MMDAs are allowed some degree of autonomy in decision-making.

Ghana also maintains various structures of traditional rulership recognised under the Constitution. The role of traditional leaders is to mobilise people to pursue developmental goals at the local and community levels. Traditional chiefs in Ghana have been organised into regional and national houses of chiefs.

Ghana's legal system is based on the 1992 Constitution, with statutes being enacted by Parliament; and rules, orders and regulations enacted through delegated legislation, common law and customary (traditional) law. The hierarchy of the court structure in Ghana is as follows:

- the Supreme Court (i.e. the highest court);
- the Court of Appeal, and the High Courts (these two courts and the Supreme Court are together referred to as the superior courts of judicature); and
- The Circuit and District courts, which form the lower courts.

The office of the Attorney-General of Ghana has powers to prosecute matters on behalf of the State and is required to be joined in all legal actions against the State.

The Office of the Special Prosecutor was recently set up as a specialised agency to investigate specific cases of corruption involving public officers, and politically exposed persons in the performance of their functions, as well as individuals in the private sector implicated in the commission of corruption and to prosecute these offences on the authority of the Attorney-General.

## ***The National Digital Property Addressing System (NDPAS), National Identification Project (NIP) and Interoperable Electronic Platform (IEP)***

The government aims to formalise the country's economy by establishing a national database for easy identification and increased access to information on its citizens, locations and businesses. It launched the NDPAS and NIP in 2017 to enhance business activities in Ghana through the creation of a secure personal identification system for citizens and establishing proper national address and location systems, respectively. These projects are also expected to improve security and facilitate the deployment of emergency services.

An IEP was launched in May 2018 for the financial sector with the aim of reducing the risk of doing business in that sector. Also known as the bank interoperability system, it will interface mobile money transactions with the banking system to monitor and facilitate electronic transactions within the country. Once it has been implemented, it will also work together with the NIP to create a robust credit database which will reduce the cost involved in obtaining financing from financial institutions.

As the country continues to leverage on technology in the business space, many government institutions – including the Registrar General’s Department (RGD), the Passport Office and the Ghana Revenue Authority (GRA) – are deploying online systems to serve their customers. The registration of businesses, applications for passports and filing of some taxes in specific GRA offices can now be conducted online. These innovations have not come without challenges, but the government remains positive that all the online functionalities will be fully functional by the end of 2018.

### ***Government of Ghana Infrastructure for Poverty Eradication Project (IPEP)***

In an attempt to eradicate poverty, the government has instituted several initiatives under the IPEP to be implemented by three development authorities: the Northern Development Authority, the Middle-Belt Development Authority and the Coastal Development Authority. Under the IPEP, US\$1 million will be disbursed to each of the 275 constituencies across Ghana to undertake development projects at a decentralised level. The projects under consideration include the government’s flagship projects: one-district-one-factory; one-village-one-dam and one-district-one-warehouse. The projects are expected to stimulate economic activity in different parts of the country and drive the government’s rural industrialisation agenda.

### ***Paperless port project***

The government implemented a paperless port operations system which is aimed at increasing efficiency at the ports by reducing the number of hours spent in clearing goods and increasing tax revenue. The aim is to use increased technology and improved infrastructure and human resources to achieve a reduced average number of hours that shipping vessels spend at the ports, to four to eight hours from the recorded average of one hundred and three hours in 2016. Increased port efficiency is expected to increase revenue mobilisation and reduce the stress associated with clearing goods while opening up the ports to more business, since 80% of Ghana’s trade volumes are currently done through sea transportation.

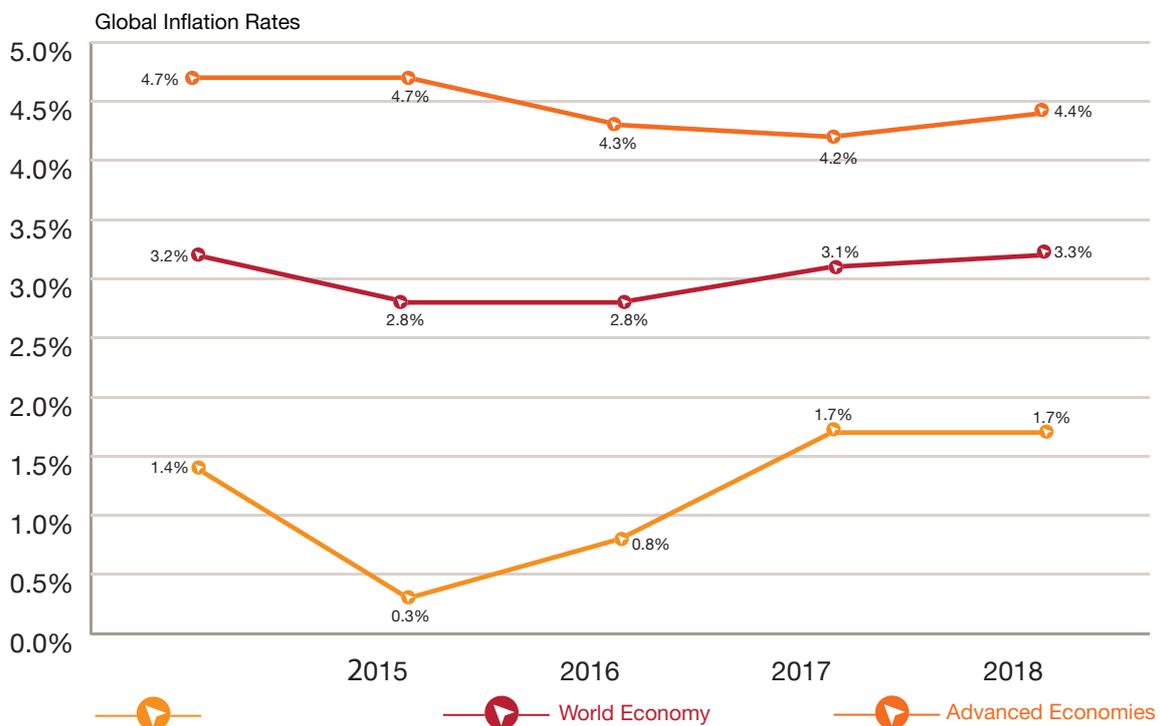
### ***Ghana/Cote d’Ivoire maritime dispute: International Tribunal for the Law of the Sea (ITLOS) win***

In September 2017, Ghana won a three-year-long maritime border dispute case against Cote d’Ivoire after a favourable ruling by the Special Chamber of the International Tribunal for the Law of the Sea (ITLOS). ITLOS’s first ruling in 2015 placed a moratorium on new projects within the TEN oil fields which prevented Tullow Oil from drilling additional oil wells in the area. Following the ruling, Ghana’s oil production is expected to be boosted as it will be able to keep its oil concessions and further develop the oil fields.



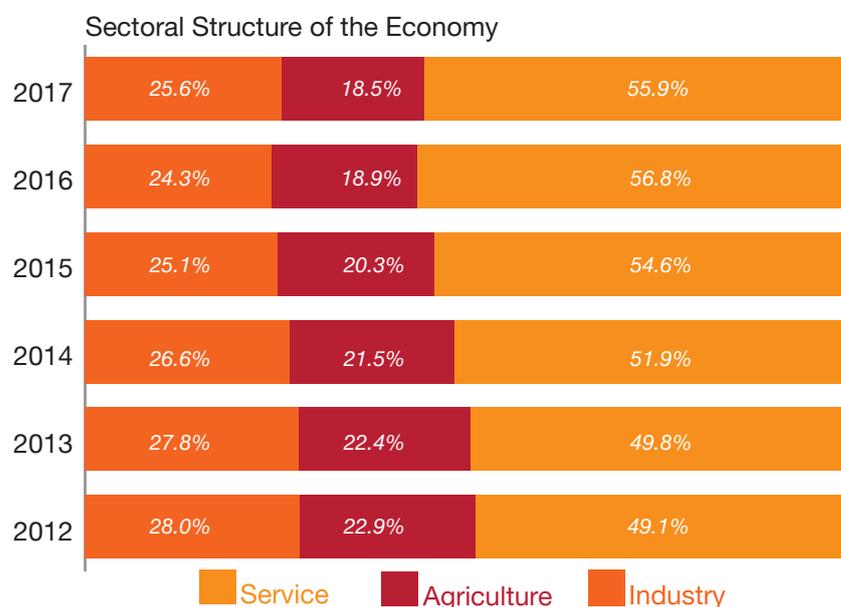
# The economy of Ghana

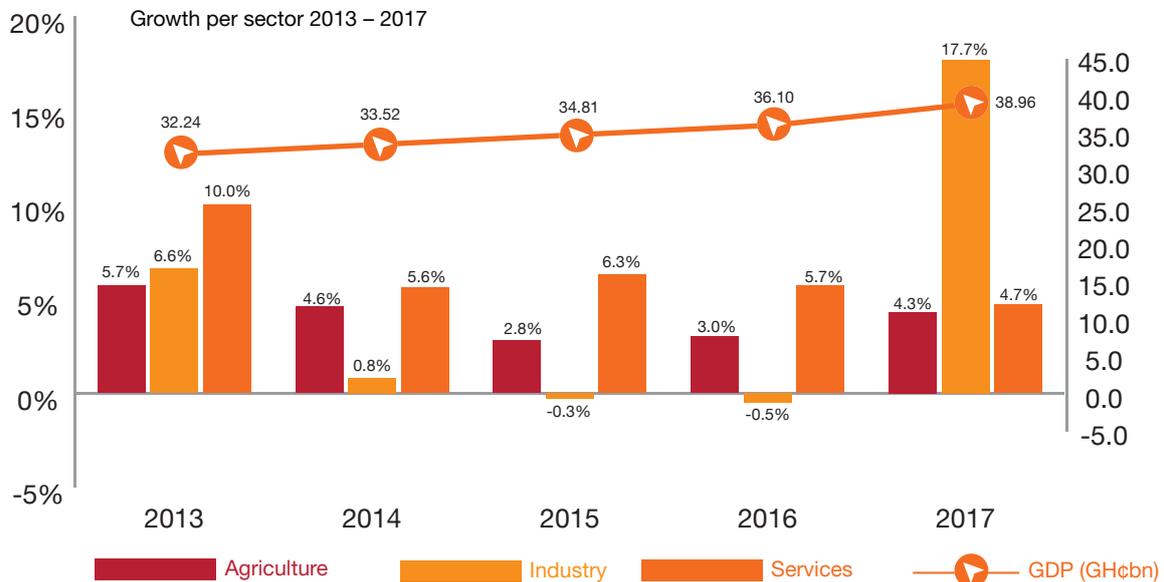
- The Ghanaian economy significantly outperformed the global economy and all major sub-groupings in 2017, and the same is forecasted for 2018. While Ghana's GDP growth rate is expected to decline slightly to 6.8% in 2018, it is still expected to be higher than that of the world economy.
- Ghana's economic growth rate was higher than that of the global economy and most of sub-Saharan Africa in 2017. The country has been an attractive investment destination as a result of the relative political stability and improved macroeconomic conditions over the last two decades. Government is also putting in place additional measures to enhance Ghana's attractiveness as an investment destination, including a review of the Ghana Investment Promotion Centre (GIPC) Act and efforts to make Ghana the business hub of the West African sub-region. These measures will increase the attractiveness of the country to foreign investors and enhance Government's industrialisation agenda.
- The World Economic Outlook (WEO) report for October 2017 estimates that the average inflation rate in advanced economies will be 1.7% in 2018, the same as in 2017. For emerging markets and developing economies (EMDEs), average inflation is expected to be 4.2% in 2017, with a marginal increase to 4.4% in 2018.



While global inflation is expected to increase moderately, developments in advanced economies present risks to the projected level of inflation. The US Federal Reserve increased rates twice in 2017 and the UK Treasury interest has followed suit by increasing rates for the first time in almost a decade. These are likely to make government securities in advanced economies more attractive, leading to a potential increase in investment in these securities. Such a development will strengthen hard currencies such as the US Dollar. A stronger US Dollar can put exchange-driven inflationary pressure on the Ghana Cedi.

In 2017, there was no significant change in the structure of the economy. The services sector continues to be the largest contributor to GDP. With the exception of the industry sector which expanded, the services and agriculture sectors contracted marginally. The 2018 Budget Statement estimates that significant growth was achieved in the economy in 2017, with real GDP growth estimated at 7.9% at the end of 2017, higher than the target growth of 6.3%. This higher-than-budgeted growth was driven by an increase in oil production as a result of the deferral of the Jubilee floating production storage and offloading (FPSO) turret remediation projected from the third quarter of 2017 to 2018 and the commencement of production in the Sankofa-Gye Nyame oilfield.





The structure of the Ghanaian economy is not expected to change significantly in the short to medium terms. The current structure has the characteristics of a mature or stable economy, where growth in the industry and services sectors drives overall economic growth. There are a number of agriculture and industry related policy initiatives which are expected to drive growth. The services sector is also expected to continue growing, driven by the information and communication subsector. As indicated in the 2018 Budget Statement, there are plans to invest heavily in agriculture with a focus on mechanisation and also to ensure rapid industrialisation of the economy.

Growth in the industry sector for 2017 was estimated at 17.7%. This was largely driven by the mining and quarrying subsector, of which upstream petroleum constitutes a significant share. Upstream petroleum had a provisional outturn of 69.2% in 2017, a sharp reversal from the negative 16.9% recorded in 2016. This figure is higher than previously targeted and is principally due to the deferral of the FPSO turret remediation project to

2018, allowing for increased production in 2017 and a lower forecast production in 2018 than originally projected. The manufacturing subsector is expected to slowly recover from the severe hit it took at the height of the power crisis, with a 2017 provisional outturn of 2.7%.



# Investing in Ghana

## *Setting up a business in Ghana*

Business can be conducted under either a limited liability company (local company) incorporated under the laws of the Republic of Ghana or an external company (branch). The regulator responsible for this is the RGD.

## *Tax identification number (TIN)*

Prior to the registration of an entity the directors and the secretary of incorporated entities or the local managers of branches are required to register for and obtain a TIN.

## *Types of companies*

### *Subsidiary (local company)*

This is a company limited by shares incorporated under the Ghana Companies Act, 1963 (Act 179). A subsidiary can either be wholly or partly owned by a Ghanaian or a non-Ghanaian.

### *Registration requirements of a subsidiary*

The registration of a local company involves the filing of the required forms with the RGD in order to obtain certificates of incorporation and commencement of business, profile (forms 3 and 4) and a certified true copy of the company's regulations.

The documentation/information required for the registration of a subsidiary includes the following:

- Name of company;
- Nature of business of the company;
- First directors (a minimum of two is required), of whom one must be present in Ghana at all times;
- Number of shares with which the company should be registered (shares of no par value);
- Name and address of auditor;

- Registered office and principal place of business and postal addresses;
- Authorised number of shares;
- Stated capital;
- Issued shares;
- Name and address of subscribers/shareholders; and
- Name of company secretary.

## *Stamp duty*

A 0.5% stamp duty is payable on the stated capital of the company.

## *Fees*

In addition to the stamp duty, a subsidiary must pay a registration fee of approximately US\$75 (GHS330).

## *External company*

An external company (also known as a branch) is a body corporate formed outside the Republic of Ghana that has an established place of business in Ghana.

The information and documents required for the registration of an external company are as follows:

- Name of company (name of head office entity);
- Nature of business;
- Name and details of local manager;
- Authorised capital (for head office);
- Issued capital (for head office);
- Address of principal place of business in Ghana;
- Address of registered office in country of incorporation;
- Name and address of process agent;
- Memorandum and articles of association of head office, duly notarised by a notary public in the country of registration;

- A power of attorney executed in favour of the local manager, which must be notarised as well; and
- Certificate of incorporation of the head office, duly notarised in the country of registration.

### **Statutory/regulatory registration**

Apart from incorporating or registering entities with the RGD, entities are required to be registered with other regulatory bodies (as discussed below) as well, depending on the industry that the entity will be operating in.

### **Ghana Investment Promotion Centre (GIPC)**

Under the GIPC Act of 2013 (Act 865) (GIPC Act), all companies in which there is foreign participation are required to register with the GIPC.

The following are the minimum capital requirements under the GIPC Act:

#### **a. A joint venture with Ghanaian participation**

In a joint venture with at least 10% Ghanaian participation, the foreign partner is required to contribute not less than US\$200,000 (in either cash or capital goods) relevant to the investment.

#### **b. A wholly owned foreign entity**

An entity wholly owned by a non-Ghanaian requires a minimum amount of foreign equity capital of US\$500,000 in either cash or capital goods relevant to the investment.

#### **c. Trading entity**

A trading entity that is either wholly or partly owned by a non-Ghanaian requires a minimum equity capital of US\$1,000,000 in either cash or capital goods relevant to the investment.

### **Ghana Free Zones Board (GFZB)**

Companies operating in industries other than mining, petroleum or timber can obtain a license from the GFZB to operate as a free zone entity. To qualify for this, the entity needs to export at least 70% of its goods or services. GFZB registration enables the company to enjoy a tax holiday for a period of ten years; thereafter, it will be required to pay corporate tax of 25% on local sales and 15% with respect to exports.

### **Minerals Commission (MC)**

All mining and mine support service companies are required to register with the MC in order to operate in the mining sector. The registration entitles them to certain incentives, such as support in the form of the granting of an expatriate immigration quota, exemption from import duties and authorisation to invoice and receive and make payments in foreign currency subject to approval from the Bank of Ghana.

### **Petroleum Commission (PC)**

All entities in the upstream oil and gas sector, whether contractors, subcontractors or sub-subcontractors, are required to register with the PC and pay the required registration fees.

To operate in the upstream oil and gas sector as a foreign investor, one is required to establish a joint venture (JV) with an indigenous Ghanaian company (IGC) that has at least a 5% or 10% ownership in the JV in the case of a contractor or subcontractor respectively.

### ***National Communication Authority (NCA)***

Registration with the NCA will be required if businesses will be importing telecommunications equipment, including servers, cellular phones, fax machines, cordless phones and radio equipment.

### ***Social Security and National Insurance Trust (SSNIT)***

Every employer is required by law to register with the SSNIT and pay Tier 1 pension contributions in respect of its employees.

They are also required to register with a private pension fund manager for Tier 2 pension contributions on behalf of their employees.

### ***Ghana Revenue Authority (GRA)***

Entities carrying on business in Ghana are required to register with the GRA for tax purposes.

### ***Other regulatory bodies***

Companies operating in certain specific industries, such as banking, insurance, etc., need to obtain licenses from their relevant regulatory bodies. For example, banks need to obtain an operating license from the BoG, and insurance companies need to obtain an operating license from the National Insurance Commission (NIC).

### ***Operating a foreign account in Ghana***

#### ***Foreign exchange account (FEA)***

Both residents and non-residents are permitted to maintain an FEA.

FEAs should be credited with foreign exchange generated from activities in Ghana, such as proceeds from exports of goods and services.

The threshold for transfers abroad from this account is US\$ 10,000 without any initial supporting documents. Thereafter, transfers must be accompanied by supporting documents.

Transfers from FEAs to foreign currency accounts (FCAs) are not allowed.

Transfers from FEAs to Cedi accounts are allowed.

#### ***Foreign currency account (FCA)***

Both residents and non-residents may open FCAs with any authorised dealer bank in Ghana.

FCAs should be credited with unrequited transfers such as transfers from abroad for investment or embassy transfers.

Transfers from FCAs to FEAs are allowed.

Transfers from FCAs to Cedi accounts are allowed.

FCAs are free from restrictions, and transfers to and from these accounts may be made freely by authorised dealer banks in convertible currencies.

### ***Repatriation of funds***

Funds in respect of branch profits, repayment of loans, dividends and management/technical fees are allowed to be repatriated in foreign currency after the appropriate withholding taxes have been paid and the respective tax clearance certificates obtained as evidence of payment.

The transferring entity must also support these transfers with supporting documentation (e.g. audited accounts, the loan agreement, technology transfer agreement registration certificates etc.).

## Immigration

Ghana Immigration Services (GIS) is the institution responsible for the issuance of the various types of permits, including work and residence permits, visitor's permits and emergency entry visas, among others.

There are, however, other institutions that also issue work permits aside from the GIS which are discussed below.

### Work permits

Work permits can be obtained from the GIPC in the form of an automatic expatriate quota (AEQ) or from the Ministry of Interior (MOI) in the form of an immigrant quota or from the GIS.

### Obtaining an AEQ from the GIPC

The AEQ is an automatic work permit granted to expatriates by the GIPC based on the foreign equity capital investment made by a company. To benefit from this, the company must be registered with the GIPC. The foreign equity capital investment bands for the granting of AEQs are as follows:

Paid-up capital (US\$)	No. of expatriate(s)
Not less than 50 000 and not more than 250 000	1
Not less than 250 000 and not more than 500 000	2
Not less than 500 000 and not more than 700 000	3
More than 700 000	4

### Short-term or temporary quota from the GIPC

Aside from the AEQ, an entity can negotiate with the GIPC for additional quotas, known as short-term or temporary quotas. These are not granted automatically but are issued on a discretionary basis for a maximum period of five years or less.

Unlike with the AEQ, an entity which requires this quota from the GIPC will have to provide a justification to the GIPC as to why they should be given the additional quota.

### Obtaining immigrant quotas from the Ministry of Interior (MOI)

The MOI also issues immigrant quotas (IQs), which are equivalent to work permits. Once an IQ has been issued to an expatriate, the applicant can apply to the GIS for a residence permit without having to apply for a work permit.

Expatriates making use of the IQ may be replaced with another expatriate once they leave the employment of the applying company. It is issued for a maximum period of three years.

### Obtaining work permits from the GIS

Companies that do not use the quota may apply to the GIS for a work permit. The GIS usually issues work permits for a period of one year. However, it is possible to obtain a work permit for a period of two years as well.

Entities operating in the mining sector are required to obtain letter(s) of recommendation from the MC prior to making application to the GIS for work permits.

In the case of upstream petroleum operators and free zone entities, companies need to apply through the PC and GFZB respectively.

Below are the documents required for a work permit application to the GIS:

- A work permit cover letter;
- Completed work permit application form;
- A letter of recommendation from the MC in respect of a named applicant (this is applicable to mining entities);
- Biodata page of the applicant's passport;
- Two passport-sized photographs of the applicant;
- Curriculum vitae of the applicant;
- Contract of employment of the applicant;
- Medical report;
- Police report;
- Registration documents of the company employing the expatriate;
- Educational certificates of the applicant;
- GIPC registration certificate;
- Financial statements of the company; and
- Tax clearance certificate of the company.

### *Residence permit*

The GIS is the body responsible for the granting of residence permits. In addition to the work permit documentation, the applicant will be required to attach the following to their residence permit application:

- Residence permit cover letter;
- Completed residence permit application form;
- Passport of the applicant;
- Non-citizen ID card;
- Two passport-sized photographs;
- Certificate of marriage (for spouse);
- Birth certificates of children (where so required); and

- Quota letter from the GIPC or MOI or work permit letter from the GIS (whichever is applicable).

### *Other permits/visas*

#### *Visa/Entry permit*

Every visitor to Ghana requires a visa/entry permit except for ECOWAS citizens, citizens of Trinidad, Tobago, Egypt or Zimbabwe, holders of a German, Iranian or Cuban diplomatic/service passport (for a period not exceeding three (3) months), persons in direct airside transit, holders of passports of Regional Economic Communities in Africa and the African Economic Community as well as the United Nations and its specialised agencies, the World Bank and the African Development Bank.

Visitors from countries which do not have Ghana missions may obtain visas on arrival upon prior application to the Controller of Immigration. The visa is granted in a letter form, a copy of which must be forwarded to the visitor to enable them to travel from their country. Upon arrival in Ghana, this visa is then endorsed in the visitor's passport.



# Economic sectors

## **Financial services (banks and other financial institutions)**

Ghana has a sizeable banking and financial services industry. Overall, regulation and supervision of this industry are by the central bank (BoG). The banking and finance industry in Ghana has continue to perform creditably. The year-on-year growth rate of the finance and insurance sector in 2017 quarter 3 was 4.1%.

### **Sector overview**

In Ghana, the financial services industry is categorised into three main sectors:

- Banking and finance (including non-bank financial services and forex bureaus);
- Insurance; and
- Financial/Capital markets.

During the third quarter of 2017, financial and insurance activities increased to 4.1% at constant prices as compared to 3.6% in 2016. The total banking-assets-to-GDP ratio as at September 2017 was 50%.

Total credit to the private and public sectors recorded an annual growth of 16.8% as at the end of September 2017. Outstanding credit to the private sector at the end of September 2017 was GH¢33.5 billion. In real terms, private sector credit expanded by 4.2% compared to a 3.6% contraction in September 2016.

In November 2017, the BoG, through the Monetary Policy Committee, reduced the monetary policy rate (MPR) to 20%. The MPR was 17% as at 21 May 2018.

Following substantial improvements to the financial system, including the introduction of mobile money services, mobile banking, the e-zwich payment

platform and others, the sector is undoubtedly now in a better shape to play the role of roping in the unbanked population of Ghana, which still remains substantial.

The operating institutions include both foreign and local major banks, rural and community banks, savings and loans companies, and other finance and leasing companies.

The number of banks and non-bank financial institutions as at August 2017 shows that the financial sector is largely dominated by banks, to the following extent:

<b>Organisation</b>	<b>Number</b>
<i>Universal banks</i>	<i>35</i>
<i>Rural and community banks</i>	<i>141</i>
<i>Non-bank financial institutions</i>	<i>71</i>
<i>Microfinance institutions</i>	<i>347</i>
<i>Forex bureaux</i>	<i>413</i>
<i>Insurance companies (Life and non-life)</i>	<i>49</i>
<i>Reinsurance companies</i>	<i>3</i>
<i>Insurance brokers</i>	<i>69</i>
<i>Loss adjusters</i>	<i>1</i>
<i>Reinsurance brokers</i>	<i>1</i>

The Banks and Specialised Deposit Taking Institutions Act, 2016 (Act 930) repealed the following acts:

- Banking Act, 2004 (Act 673); and
- Banking (Amendment) Act, 2007 (Act 738).

Although the Banking Act, 2004 (Act 673) and Banking (Amendment) Act 2007 (Act 738) have been repealed, all of their regulations, orders, directives, decisions and rules are still in force until revoked, amended or terminated by Act 930.

### **Minimum capital requirements**

Even though the banking and financial sectors are liquid and well capitalised, authorities have continued efforts to strengthen them. Effective September 2017, the minimum paid-up capital requirements for new banks entering the banking industry were revised by the BoG as follows:

- Commercial banks – GH¢400 million;
- Non-bank financial institutions – GH¢15 million;
- Rural banks – GH¢1 million; and
- Microfinance (deposit taking and non-deposit taking) – GH¢2 million.

### **Mergers and acquisitions**

In 2017, two indigenous Ghanaian banks, UT Bank and Capital Bank, were acquired by Ghana Commercial Bank (GCB) as a result of the revocation of their licenses by the BoG due to high non-performing loans.

### **Banking and payment systems**

Oversight of payment and settlement systems has been identified as an important component of the central bank's mandate for maintaining the stability of the financial system and confidence in the domestic currency. As the volume and values of financial transactions increase, the central bank is compelled to ensure that payment and settlement systems operate efficiently in the country. This has been achieved

through the institution of infrastructure arrangements and processes in the country to strengthen payment and settlement systems. These include the Ghana Automated Clearing House, Direct Credits and Debits System, Ghana Interbank Settlement System, Mobile Money Services and National Switch (e-zwich) system.

The mobile money payment service has become one of the most used payment services in the country. As at September 2017, the total number of registered mobile money customers was 22,010,756, showing a 16.69% per cent growth over the position in the same period in 2016 of 18,862 941. The total value of mobile money transactions stood at GH¢109,133.60 million as at September 2017 as against GH¢51,430.32 million for the same period in 2016.

### **Foreign currency dealings**

The Foreign Exchange Act, 2006 (Act 723) requires all domestic sales and purchases of goods and services in Ghana to be conducted in Ghana cedis (GH¢).

In August 2014, following a further depreciation of the cedi, the BoG issued directives to revise forex rules introduced in February 2014. The key revisions included:

- The limit of US\$10,000 on over-the-counter foreign exchange cash withdrawals has been removed.
- Exporters are now to continue to repatriate in full all export proceeds in accordance with the terms agreed between the trading parties. Such proceeds must be credited to their FEAs and converted on a needs basis.
- Cheques and cheque books may be issued by banks to holders of FCAs and FEAs.

- Persons engaged in the business of foreign exchange are required to obtain licences from the BoG. The business of dealing in foreign currency includes the purchase and sale of foreign currency; the receipt or payment of foreign currency; the importation and exportation of foreign currency; and the lending and borrowing of foreign currency.

Furthermore, the GIPC Act also allows enterprises to effect, through any authorised dealer bank, the unconditional transfer, in freely convertible currency, of dividends or net profits attributable to the investment made in the enterprise; payments in respect of loan servicing, where a foreign loan has been obtained; fees and charges in respect of a technology transfer agreement registered under the GIPC Act; and the remittance of proceeds, net of all taxes and other obligations, in the event of the sale or liquidation of the enterprise or any interest attributable to the investment in the enterprise.

### *Investment opportunities*

There is a high demand for various financial services in Ghana. The relatively underdeveloped financial services sector in neighbouring countries is an opportunity for financial services firms in Ghana to supply such services in those countries.

### *Discovery of oil*

Following Ghana's oil discovery in commercial quantities and on-going exploration activities, enormous opportunities exist for the banking and financial sector to finance and insure the numerous large-scale transactions taking place.

### *Investment incentives*

Incentives specific to the financial services industry may apply subject to the following provisions:

- Reduced income tax rate (i.e. 20% instead of the standard 25%) on income derived from loans granted to farming enterprises;
- Reduced income tax rate (i.e. 20% instead of the standard 25%) on income derived from loans granted to leasing companies for the acquisition of assets to lease; and
- In the case of rural banks, a reduced income tax rate (i.e. 1% instead of the standard 25%) for the first ten years of the business' establishment.

## *Mining services*

### *Sector overview*

The mining industry in Ghana has over the years grown to be a major driver of economic growth. The industry accounts for 5% of the country's GDP, and minerals make up about 37% of total exports. Ghana's geological space is rich in different kinds of minerals, including gold, bauxite, diamond and manganese. However, Ghana's mining and minerals development industry is focused on gold. Gold contributes over 90% of the total mineral exports. Ghana is the second-largest gold producer in Africa. Currently, there are about 23 large-scale mining companies in the gold mining industry, including AngloGold Ashanti, Newmont Ghana, Gold Fields Ghana, Chirano Goldmines and Golden Star Resources Limited, which continue to invest in the Ghanaian mining industry. There are also over 300 registered small-scale mining groups and 90 mining support services companies.

Companies exploring for gold in Ghana include Adamus Resources Limited, Perseus Mining Limited, Azumah Resources and Xtra Gold Resources.

### *Recent developments*

In 2017, the Government of Ghana imposed an initial six-month ban on small-scale mining as part of its effort to end illegal mining ("galamsey") and related activities, which adversely affected the environment, particularly water bodies and forest reserves.

Galamsey or artisan mining involves rudimentary techniques of mineral extraction, highly manual processes, hazardous working conditions and low levels of environmental and health awareness. Traditionally, small-scale gold mining in Ghana has been carried out by locals on their own land using hand-operated tools. These methods have slowly been modernised and expanded, but the recent influx of foreign miners has accelerated this development. This is despite the fact that Ghanaian law prohibits small-scale mining by non-citizens. The ban on small-scale mining was expected to be lifted at some point in the future.

### ***Regulatory framework***

Every mineral in its natural state in, under or upon land in Ghana, rivers, streams, water-courses throughout the country, the exclusive economic zone and an area covered by the territorial sea or continental shelf is the property of the Republic of Ghana and is vested in the President in trust for the people of Ghana. The Government of Ghana has the right of pre-emption of all minerals in Ghana, which is exercised through the Minister for mining and minerals.

Mining is regulated by the MC which operates under the Ministry of Lands and Natural Resources. The industry is governed by the Minerals and Mining Act 2006 (Act 703) (Minerals and Mining Act) and associated regulations. The Minerals and Mining Act gives extensive powers to the Minister to classify or declassify land for exploration and to negotiate, grant, revoke, suspend or renew mineral rights.

The Minerals and Mining Act applies equitably to all investors, whether Ghanaian or foreign, except in the case of small-scale mining and restricted mineral operations, which are reserved solely for Ghanaians. In the case of industrial mineral operations, foreigners can participate if their proposed investment is at least US\$10 million.

Government has the right to acquire a 10% free carried interest in the rights and obligations of mineral operations, in respect of which no financial contribution will be paid by Government. This free carried interest does not preclude Government from any other or further participation in a mineral operation that may be agreed with the holder of the mineral right.

### ***Key regulatory institutions in the mining industry include:***

#### ***Minerals Commission:***

The MC is the main promotional and regulatory body for the minerals sector in Ghana. The Commission's primary responsibility is to foster the efficient and effective regulation and management of the utilisation of Ghana's mineral resources. It is also responsible for the coordination and implementation of policies relating to mining and ensures compliance with Ghana's mining and mineral laws and regulations through effective monitoring.

#### ***Forestry Commission:***

The Forestry Commission of Ghana is responsible for the regulation of the utilisation of forest and wildlife resources, the conservation and management of those resources and the coordination of policies related to them. The holder of a mineral right is required to obtain a permit from the Forestry Commission prior to undertaking any mineral operations.

#### ***Water Resources Commission:***

The Water Resources Commission was established by the Water Resources Commission Act 1996 (Act 522) with the mandate to regulate and manage Ghana's water resources and co-ordinate government policies in relation to them. The Act stipulates that ownership and control of all water resources are vested in the President on behalf of the people, and clearly defines the Water Resources Commission as the overall body responsible for water resources

management in Ghana. The holder of a mineral right may for the purpose of, or ancillary to, mineral operations need an approval from the Water Resources Commission for access to the water bodies.

### *Environmental Protection Agency (EPA):*

The EPA is a statutory agency established to deal with environmental protection, pesticides control and regulation of environmental issues and its related purposes. The agency is dedicated to improving, conserving and promoting the country's environment and striving for environmentally sustainable development. Holders of mineral rights will need an environmental permit from the EPA.

### *Registration requirements*

Investors who wish to invest in the mining sector of Ghana are required to do the following:

1. Incorporate a company in Ghana – the company may be wholly foreign-owned except that, by law, a mandatory non-contributory equity shareholding of 10% is reserved for the Government of Ghana.
2. Apply for and obtain a licence or approval from the Ministry of Lands and Natural Resources. In summary, the following licences are available to mining operators in Ghana:

- Reconnaissance licence: The reconnaissance licence confers on the holder the right to search for a specific mineral within the licenced area by geochemical and photo-geological surveys or other remote sensing techniques. The licence does not permit excavation or drilling. The reconnaissance licence is normally the first licence a company applies for. It is usually granted for up to one year and may be renewed only on application to the Ministry of Lands and Natural Resources.

- Prospecting licence: This licence is usually granted for an initial period of three years. It gives the holder the right to search for specific minerals by conducting a survey to determine the extent and economic value of any mineral deposit within the licenced area.

- Mining lease: After a prospecting company has found an economically viable deposit, it may apply for a mining lease. This grants the holder the right to mine, win or extract specified minerals (or commodities) within the lease area. The lease may be granted to the holder of a prospecting licence or any person who establishes to the satisfaction of the Minister that a mineral to which the lease relates exists in commercial quantities within the proposed lease area and can be mined at a profit.

- Small-scale-mining right: A license for a small-scale mining operation is granted only to Ghanaians who are at least 18 years old. This licence is normally granted for a period not more than five years from the date of issue and may be renewed on expiry for a further period that the Minister may determine. The size of the area in respect of which a licence may be granted for small-scale mining may not exceed 25 acres (10 hectares).

3. Register with the MC.

### *Mining tax/fiscal regime in Ghana*

Applicable taxes and levies as required from operators in the mining sector include:

- An annual ground rent is prescribed by the MC and paid to the owner of the land or their successors. Where the rent is in respect of mineral rights over stool lands, it should be paid to the Office of the Administrator of Stool Lands.

- An annual minerals right fee is payable to the Minerals Commission as prescribed.
- The corporate income tax rate for businesses engaged in mining is 35%, and mining service providers are subject to corporate income tax at a rate of 25%. This rate may be subject to a stability agreement between the mining contractor and the Government of Ghana.
- A capital allowance is granted on capital expenditure incurred by a person engaged in mining operations at a rate of 20% on a straight-line basis on mining assets. These assets should be placed in a separate pool from other assets. However, a person who incurs revenue or capital expenditure in the course of reconnaissance or prospecting operations must place the expenditure in a single pool and will not be granted a deduction or capital allowance until production starts.
- Ring-fencing rules apply to mining companies in Ghana and as a result the chargeable income of mining companies is determined separately for each mineral operation.
- The holder of a mineral right is granted exemption from import duty on plant and machinery and accessories specifically and exclusively used for mining operations and listed on a mining list.
- Most mining companies usually export the minerals won and these exported minerals are subject to a zero rate of VAT and NHIL. Effective 2016, the Government of Ghana abolished the use of VAT relief purchase orders. In lieu of this, refunds are made after requests have been vetted and certified by the GRA.
- Companies providing mining support services are required to pay a national fiscal stabilisation levy of 5% of annual accounting profit before tax applies. The levy is applicable to the 2013-to-2019 years of assessment.
- The Government of Ghana has stability agreements with some mining companies that seek to protect the holder of a mineral right, for a specified period, from any adverse effects of changes in laws.
- Subject to any fiscal stability agreement, the mineral royalty rate is 5% of the total revenue earned from minerals obtained from mining operations by a holder of a mining lease, restricted mining lease or small-scale mining licence. Royalties must be paid 30 days after the end of the quarter.
- Mining companies can carry forward tax losses for a maximum of five years. However, companies providing mining support services are allowed to carry forward tax losses for a maximum of three years.

### *Challenges in the mining sector*

The industry has in the recent past faced major challenges regarding the ever-increasing illegal mining operations, or galamsey, on company concessions, which impact the operations of the affected mining companies. The ban on small-scale mining might help bring this under control.

Other issues faced by mining companies include land compensation issues and community demands for the provision of facilities such as housing, schools and hospitals for people displaced by mining activities, as well as, in some cases, the offering of employment to the local people.

### *The capital market*

There are a number of capital markets in Ghana, including the following:

- The Ghana Stock Exchange (GSE);
- Real estate investment trusts (REITs) and collective investment schemes (CIS);
- The Ghana Interbank Forex Market; and

- The Ghana Alternative Market (GAX) – a parallel market operated by the GSE which focuses on businesses with potential for growth and accommodates companies at various stages of their development, including start-ups and existing enterprises, both small and medium.

The largest capital market in Ghana is the GSE. It was established in 1989 and became authorised under the Stock Exchange Act of 1971 (Act 384) in 1990.

The GSE provides, facilities and frameworks to the public to purchase and sell bonds, shares and other securities. It regulates the dealings of its members (listed companies and brokerage firms) with their clients and other members as well as facilitates the exchange of information, including prices of securities listed.

It also provides an avenue for one to access a company's financial statements in order for an investor to make an informed investment decision.

The GSE commenced trading on 12 November 1990 and had a total market capitalisation of GH¢58.8 billion (equivalent to US\$13.1 billion) as at 17 November 2017. The 21 brokerage firms licensed by the exchange are able to trade in the shares of 42 equities and over 100 bonds listed on the GSE.

A company seeking listing must, among other requirements:

- be a public limited liability company duly incorporated under the Companies Act, 1963 (Act 179) (Companies Act);
- have all shares for listing fully paid for and qualifying as freely transferable securities;
- have published or filed audited accounts for a period of time as specified for the class of official list it is seeking for;

- have continuity of company management with the requisite level of competence and integrity; and
- issue a prospectus in line with the provisions of the Companies Act and the Exchange rulebook.

These requirements may vary depending on the class of listing required, but the requirements for admitting companies registered outside Ghana are quite similar to those applicable to locally registered companies.

In addition to companies, MMDAs, pooled investment schemes (such as mutual funds) and the government may also list securities on the GSE.

The minimum public float should not be less than 25% of the number of shares issued by the company. Trading, clearing and settlement are done electronically on the GSE.

Listed companies, brokerage firms, asset management firms, investment advisory firms and collective investment schemes are regulated by Ghana's Securities and Exchange Commission (SEC). The SEC's role is to ensure good corporate governance and regulatory compliance.

The SEC carries out regular inspections of licensed dealing members' operations and books.

An investor can visit the GSE website at [www.gse.com.gh](http://www.gse.com.gh) for more information on the activities of the exchange.

### **REITs and CISs**

REITs in Ghana began with the CISs.

CISs and REITs in Ghana take the form of either a mutual fund or a unit trust.

The CISs and REITs in Ghana are regulated by the SEC, as all securities in Ghana are subject to securities laws that are administered and enforced by the SEC.

The GSE regulates the CISs and REITs through its registration and prospectus requirements, regulations on fund operations and sales conducts, and surveillance and monitoring.

There are currently about 47 licensed CISs and REITs in Ghana, each licensed either as a mutual fund or a unit trust.

HFC REIT, started by the former Home Finance Company (HFC), is currently the only dominant REIT in Ghana licensed by the SEC.

The HFC REIT's main objective is to provide investors with capital appreciation in a long-term diversified portfolio. The professionally managed fund's primary focus is to invest mobilised funds into securities of real estate companies or real estate developments or to invest equity in companies that engage in real estate investment activities.

In the 2018 Budget Statement by the Government of Ghana, Government clearly indicated its intention to deepen the domestic capital market by encouraging investments in CISs and REITs.

Currently, approved unit trusts are taxed at a concessionary rate of 1% on their income for the first ten years, and thereafter at 25%. Distributions from resident trusts to beneficiaries are also exempt from income tax under the Income Tax Act (ITA).

Government is however proposing to exempt CISs and REITs from income tax in order to deepen the capital market and address the housing deficit that the country is currently facing.

### *Ghana interbank forex market*

The Ghana interbank forex market also provides an avenue for banking and other financial institutions to trade in foreign currencies.

Ghana has a free-floating exchange rate that is determined by the market forces of demand and supply. However, the BoG has the mandate to issue directives and policy guidelines aimed at ensuring discipline in the forex market.

The major currencies traded on the forex market include the United States Dollar, British Pound, Euro, Swiss Franc, Canadian Dollar and Australian Dollar.

### *Real estate sector*

As at May 2017, available housing data from the Ministry of Works and Housing showed a housing deficit of 1.7 million units, and this was projected to increase to two million by 2018. Since independence, the domain of the provision of houses in Ghana has predominantly been left to state apparatus and semi-state-owned organisations. The real estate market in Ghana is increasingly dynamic as a result of the country's increasing population, growing economy and favourable investment environment.

The real estate sector has seen steady expansion since 1990, although it has experienced occasional impediments and delays during times of economic instability. In 2012, the government confirmed an agreement with the Ghana Real Estate Developers Association (GREDA) reaffirming a commitment to encourage the growth of private real estate, partly through public-private collaboration, particularly aimed at meeting the needs of the lower end of the market. There is a general concentration towards the middle and top ends of the market, which has resulted in a shortage of affordable housing in the country.

Investment opportunities are therefore to be found in the construction of residential homes, industrial and commercial houses and shopping centres.

There are no restrictions on foreigners buying property in Ghana. However, there are four forms of land ownership and some land cannot be privately owned, typically government land.

Each form of land ownership involves differing modes of acquisition. These are government land, vested land, customary or stool land, and family or private land. Potential investors have to first consult the GIPC regarding procedures and should ask to be directed to the appropriate agencies involved in legally acquiring property, since identifying legal ownership can be an issue. The GIPC links investors and ministries, government departments and agencies, institutional lenders and other authorities concerned with investments in property. However, it can take over a year to register a property in Ghana due to issues around titling and cadastre for the properties.

GREDA is the central organisation for real estate developers and represents its members to the Ghanaian government. It also promotes the development of residential estates and aims to increase the stock of housing units.

### *Investment incentives*

Real estate companies with approval from the Ministry of Works and Housing are eligible for a five-year corporate income tax concessionary period in relation to the construction of low-cost or affordable housing. They are required to pay tax at 1% only during that period. Value-Added Tax (VAT) on real estate was abolished effective 2017.

### *Information and communication technology (ICT)*

The country's ICT industry comprises telecommunications operators, internet service providers, very small aperture terminal (VSAT) data operators, software manufacturers, broadcast institutions, ICT education providers, internet cafés, etc. Generally, the Ministry of Communications and the National Communications Authority (NCA) oversee activities in the sector.

The infrastructural base of the sector includes licensed gateway operators, undersea cable connectivity, privately licensed VSAT systems, fixed-wire line networks, wireless mobile operators, public telephone systems, telecentres, dedicated transmission networks, public distribution networks (cable, TV, DSL, etc.), internet backbone connectivity throughout the country and public access point and broadcasting systems. As an initiative to support emerging technologies, the Ministry of Communications is also encouraging and facilitating the establishment of science and technology parks.

### *Some sectoral developments*

#### *e-Transformation programme*

Ghana's ICT sector has a number of strengths, including relatively high mobile penetration, international connectivity, and a liberalised telecoms and information technology (IT) market.

However, there is much room for improvement as regards the use of ICT across society, in business and in public services such as health, education and e-governance. To address this, Ghana launched the e-Transform programme, backed by \$97m from the World Bank, in late 2014. The programme will run until June 2019 and is wide-ranging, covering areas such as nurturing entrepreneurship, job creation, health care, education, justice and public administration. It aims to strengthen public service delivery, encourage ICT-enabled business and improve access to ICT tools for all Ghanaians, particularly women and the youth.

Specific targets include cutting the time to register a company from four days to one day, extending education portals to 20,400 students and teachers in rural areas, doubling the number of government services available online to the public from 8 to 16 and opening three innovation centres.

### *Start-ups*

One of the goals of the e-Transform programme is to develop an environment in which home-grown tech companies can emerge and flourish.

Ghana already has a fledging start-up scene, and a range of local start-ups have been acquired or financed by international investors. The Accra-based, Silicon Valley-backed Meltwater Entrepreneurial School of Technology training institution and incubator has been instrumental in developing the early-stage technology environment and is launching a venture capital fund to fill a notable gap in the market.

Universities are also increasingly supportive of the start-up environment, though red tape and patchy infrastructure remain challenges.

### *Broadband access*

Internet access and data provision is the first and most crucial stage of development for any country's IT sector, and in this respect, Ghana has seen laudable growth. Ghana's internet market is dominated by its mobile operators, which had a combined 19.33m mobile data subscriptions in September 2016, representing a penetration rate of 69.22%, according to the National Communications Authority. Market leader MTN Ghana, which had a market share of 54.4% in September 2016, currently offers 4G LTE access in all ten regions. Together, Ghana's mobile operators carried 43.3m GB of data over the year ending June 2016.

### *Rapid growth of mobile banking and mobile money*

Mobile data subscriptions increased from 17.3m in September 2015 to 19.33m in September 2016, representing a penetration rate of 69.22%, according to the NCA, the sector regulator. This has increased the use of mobile banking.

Mobile money has become a way in which technology can allow frontier markets to reduce development disparities and improve financial inclusion. MTN, the country's largest telecommunications company, recorded a transaction value of about GH¢23 billion in the year 2016. Ghanaians use mobile money to send and receive money, top up airtime, pay bills, buy and pay for insurance, pay employee salaries, and pay for airline tickets and other goods and services.

### *National fibre communications backbone infrastructure*

To complement the efforts of the private sector in the extension of affordable and efficient connectivity solutions, a national fibre communications backbone infrastructure network aimed at providing open access broadband connectivity is being developed. Following the successful completion of the southern loop, the second phase from Tamale to the northern parts of the country and neighbouring countries is being pursued. Thus far, 800 kilometres of optic fibre infrastructure, running through 126 communities along the eastern corridor from Ho to Bawku with a link from Yendi to Tamale, has been successfully deployed.

### *Ghana Investment Fund for Electronic Communications (GIFEC)*

The GIFEC has been set up to facilitate the extension of communications services to underserved and unserved areas through the provision of common facilities. It has thus far completed a total of 39 common telecom facilities and this has enabled telecommunication providers to extend their services to over 273 communities.

For instance, GIFEC has undertaken the common telecom tower service facility at Nandom (in the Upper West Region), which is now offering transmission coverage to over ten towns, including Lambushie, Boe, Burutu, Piiri, Basabli, Yipele, Naapal, Pofiem, Napaali and Gengenkepe.

### *Increased availability of broadband/ reduction in the price of bandwidth*

Government has the focus of developing e-Government points of presence through the development of broadband connectivity to link all district capitals to the national high-speed broadband. Over the past two years, owing to massive investments made by major industry players, the Ministry of Communications has commissioned major submarine fiber optic cables to increase bandwidth capacity. Ghana has, cumulatively, approximately 7,160 Gigabytes (i.e. 7.16 Terabytes) of bandwidth capacity available. The country is thus well positioned as the potential ICT-enabled services hub in the sub-region.

### *Last-mile effect*

To ensure the continuous development of infrastructure, Government has particular interest in the “last mile effect”, which encourages the extension of fiber optic networks by the last mile to enable all districts and communities to become connected.

### *Some investment opportunities*

- Education in the area of software development, networking, VSAT, telecommunications and IT engineering
- Production of business solutions (software and networking services)
- Business process outsourcing
- Supply of high-tech telecommunications equipment
- Back-office operations (especially for financial institutions)
- Provision of broadband facilities and services
- Internet service provision
- Transaction processing
- Manufacturing, assembling and supply of computers and accessories
- E-commerce and legal database services
- Logistics management services and medical transcription services.

## ***Agriculture and agribusiness***

### ***Sector overview***

Agriculture is key to the overall economic growth and development of Ghana. Its contribution to GDP over the past three years ranged from 21.5% in 2014 to 20.3% in 2015 and 19.1% in 2016. Despite the marginal decline in its share of Ghana’s GDP, the agricultural sector is estimated to employ about 46% of Ghana’s labour force, most of whom are small land owners engaged in it mainly for subsistence purposes.

The principal types of agricultural produce in Ghana are classified into four sub-sectors:

- Crops: these are further classified into the following:
  - Industrial crops: cocoa, oil palm, coconut, coffee, cotton, kola, rubber, cashew, shea and soy bean
  - Starchy staples, cereals and legumes: cassava, cocoyam, yam, plantain, maize, rice, millet, sorghum, cowpea and groundnut
  - Fruits and vegetables: pineapple, citrus, banana, pawpaw, mango, tomato, pepper, okro, eggplant, onion, butternut squash, Asian vegetables.
- Livestock: poultry such as chicken, turkey and duck, ruminants such as cattle, sheep and goats and non-ruminants such as pigs.
- Fisheries: Marine, inland and aquaculture.
- Forestry and logging.

The crops sub-sector is the largest contributor to GDP. In 2015, it was responsible for about 74.4% of the

agricultural contribution to GDP, followed by forestry and logging, livestock, and fisheries, which contributed 10.4%, 9% and 6.2%, respectively. In 2016 the growth performance of each of these sub-sectors was 5.7% for fisheries, 5.3% for livestock and 2.5% for both forestry and logging, and crops.

### **Regulatory framework**

The Ministry of Food and Agriculture (MOFA) is the main government agency responsible for developing and executing agriculture policies and strategies in Ghana. It is supported by the GIPC, EPA, Ministry of Fisheries and Aquaculture Development, and Forestry Commission, among others. Some of the laws and regulations governing the agricultural sector include the Fisheries Act, 2002 (Act 625), the Plant and Fertilizer Act, 2010 (Act 803), the Fisheries Regulations of 2010 and the National Premix Fuel Guidelines.

### **Developments**

Although Ghana has an expanse of arable land with relatively favourable climatic conditions, the country is still a net importer of food. In 2014, Ghana imported more than US\$1.6 billion worth of agricultural products comprising US\$329 million of rice, US\$155 million of poultry meat and US\$123 million of wheat. Evidently, the agricultural sector requires massive investments in terms of time and other resources to enable it to reach its full potential.

In view of this, successive governments in Ghana have instituted series of programmes and policies to enable them to maximise the benefits of the sector. In 2007, MOFA – through a stakeholder-consultative process – developed the Food and Agriculture Sector Development Policy (FASDEP II) as an overarching policy framework to guide developments and interventions in the agriculture sector. The policy emphasises the sustainable utilisation of all resources and the commercialisation of activities in

the sector with market-driven growth in mind. Soon after developing FASDEP II, MOFA also developed a six-year medium-term (2011–2015) investment plan dubbed the Medium-Term Agriculture Sector Investment Plan (METASIP) to facilitate the achievement of policy objectives set out in FASDEP II.

Other agricultural development programmes and policies pursued by MOFA over the years include the Ghana Agricultural Sector Investment Programme (GASIP), the Programme for the Promotion of Perennial Crops in Ghana, the Export Marketing and Quality Assurance Project (EMQAP), the Ghana Commercial Agriculture Project (GCAP) and the Northern Rural Growth Programme.

The government furthermore launched a new agriculture initiative called Planting for Food and Jobs (PFJ) in April 2017. Under this initiative, it has committed itself to:

- Subsidising the prices of improved seeds by 50% for selected farmers;
- Subsidising the prices of fertilizers by 50% for selected farmers;
- Providing free extension services to farmers;
- Providing marketing opportunities for produce after harvesting (the National Buffer Stock (NAFCO) will be reinvested in to operate as a market, storage and processing option); and
- Introducing e-agriculture, a technological platform to monitor and track the activities and progress of farmers through a database system.

The 2018 budget unveiled the Akufo-Addo Program for Economic Transformation (AAPET) aimed at modernising and transforming the agriculture sector. Key features of the AAPET include the scrapping of duties on agro-processing manufacturing equipment and machinery, the implementation of a grant funding

facility for agribusiness start-ups, the establishment of a GH¢400 million fund for sustainable agriculture financing and crop insurance schemes, the launch of a pension scheme for cocoa farmers and the provision of technical assistance and tax incentives to support agro-processing, packaging and market access. It also includes the undertaking of comprehensive irrigation schemes and the construction of roads in selected farming areas.

### *Investment opportunities*

As reflected in the policies implemented by successive governments, Ghana is very committed to supporting and protecting private investors in the agriculture sector. This is evidenced by Ghana's performance with regard to USAID's Agriculture Climate Legal and Institutional Framework. Ghana offers agribusinesses easy access to export markets in Europe at a lower cost than elsewhere in Africa. Agro-processing businesses are given a five-year tax holiday. There are also location-based tax rebates for agribusinesses engaged in manufacturing and custom duty exemptions for agricultural and industrial machinery and equipment imported for investment purposes.

Good investment opportunities exist in the following areas of the agriculture and agro-processing sector:

### *Production*

1. Production of improved seeds and agro-chemicals (fertilizers, pesticides, weedicides);
2. Processing of some agricultural produce;
3. Production of all agricultural products such as cash crops, horticultural crops and livestock for the national, regional and European Union (EU) markets;
4. Production of veterinary drugs, vaccines and chemicals, feed and feed ingredients for the livestock sector;

5. Fish farming;
6. Production of wood and non-timber forest products (NTFP);
7. Establishment of pulp paper and panel industries;
8. Establishment of wood plantations; and
9. Provision of tree seedlings for plantation species such as teak.

### *Technological and supporting services*

1. Provision of tractors with basic implements, planters and harvesters;
2. Provision of field and laboratory equipment for quality assurance;
3. Companies to produce and install cold-chain equipment;
4. Supply of machinery to establish hatcheries for day-old chicks;
5. Processing machine manufacturers to supply agro-processing and packaging equipment/plants;
6. Suppliers and financiers of factory building technology;
7. Manufacturers of fishing nets, ropes, netting materials, outboard motors and other fishing inputs to fishers;
8. Development of aquaculture production facilities (cages and earthen ponds);
9. Producers of fish feed;
10. Technological and consulting services;
11. Research and agriculture development services;
12. Inspection and grading according to international standards to make the deliveries acceptable in international markets; and
13. Capacity building on standards, training and certification.

### *Marketing and distribution*

1. Companies that provide post-production services (transport, packaging, storage facilities and cold vans);
2. Companies that distribute improved seeds, planting materials and agro-chemicals (fertilizers, pesticides and weedicides);
3. Distribution of veterinary drugs, vaccines and chemicals, feed and feed ingredients; and
4. Companies that market processed foods in international markets such as the EU, Asia and ECOWAS.

### *Upstream oil and gas*

#### *Brief history of the oil and gas industry in Ghana*

The exploration of oil and gas in Ghana began in 1896. Active research in the years leading up to early 2000 was led by the Ghana National Petroleum Corporation (GNPC). In 2001, the Government of Ghana (GoG) decided to move away from this approach by opening up exploration opportunities to international oil companies and private investors.

In 2004, the country granted licences for offshore oil exploration and production (known as blocks) to different international companies. In July 2007, Tullow Oil and Kosmos Energy discovered oil in commercial quantities in the western region of Ghana, naming the area “Jubilee Oil Field”.

Ghana’s energy sector has expanded considerably after the discovery of the Jubilee Oil Field in 2007. The field started production in 2010, and has since increased from 7,000 bbl/d in 2009 to a projected average production of 89,000 bbl/d by the end of 2017.

Tullow Oil, the operator of the Jubilee field, is also developing the offshore TEN project. Oil production from this field in 2017 averaged 52,211 bbl/d as at 30

September 2017. Production is expected to reach a peak output of 80,000 bbl/d of crude oil and 50 million cubic feet per day (MMcf/d) of Natural Gas (NG).

The Sankofa-Gye Nyame Oil Field operated by Eni also commenced production of oil in May 2017 and as at 30 September 2017 had a total oil production of 2,154,214 bbls.

It is projected that crude oil production in Ghana could reach 500,000 barrels per day by 2024 above the current average production of 110,000 bbl/d. This follows the discovery of seven new oil blocks by US firm, Hess Corporation.

#### *The Petroleum Commission (PC)*

As the upstream petroleum regulator, the PC is mandated to regulate, manage and co-ordinate all activities in the upstream petroleum industry in Ghana. All upstream petroleum companies who intend to operate in Ghana are required to register with the PC and be issued with a permit (renewable annually) before commencement of operations.

#### *Investment in the oil and gas sector in Ghana*

Any person who wishes to enter into a petroleum agreement (PA) for a particular block must submit an application to the Minister responsible for Energy.

The PC is responsible for administering the application process, which involves reviewing, evaluating and making recommendations for the award of a PA. However, as a matter of practice, the GNPC continues to be involved in the review and negotiation of the terms of draft PAs.

Criteria considered in any application include the financial capability and technical track record of the applicant;

and the proposed work programme, budget and fiscal terms proposed by the applicant. Once the PC's recommendations have been accepted and the terms of the PA have been negotiated, the draft agreement is sent to Cabinet for approval. After Cabinet's approval, the agreement is executed by the parties and sent to Parliament for ratification. There is no mandated timetable for approvals.

Some of the contract areas include:

- Deepwater Tano;
- West Cape Three Points;
- Offshore Cape Three Points;
- Deepwater Tano-Cape Three Points;
- Cape Three Point Block 4; and
- West Cape Three Points Block 2.

### *Local content requirements*

#### *Equity participation of indigenous Ghanaian companies*

The Petroleum (Local Content and Local Participation) Regulations, 2013 (L.I. 2204) seek to encourage the participation of Ghanaian citizens in the petroleum industry. As such, they prescribe that a PA or license holder should allow for at least a 5% equity participation by an IGC in its ownership. The Minister responsible for Energy has the power to vary this requirement, however.

In a similar manner, non-indigenous service companies to the key players in the industry (i.e. operators, licensees, subcontractors, and the GNPC) are required to have joint venture arrangements with indigenous Ghanaian companies that provide them with an equity participation of at least 10%.

The major companies involved in the upstream oil and gas sector include GNPC Exploration and Production Company Limited, Tullow Ghana Limited, Eni Ghana Exploration and Production Limited, Kosmos Energy Ghana Limited,

Anadarko, Vitol Upstream Ghana Limited, Hess Ghana Exploration Limited, Aker Solutions Ghana Limited, Afren PLC Ghana Limited, Vanco Ghana Limited and LukOil Overseas Ghana Limited.

The Minister of Finance confirmed in the 2018 Budget Statement reading that two new contracts had been signed with two petroleum companies, but no disclosure was made regarding the identities of the companies.

### *Downstream oil and gas*

The National Petroleum Authority (NPA) is the statutory agency regulating, overseeing and monitoring the petroleum downstream industry in Ghana to ensure efficiency, growth and stakeholder satisfaction.

A number of oil marketing companies (OMCs) operate in Ghana. These include Velosi Ghana Limited, Puma Energy Distribution Ghana Limited, Chase Petroleum Ghana Limited, Salaria Energy Petroleum Resource Limited, Agapet Oil Company Limited, Trigon Energy Oil, Galaxy Oil Company Limited, Universal Oil Company Limited, Oando Ghana limited, Havani Oil Ghana Limited, Vivo Energy Ghana, Total Ghana Limited, Ghana oil Company Limited, Tel Energy Limited, Petrosol and Fraga Oil Company Limited.

### *Oil refinery in Ghana*

Ghana has one oil refinery, the Tema Oil Refinery (TOR), with a design capacity of 45,000 bbl/d. Even though Ghana started producing crude oil in 2010, local crude oil is not refined in Ghana as the factory was not designed to refine the sweet type of light crude produced in Ghana.

### *The future of oil and gas in Ghana*

Ghana plans to start commercialising the natural gas (NG) that is associated with oil production at the Jubilee field, which has the potential to produce 150 MMcf/d of NG. The gas commercialisation project is mostly being financed by the

Chinese Development Bank. The NG will be used for power generation and possibly fertilizer production in the future. Ghana is also planning to expand its NG production with the start of the TEN-associated gas project and ENI's Sankofa and Gye Nyame non-associated gas fields.

As part of NG commercialisation, the Ministry of Energy will oversee the tie-in project of the West African Gas Pipeline (WAGP) with the Ghana Gas Pipeline, the completion of the offshore receiving facility project in respect of gas from the Offshore Cape Three Points (OCTP) oil field, and the implementation of the Gas Master Plan recommendations.

The WAGP, through which Ghana imported dry NG from Nigeria, was shut down from August 2012 to July 2013 for repairs following damage to the Togolese section of the pipeline. Gas flow through the pipeline has decreased since 2011 and remains unreliable, forcing Ghana to use heavy oil to supply its dual-fuelled power plants.

In February 2016, GNPC and Quantum Power, a pan-African energy infrastructure investment platform, signed an agreement for the construction and operation of liquefied NG (LNG) storage, regasification and delivery facilities at Tema (the "Tema LNG Project"). Ground breaking commenced in March 2017 and the project is aimed at supporting domestic power generation demand in the medium to long terms.

According to the 2018 National Budget Statement, the Government intends to develop local content regulations for the downstream petroleum sector. Government is also developing guidelines for bidding for oil blocks for exploration purposes. This is expected to be completed in time for the beginning of the 2018 fiscal year.

## **Electricity**

Ghana currently has six 127 megawatt turbines, which are the main source of electricity in the country. The power plant located at Akosombo and managed by the Volta River Authority (VRA) is responsible for supplying the bulk of the electricity used in the country. The main sources of power generation in Ghana are hydroelectricity and thermal plants burning NG, light crude oil or diesel. Currently, almost 30% of the population do not have access to electricity, according to the latest World Bank data. Many Ghanaians, particularly in rural areas, rely on traditional biomass and waste, particularly firewood, for household cooking and heating. As at November 2017, Ghana had installed electricity generation capacity of 4 577MW. 455MW of this installed capacity was added in 2017.

Due to the aforementioned increase in generation capacity, power supply stabilised in 2017 after a deepening of the energy crisis in 2016.

The power sector is mainly government-regulated; however, given the history of erratic power supply in the country, the government has opened up the sector to allow private sector participation in electricity generation.

## **Players in the industry**

### **Ministry of Energy:**

The Ministry of Energy is responsible for formulating, monitoring and evaluating policies, programmes and projects for the energy sector in Ghana. The Ministry is also implementing the government's National Electrification Scheme (NES), which has the aim of extending reliable electricity supply to all communities within a time frame of 30 years. The programme is scheduled to end in 2020.

The NES has an unbundled structure with separate operational functions in respect of power generation, transmission and distribution.

### *Volta River Authority:*

The state-owned VRA is involved in power generation in the country. It owns and operates the Akosombo Hydro Power Station, the Kpong Hydro Power Station and the TAPCO situated at Aboadze.

VRA is also a minority joint partner with TAQA, a private sector company which owns and operates the Takoradi International Company (TICO) thermal plant, also located at Aboadze.

Bui Power Authority (BPA), another state-owned agency, is implementing the Bui Hydroelectric Power Project, while a number of private independent power producer (IPP) projects have been licensed and are in various stages of development.

### *Electricity distribution*

The distribution of electricity is mainly done by two state-owned enterprises, the Electricity Company of Ghana (ECG) and the Northern Electricity Department Company (NEDCo). NEDCO is a subsidiary of VRA and Enclave Power Ghana, the only private licensed electricity distributor in Ghana.

ECG distributes electricity in the southern part of the country; NEDCo distributes power in the northern part (Brong-Ahafo and northern, upper east and upper west regions) of the country; while Enclave Power provides power to the free zones.

The electricity supply industry is regulated by the Energy Commission and the Public Utilities Regulatory Commission.

### *Energy Commission (EC):*

The EC is responsible for the technical regulation of the power subsector, including the licensing of operators. In addition, the EC also advises the Minister of Energy on matters relating to energy planning and policy.

### *Public Utilities Regulatory Commission (PURC):*

The PURC is an independent regulatory agency, responsible for the economic regulation of the power sector, specifically approving rates for electricity sold by the distribution companies to the public. Its functions also include monitoring the quality of electricity services delivered to consumers.

### *The future of electricity in Ghana*

The Nzema project, which is expected to be the biggest photovoltaic (PV) and largest solar energy plant in Africa, will be able to provide electricity to more than 100,000 homes. Construction work on the GH¢740 million-worth (£248 million), fourth-largest solar power plant in the world (with 155 megawatt capacity) is being undertaken by Blue Energy, a UK-based renewable energy investment company. The 155 megawatt plant will increase Ghana's electricity generating capacity by 6%.

Through a power project initiated by American multinational conglomerate General Electric in conjunction with Endeavor Energy and Eranove (formerly Finagestion), the government aims to create what would be sub-Saharan Africa's largest power park, providing more than 1000MW to the national grid once completed. The project is coupled with a floating LNG vessel (floating storage regasification unit) to supply gas to the power plant, an integrated gas-to-power solution that is expected to lower the costs of electricity. The five-year project is expected to boost Ghana's power generation capacity by 50% from the current 2000MW installed capacity.

Government continues to welcome more IPPs to produce power to augment the efforts of the VRA in generating power for public and government use.

Currently, a number of private IPP projects have been licensed and are at various stages of development.

IPPs contracted in Ghana include Sunon Asogli Power Company Ltd (SAPP), CENIT Energy Ltd (CENIT), Genser Power Ltd (GPL), Cenpower Generation Company Ltd, Jacobsen Elektro and Signik.

In addition to the above, the government, through its 2018 Budget Statement, has indicated an intention to champion a reduction in electricity tariff rates across the various customer categories. This will be implemented via recommendations by the government to the PURC.

### **Services**

The services sector is the largest contributor to Ghana's real GDP, having displaced both the agricultural and industrial sectors of the Ghanaian economy. It has also been identified as the sector that employs the largest number of people, according to the 2017 Integrated Business and Establishment Survey (IBES) launched by the Ghana Statistical Service. As at the end of the first quarter of 2017, the services industry had contributed about 60.1% of total GDP. This marks an estimated growth of 6.7% from its 2016 figures.

In terms of value addition in cedi, the largest contributor to the services sector as at the end of 2017's first quarter was the transport and storage industry, which contributed about GHS6,666.9 million.

Over the past few years there has been a growing demand for services in Ghana. One of the factors that account for the increased demand is the introduction of the Petroleum (Local Content and Local Participation) Regulations, 2013. The Regulations were designed to ensure the use of local goods and services as a means of increasing local participation in the petroleum industry, thus driving local businesses and employment.

The services sector's demand also arises from resource-based extractive industries (such as mining and oil and gas sectors), construction, finance, trade and international partners' development assistance.

### **Key chambers of commerce and trade associations in Ghana**

In Ghana, there are a large number of chambers and trade associations in the various sectors of the economy. These include:

#### **Ghana National Chamber of Commerce and Industry (GNCCI):**

The GNCCI is an association of business operators, firms and industries with interests spanning every sector of private enterprise in Ghana. As an advocacy organisation, the GNCCI was established with the prime objective of promoting and protecting commercial and industrial interests in the country. The GNCCI's vision is to provide leadership for the growth and prosperity of businesses in Ghana.

The chamber continues to influence government policies and programmes to the benefit of the private sector while promoting the overall development of the Ghanaian economy.

#### **Ghana Chamber of Mines:**

The Ghana Chamber of Mines is the main minerals industry association in Ghana. The Chamber represents the collective interests of companies involved in mineral exploration, production and processing in Ghana. Its activities are entirely funded by its member companies, which produce over 90% of Ghana's mineral output. The Chamber has represented the industry since 1928.

### ***Ghana Chamber of Telecommunications:***

The Ghana Chamber of Telecommunications is an industry association and a private initiative by the mobile network operators in Ghana. The chamber is an advocacy institution established to help direct telecommunications policy, legislation and regulation, and pursue research towards the development of telecommunications. The Chamber of Telecommunications was registered in 2010 and inaugurated in 2011.

### ***Association of Ghana Industries (AGI):***

The AGI is a voluntary business association of over 1,200 members, made up of small, medium and large-scale manufacturing and services industries in agro-processing (food and beverages), agri-business, pharmaceuticals, electronics and electrical, telecommunications, information technology, utilities, service industries, transport, construction, textiles, garments and leather, banking and advertising. The AGI is dedicated to:

- Advocating policies that advance the growth and development of industries;
- Facilitating international trade through the exhibition of member products in countries across the sub-region;
- Strengthening national industry associations through the sharing of knowledge, experience and critical information;
- Providing members with a vast network of contacts, especially in the West African sub-region; and
- Hosting industry and technology exhibitions to promote members' goods.

### ***Association of Building and Civil Engineering Contractors of Ghana (ABCECG):***

The ABCECG was formed to offer a common and united front for persons in building and civil engineering construction to engage effectively in dialogue with the government of Ghana through the Ministry of Water Resources, Works and Housing for the development and growth of the industry and for the economic benefit of the nation.

### ***Ghana Netherlands Business & Culture Council (GNBCC):***

The GNBCC is a collaboration of the Netherlands African Business Council and the former Ghana Netherlands Chamber of Commerce and Culture.

The two organisations have joined their efforts, networks and activities in the GNBCC, representing the business interests of both Ghanaian and Dutch companies. The GNBCC works closely together with the Embassy of the Kingdom of The Netherlands in Ghana. The GNBCC offers its services along four main service lines – business development services, business support services, trade mission and event services, and travel support services.

### ***Chamber of Commerce and Industry France Ghana (CCIFG):***

Established in May 2014, the CCIFG is a private association which brings together companies and professionals from various sectors of the Ghanaian economy who want to develop their business in Ghana, in France or abroad. It supports the business development of French and Ghanaian companies by facilitating trade and financial exchanges between France and Ghana. The Chamber participates in the promotion of Ghana among French players and accompanies them in their approach to the Ghanaian market. The CCIFG also supports Ghanaian companies in developing their international potential.

### ***Ghana South Africa Business Chamber (GSABC):***

The Ghana South Africa Business Chamber was established in 2008 to promote and enhance trade, investment and cultural interactions between Ghana and South Africa. The GSABC consists of members from the following sectors: mining, trade, financial services, real estate and construction, energy, health, legal services, hospitality, engineering, agro processing, manufacturing, import and export services, ICT, education, and airline and shipping services.

### ***Delegation of German Industry and Commerce in Ghana:***

The Delegation of German Industry and Commerce in Ghana is part of the worldwide AHK German Chamber Network. As a delegation, it is the preliminary stage for a bilateral Chamber of Commerce.

The Delegation is closely connected to the Chambers of Industry and Commerce (IHKs) in Germany. Together, they support German companies in promoting and extending their business relations to foreign countries.

### ***Swiss-Ghanaian Chamber of Commerce:***

The Swiss-Ghanaian Chamber of Commerce provides a professional environment for business people who are or wish to become a part of the Ghanaian-Swiss business community. Its purpose is to promote trade and economic contact between Ghana and Switzerland by providing a forum for the exchange of knowledge and experience between industrial, commercial and service enterprises in both countries.

### ***Ghana Association of Bankers (GAB):***

GAB is Ghana's leading mouthpiece for the universal banking sector, currently representing the interests of 34 member banks. Membership brings together all the universal banks as the number in the sector increases. At its inception on 29th May 1980, there were seven universal banks in Ghana, compared with the current figure of 34. GAB supports and promotes policies and initiatives that balance both the interest of banks and the wider public benefit. In consonance with similar global bodies, GAB's work is underpinned by three core priorities:

- Help customers – both households and businesses;
- Promote growth, including supporting Ghana as the financial gateway to West Africa; and
- Carry out research, and analyse and disseminate information on issues affecting the banking industry's performance and growth.

### ***Ghana – UK Chamber of Commerce (UKGCC):***

This was established in 2016 to facilitate and promote the ever-increasing need for collaboration between SMEs and large multi-national corporations operating in the UK and Ghana.

The UKGCC aims to act as a unique resource and robust organisation made up of local experts and professionals that will be the voice for British businesses looking to access and engage with the Ghanaian market whilst providing assistance to Ghanaian companies investing in the UK.

### ***American Chamber of Commerce, Ghana (AMCHAM):***

Founded in 1989, AMCHAM was formerly known as the Association of American Businesses. It was then formally established in August 1997 as the American Chamber of Commerce and an affiliate of the US Chamber of Commerce.

AMCHAM is a voluntary association of professional and business people, working to create an environment where business can thrive between Ghanaian and American communities.

AMCHAM exists to promote commercial, economic, educational and cultural ties between the US and Ghana.

AMCHAM is the first point of resort for sourcing business contacts for US trade and congressional delegations. Their objectives include:

- Helping businesses prosper and grow;
- Increasing job opportunities;
- Encouraging an orderly expansion of all segments of the country; and
- Encouraging and promoting the nation's private enterprise system of competitive marketing.

### ***Key unions***

In addition to these chambers and associations, there are also unions protecting the interests of their members, including the Communication Workers' Union, Ghana Private Road Transport Union, Public Utilities Workers' Union, Railway Workers' Union and Trades Union Congress. Follow the links below to find out more about unions in Ghana: <http://www.ghanatuc.org/unions.html> and [http://www.commonwealthofnations.org/sectors-ghana/civil\\_society/trade\\_unions/](http://www.commonwealthofnations.org/sectors-ghana/civil_society/trade_unions/)



# The Ghanaian tax regime

## **Value-Added Tax (VAT) and National Health Insurance Levy (NHIL)**

VAT is charged at each stage of production/distribution as goods or services change hands. It is generally charged by the person making the supply and borne by the final consumer.

Other than exempt goods and services, VAT is required to be charged on the following supplies made by a taxable person:

- Every supply of goods and services made in Ghana;
- Every importation of goods; and
- The supply of any imported service except where the service is used in the production of taxable supplies.

The liability for the tax is, in the case of:

- a. a taxable supply – by the taxable person making the supply;
- b. imported goods – by the importer;
- c. an imported service – by the receiver of the service; and
- d. taxable supplies made by non-resident telecommunications and electronic commerce suppliers for use in Ghana in excess of the turnover threshold – by the non-resident.

Except for zero-rated supplies, the standard rate is a total of 17.5% which comprises VAT of 15% and NHIL of 2.5%.

VAT is calculated on the value of the taxable supply of the goods, services or imports. For imports of goods, the value of the taxable supply is defined to be inclusive of Cost Insurance and Freight (CIF), import duty and other levies used for customs purposes.

VAT on imported goods is paid at the port/harbour together with the associated import duties.

## **VAT flat scheme**

Apart from the standard rate of 17.5%, there is a VAT flat rate of 3% which is applied on the value of taxable goods supplied by wholesalers and retailers.

## **VAT thresholds**

A taxable person is a person registered by the Commissioner-General (CG) and issued with a certificate of registration. The certificate is required to be exhibited at the principal place of business of the taxable person and every other location at which the person engages in a taxable activity. The effective date of registration as a taxable person will be such date as will be specified in the certificate of registration issued by the CG.

A person is required to register for VAT purposes if:

- a. the person makes taxable supplies of goods and services and the annual turnover exceeds GH¢200,000; or
- b. the person makes taxable supplies exceeding GH¢50,000 at the end of three months and reasonably expects to make a cumulated annual turnover in excess of GH¢200,000.

The registration requirement extends to unregistered non-resident persons who provide telecommunications or electronic commerce services to persons for use or enjoyment in the country, other than through a VAT-registered agent.

Registration should be done within 30 days of becoming qualified to register.

This notwithstanding, a person making taxable supplies who would like to apply to register could do so voluntarily.

### ***VAT invoice***

A person registered for VAT is required to issue VAT invoices (pre-designed by the GRA) to cover its taxable supplies, and to obtain VAT invoices in support of its input VAT claims.

In certain circumstances, the CG of the GRA may grant permission for a taxable person to issue their own computer-generated VAT invoices.

Following the passage of the VAT Amendment Act, 2017 (Act 954), a system of withholding tax on VAT applies on the taxable output value of standard-rated supplies and collected by a VAT withholding agent. Effective 1 May 2018, persons appointed as VAT withholding agents are required to withhold 7% VAT on standard-rated supplies.

### ***Group registration***

With the approval of the CG, group registration is possible. In this case, there will be no VAT charged on 'intra-group' transactions, and input VAT can be claimed for all members of the group (as permitted under the VAT law).

### ***De-registration***

Upon application, the CG may cancel the registration of a taxable person where he is satisfied that the registered person no longer exists or has ceased to carry on taxable business activity.

### ***Reverse VAT on imported services***

A person who receives imported services that are not used to produce taxable supplies is required to charge and account for VAT on these services (if they are not exempted). However, this VAT cannot be treated as deductible input.

### ***Zero-rated and exempt supplies***

Some taxable supplies are classified as zero-rated (e.g. transfers of going concerns and exports) while others are totally exempt from VAT (e.g. supply of agricultural inputs and medical supplies).

### ***VAT refunds***

The VAT Act provides that where a person's deductible input exceeds the output tax due in respect of a tax period, the excess amount should be credited by the CG to the person. In cases of a refund, the VAT Act provides that where this excess amount is attributable to exports of more than 25% of supplies made by the person and remains outstanding for more than three continuous months, the person can apply for a VAT refund.

Also, previously, a taxable person who was relieved from the payment of VAT or covered under special dispensation could request for the CG of the GRA to issue VAT relief purchase orders (VRPOs) in lieu of paying the VAT on invoices raised on them. Currently, the VAT regulations have amended this position. As a result, companies in sectors such as mining, oil and gas contractors and other entities relieved from the payment of VAT are required to pay for VAT and later claim a refund for the tax paid.

The GRA has set up a refund account called the GRA General Refund Account where an amount of 6% of total tax collected will be set aside to meet tax refund claims.

### **VAT returns**

VAT returns are due for submission, with payment of the associated tax, by the last working day of the month following the month in which the VAT became due.

VAT on imported services is payable within 21 days following the month in which the service was imported, together with a service import declaration.

### **Communications service tax (CST)**

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 considerations (e.g. promotions and bonuses). CST is also applicable on interconnect services.

The ECS providers in Ghana are ordinarily required to collect the tax and account (pay) 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 CG directs otherwise.

Where a CST return is not filed by the due date without justification, penalties and interests may apply.

### **Customs and excise duties**

Ghana has adopted the ECOWAS Common External Tariff (CET) and Other Schedules. The CET effectively harmonises customs tariffs across the ECOWAS community, which is in line with ECOWAS's trade liberalisation objectives. The CET became effective in Ghana from 1 February 2016.

The CET sets out the various duties and administrative charges applicable for imports, exports and local manufacturing (i.e. excise duties).

### **Import duty**

Generally, import duties range between 0% and 35%, depending on the classification of the item imported, as specified in the CET. Import duties in Ghana are in a five-band tariff with the following categories:

- 0% – essential social commodities;
- 5% – essential commodities, raw materials, capital goods;
- 10% – intermediate products;
- 20% – consumer goods; and
- 35% – specific goods for economic development.

Import duty is generally levied on the cost insurance freight (CIF) of the item imported. VAT (and NHIL) of 17.5%, if applicable, is also applied on the sum of CIF value (used for customs purposes) and import duty.

### **African Union Import Levy**

An African Union (AU) Import Levy of 0.2% applies on eligible imports of goods from non-AU member states into AU member states for consumption within the member state. The AU levy is mainly to provide reliable and predictable source of funding for the AU and some of its specialised agencies.

### **Special import levy (SIL)**

1. The SIL applies on the importation of some goods for the years 2017 (this is to be extended to 2019). With the exception of goods specifically mentioned, the levy is applicable at the following rates on the importation of goods:
  - 2% of CIF – all other goods except fertilizers listed under Chapter 31 of the CET and petroleum products listed under headings 27.09 and 27.10 of chapter 27 of the CET.

The SIL will also apply in addition to the import duties and mandatory statutory/administrative charges.

### **Import duty exemptions**

There are special import duty exemptions for some privileged persons, organisations and institutions (for example, diplomatic missions) as well as for persons belonging to specific industries (such as mining, oil and gas, free-zone entities, and entities designated as strategic investors under GIPC).

### **Administrative charges**

There are statutory administrative charges ranging between 1% and 3% of the value of goods imported. These charges may apply regardless of any import duty exemptions. Examples of the administrative charges are as follows:

- Processing fee (for zero-rated goods) – 1% of CIF;
- Inspection fee – 1% of CIF;
- Network charge (GcNet) – 0.4% of free-on-board (FOB);
- ECOWAS levy – 0.5% of CIF;
- EDIF levy – 0.5% of CIF;
- MOTI destination inspection fees – 1% of CIF;
- e-Import declaration form fee – GH¢ 5;

- Ghana shippers authority fee – GH¢ 9;
- IRS tax deposit – 1% of CIF, and
- African Union Import Levy - 0.2% of CIF

### **Export duty**

Exports do not usually attract duties or VAT (i.e. zero-rated).

### **Excise duty**

Excise duty generally ranges between 0%–175% (of ex-factory price) and is applied on products such as beer, spirits, wines, tobacco products, distilled water and plastics.

### **Excise tax stamp**

Effective 1 March 2018, excise tax stamps were to be affixed on specific excisable goods which are manufactured in the country or imported into the country. The stamp duty was to apply on:

- Cigarette and other tobacco products;
- Alcoholic beverages, whether bottled, canned, contained in kegs for sale or packaged in any other form;
- Non-alcoholic carbonated beverages, whether bottled, canned or packaged in any other form;
- Bottled water; and
- Any other products determined by the Minister of Finance.

### **Environmental tax**

Environmental excise tax of 10% applies on plastic and plastic products listed under chapters 39 and 63 of the CET.

### ***Special petroleum tax***

Persons licensed 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 the following petroleum products:

- Petrol;
- Diesel;
- Liquefied petroleum gas;
- Natural petroleum gas; and
- Kerosene.

The tax is collected by the GRA and the provisions of the Value-Added Tax Act, 2013 (Act 870) as amended apply with the necessary modifications to the collection of the tax.

### ***Income tax***

#### ***Legal framework of direct tax law***

##### ***Statute law***

The principal law that regulates the income tax system of Ghana is the Income Tax Act, 2015 (Act 896) (ITA) as amended and its regulations.

All tax legislations and exemption agreements must be approved by Parliament.

##### ***Case law***

There is a very limited body of local tax case law in Ghana. However, in the absence of local precedence, the Ghanaian courts rely on common law in the resolution of tax cases or suits where necessary.

Where the taxpayer disagrees with the decision of the tax authorities, the tax law provides for a right of appeal to a court of competent jurisdiction, up to the Supreme Court of Ghana, which is the highest judicial court.

### ***General concepts***

Ghana operates on a unitary tax system, in which income from all sources is aggregated and subject to income tax. Income that is subject to final withholding tax is taxed separately.

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.

### ***Year of assessment and basis period***

The year of assessment of a person is the calendar year.

The basis period of an individual or a partnership is the calendar year and that of a company or a trust, the accounting year of the company or the trust. A company or a trust is permitted to choose its accounting year. Once a particular accounting year is chosen, it cannot be changed unless prior approval in writing is obtained from the CG of the GRA.

### ***Classes of taxpayers***

In Ghana, persons required to pay income tax include:

- Companies;
- Self-employed individuals;
- Employed individuals; and
- Any other body of persons classified as either small taxpayers, medium taxpayers or large taxpayers other than those mentioned above.

Partnerships are assessed for tax at the individuals' tax rates based on the individual partners' share of profits in the partnership.

### **Accounting methods**

A company accounts for income tax purposes on an accrual basis, and an individual accounts for income tax on a cash basis.

### **Resident persons**

A company is resident for tax purposes if that company:

- is incorporated under the Companies Act, 1963 (Act 179); or
- has its management and control exercised in Ghana at any time during the year.

A trust is resident in Ghana for tax purposes if:

- that trust is established in Ghana;
- a trustee of the trust is a resident at any time during the year; or
- a person resident in Ghana directs or may direct senior managerial decisions of the trust at any time during the year, whether the directive is given –
  - ii. alone or jointly with other persons; or
  - iii. directly or through one or more interposed entities.

A partnership is resident for tax purposes if, at any time during the year, any partner in the partnership is resident in Ghana.

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; and an employee of the Government of Ghana who has been posted abroad.

Persons not meeting the above are considered to be non-resident persons.

### **Taxation of companies**

Companies are subject to corporate tax on chargeable income. The chargeable income of a company for any year of assessment is the total of that company's income for the year from each business, and investment less the total amount of deduction allowed to that company. Subsequent distributions to shareholders are taxed separately.

Resident companies are taxed on their worldwide income. A Ghanaian permanent establishment is treated as a resident company for the purposes of income taxation. 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.

Non-resident companies are typically subject to withholding tax as a final tax on their gross receipts from income that is sourced in, or derived from, Ghana.

### **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:

<b>Class</b>	<b>Assets included</b>	<b>Rate (%)</b>	<b>Basis</b>
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	

### *Corporate income tax rates*

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:

<b>Entity/Activity</b>	<b>2017/2018 Rate (%)</b>
Companies – general	25
Companies engaged in mining or upstream petroleum business	35

### *Taxation of individuals*

Similar to companies, individuals pay tax on the chargeable income – income from employment less allowable deductions.

### Monthly tax rates

The table below indicates the new monthly income tax bands and rates applicable to the chargeable income of resident individuals from January 2018:

Year 2018	Chargeable income	Rate	Tax payable	Cumulative income	Cumulative tax
	GHC	%	GHC	GHC	GHC
First	261	0	0	261	0
Next	70	5	3.5	331	3.5
Next	100	10	10	431	13.50
Next	2,810	17.50	491.75	3,241	505.25
Exceeding	3,241	25			

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

### Carry-over of tax losses

Tax losses can be carried forward for three or five years, depending on the industry/sector of operation.

### 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 the 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.

### 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.

### 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%.

## ***Withholding taxes***

Payments made by resident entities that are considered as having been sourced from Ghana are subject to withholding taxes.

The following are some of the payments considered as 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.

Withholding tax rates under domestic tax laws include:

<b>Income</b>	<b>Rate %</b>
<b>Resident persons</b>	
<i>Interest (excluding individuals and resident financial institutions)</i>	8
<i>Dividends</i>	8
<i>Rent on residential properties to individuals and artificial persons</i>	8
<i>Rent on non-residential properties to individuals and artificial persons</i>	15
<i>Fees to resident individuals as invigilators, examiners and part-time teachers or lecturers, and endorsement fees to individuals</i>	10
<i>Fees or allowances to directors, managers, board members and trustees who are resident individuals</i>	20
<i>Commission to insurance, sales, canvassing and lotto agents who are individuals</i>	10
<i>Supplies of goods exceeding GH¢2,000 per annum</i>	3
<i>Supplies of works exceeding GH¢2,000 per annum</i>	5
<i>Supplies of services by an entity exceeding GH¢2,000 per annum</i>	7.5
<i>Supplies of general services by an individual</i>	7.5
<i>Payments to petroleum subcontractors</i>	7.5
<i>Payments for unprocessed precious minerals</i>	3
<i>Royalty, natural resource payments</i>	15
<b>Non-resident persons</b>	
<i>Dividends</i>	8
<i>Royalties, natural resources payments and rents</i>	15
<i>Management and technical service fees</i>	20
<i>Goods, works or any services</i>	20
<i>Repatriated branch after-tax profits</i>	8
<i>Interest income</i>	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 (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\*, Mauritius\* and Ireland.

Tax rates applicable under the terms of these treaties are as follows:

<b>Country/Type of income</b>	<b>Dividends (where the recipient holds at least 10% of shares)</b>	<b>Dividend (in any other case)</b>	<b>Royalties</b>	<b>Technical or management service fee</b>	<b>Interest</b>
	<b>%</b>	<b>%</b>	<b>%</b>	<b>%</b>	<b>%</b>
<i>France</i>	7.5	15.0	12.5	10.0	12.5
<i>United Kingdom</i>	7.5	15.0	12.5	10.0	12.5
<i>Germany</i>	5.0	15.0	8.0	8.0	10.0
<i>South Africa</i>	5.0	15.0	10.0	10.0	10.0 (5.0% for non-resident banks)
<i>Belgium</i>	5.0	15.0	10.0	10.0	10.0
<i>Italy</i>	5.0	15.0	10.0	10.0	10.0
<i>The Netherlands</i>	5.0	10.0	8.0	8.0	8.0
<i>Switzerland</i>	5.0	15.0	8.0	8.0	10.0
<i>Denmark</i>	5.0	15.0	8.0	8.0	8.0
<i>Czech Republic</i>	6.0	6.0	8.0	8.0	10.0
<i>Singapore</i>	7.0	7.0	7.0	10.0	7.0
<i>Mauritius</i>	7.0	7.0	8.0	10.0	7.0
<i>Ireland</i>		8.0	8.0	10.0	7.0

## ***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 CG, 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.

### ***Tax identification number (TIN)***

A TIN is required before the following can take place:

- clear goods from the port or factory;
- register a title to land, interest in land or any document affecting land;
- obtain a tax clearance certificate from the GRA;
- obtain a certificate to commence business or a business permit issued by the Registrar General or a local authority;
- register a cooperative; or
- receive a payment subject to withholding tax.

### ***Tax clearance certificate (TCC)***

Similarly, a TCC is required before the following can take place:

- importation of goods in commercial quantities;
- custom clearing or forwarding;
- title registration and transactions with the Lands Commission;
- bidding for projects or contracts to be awarded by public institutions, agencies, corporations and boards in Ghana;

- renewal of practising licence with professional bodies;
- repatriation of funds from Ghana upon dissolution; or
- transfers in respect of payments to non-residents for goods and services.

The GRA will issue a tax clearance certificate to a taxpayer for a specific purpose where necessary.





# Accounting issues

## **Financial reporting framework**

Acceptable financial reporting frameworks in Ghana are:

- International Financial Reporting Standards (IFRS) issued by the International Accounting Standard Board (IASB);
- International Financial Reporting Standards for Small and Medium-Sized Entities (IFRS for SMEs) issued by the International Accounting Standard Board (IASB); and
- International Public Sector Accounting Standards (IPSAS) issued by the International Public Sector Accounting Standards Board (IPSASB).

In addition to the applicable financial reporting frameworks set out above, entities registered in Ghana are also required to prepare their financial statements in the manner required by the Companies Act, 1963 (Act 179) and, where applicable, other regulatory guidelines such as the Insurance Act, 2006 (Act 724) for insurance companies; Banks and Specialised Deposit-Taking Institutions Act, 2016 (Act 930) for banks; and Occupational and Personal Pension Schemes (General) Regulations, 2011, for registered pension schemes.

## **Developments in accounting standards**

Since March 2017, the IASB has issued the following standards and amendments to existing standards:

- IFRIC 23, 'Uncertainty over income tax treatments';
- Amendments to IAS 19, 'Employee benefits' – Plan amendment, curtailment or settlement;
- Amendments to IFRS 9, 'Financial instruments' – Prepayment features with negative compensation;
- Amendments to IAS 28, 'Investments in associates' – Long-term interests in associates and joint ventures; and
- IFRS 17, 'Insurance contracts'.

Two previously issued standards – IFRS 15, 'Revenue from contracts with customers' and IFRS 9, 'Financial instruments', became effective on 1 January 2018.

IFRS 16, 'Leases', which was issued in 2016, becomes effective on 1 January 2019.

This section summarises these amendments and new standards.

### **IFRIC 23: Uncertainty over income tax treatments**

On 7 June 2017, the IFRS Interpretations Committee (IFRS IC) issued IFRIC 23, which clarifies how the recognition and measurement requirements of IAS 12, 'Income taxes', are applied where there is uncertainty over income tax treatments.

### **Impact**

When does the Interpretation apply?

The IFRS IC had clarified previously that IAS 12, and not IAS 37, 'Provisions, contingent liabilities and contingent assets', applies to accounting for uncertain income tax treatments. IFRIC 23 explains how to recognise and measure deferred and current income tax assets and liabilities where there is uncertainty over a tax treatment.

An uncertain tax treatment is any tax treatment applied by an entity where there is uncertainty over whether that treatment will be accepted by the tax authority. For example, a decision to claim a deduction for a specific expense or not to include a specific item of income in a tax return is an uncertain tax treatment if its acceptability is uncertain under tax law. IFRIC 23 applies to all aspects of income tax accounting where there is an uncertainty regarding the treatment of an item, including taxable profit or loss, the tax bases of assets and liabilities, tax losses and credits, and tax rates.

### *What is the unit of account?*

Each uncertain tax treatment is considered separately or together as a group, depending on which approach better predicts the resolution of the uncertainty. The factors that an entity might consider to make this determination include:

1. how it prepares and supports the tax treatment; and
2. the approach that it expects the tax authority to take during an examination.

What should an entity assume about the examination of tax treatments by taxation authorities?

An entity is required to assume that a tax authority with the right to examine and challenge tax treatments will examine those treatments and have full knowledge of all related information. Detection risk is not considered in the recognition and measurement of uncertain tax treatments.

When should an entity account for any uncertain tax treatments?

If an entity concludes that it is probable that the tax authority will accept an uncertain tax treatment that has been taken or is expected to be taken on a tax return, it should determine its accounting for income taxes consistently with that tax treatment. If an entity concludes that it is not probable that the treatment will be accepted, it should reflect the effect of the uncertainty in its income tax accounting in the period in which that determination is made (for example, by recognising an additional tax liability or applying a higher tax rate).

### *How is the effect of uncertainty recognised?*

The entity should measure the impact of the uncertainty using the method that best predicts the resolution of the uncertainty (that is, the entity should use

either the most likely amount method or the expected value method when measuring an uncertainty).

The most likely amount method might be appropriate if the possible outcomes are binary or are concentrated on one value. The expected value method might be appropriate if there is a range of possible outcomes that are neither binary nor concentrated on one value. Some uncertainties affect both current and deferred taxes (for example, an uncertainty over the year in which an expense is deductible). IFRIC 23 requires consistent judgments and estimates to be applied to current and deferred taxes.

### *What about changes in circumstances?*

The judgments and estimates made to recognise and measure the effect of uncertain tax treatments are reassessed whenever circumstances change or when there is new information that affects those judgments. New information might include actions by the tax authority, evidence that the tax authority has taken a particular position in connection with a similar item, or the expiry of the tax authority's right to examine a particular tax treatment. IFRIC 23 states specifically that the absence of any comment from the tax authority is unlikely to be, in isolation, a change in circumstances or new information that would lead to a change in estimate.

### *What about the disclosures?*

There are no new disclosure requirements in IFRIC 23. However, entities are reminded of the need to disclose, in accordance with IAS 1, the judgments and estimates made in determining the uncertain tax treatment.

### *Effective date and transition*

The Interpretation is effective for annual periods beginning on or after 1 January 2019. Earlier application is permitted. An entity can, on initial application, elect to apply this Interpretation either:

1. retrospectively, applying IAS 8, if possible without the use of hindsight; or
2. retrospectively, with the cumulative effect of initially applying the Interpretation recognised at the date of initial application as an adjustment to the opening balance of retained earnings (or other component of equity, as appropriate).

### *Insight*

IFRIC 23 provides a framework to consider, recognise and measure the accounting impact of tax uncertainties. The Interpretation provides specific guidance in several areas where previously IAS 12 was silent. For example, the Interpretation specifies how to determine the unit of account and the recognition and measurement guidance to be applied to that unit. There is no specific guidance in IAS 12, and entities today might be using different models to determine the unit of account and measure the consequences of tax uncertainties. The Interpretation also explains when to reconsider the accounting for a tax uncertainty, and it states specifically that the absence of comment from the tax authority is unlikely, in isolation, to trigger a reassessment.

Most entities will have developed a model to account for tax uncertainties in the absence of specific guidance in IAS 12. These models might, in some circumstances, be inconsistent with IFRIC 23, and the impact on tax accounting could be material. Management should assess the existing models against the specific guidance in the Interpretation and consider the impact on income tax accounting.

## *Amendments to IAS 19, 'Employee benefits' – Plan amendment, curtailment or settlement*

### *Issue*

On 7 February 2018, the IASB issued amendments to the guidance in IAS 19, 'Employee benefits', in connection with accounting for plan amendments, curtailments and settlements.

The amendments require an entity:

- to use updated assumptions to determine current service cost and net interest for the remainder of the period after a plan amendment, curtailment or settlement; and
- to recognise in profit or loss as part of past service cost, or a gain or loss on settlement, any reduction in a surplus, even if that surplus was not previously recognised because of the impact of the asset ceiling.

### *Impact*

Changes in the terms or membership of a defined benefit plan might result in a plan amendment, curtailment or settlement. IAS 19 requires an entity to determine the amount of any past service cost, or gain or loss on settlement, by remeasuring the net defined benefit liability before and after the amendment, using current assumptions and the fair value of plan assets at the time of the amendment.

Current service cost and net interest are usually calculated using assumptions determined at the beginning of the period. However, if the net defined benefit liability is remeasured to determine past service cost or the gain or loss on settlement, current service cost and net interest for the remainder of the period are remeasured using the same assumptions and the same fair value of plan assets. This will change the amounts that would otherwise have been charged to profit or loss in the period after the plan amendment, curtailment or settlement, and it might mean that the net defined benefit liability is remeasured more often.

A plan amendment, curtailment or settlement might reduce or eliminate a surplus, which could change the effect of the asset ceiling. Past service cost, or a gain or loss on settlement, is calculated in accordance with IAS 19, and it is recognised in profit or loss. This reflects the substance of the transaction, because a surplus that has been used to settle an obligation or provide additional benefits is recovered. The impact on the asset ceiling is recognised in other comprehensive income, and it is not reclassified to profit or loss. The impact of the amendments is to confirm that these effects are not offset.

### *Who is affected*

The amendments will affect any entity that changes the terms or the membership of a defined benefit plan such that there is past service cost or a gain or loss on settlement.

The amendments are applied prospectively to plan amendments, settlements or curtailments that occur after the beginning of the first annual reporting period beginning on or after 1 January 2019.

### *Amendments to IFRS 9 prepayment features with negative compensation and modifications of financial liabilities (amendments to IFRS 9)*

#### *At a glance*

The IASB ('Board') has issued a narrow-scope amendment to IFRS 9. The amendment covers two issues:

- What financial assets may be measured at amortised cost: The amendment permits more assets to be measured at amortised cost than under the previous version of IFRS 9, in particular, some prepayable financial assets. It is likely to have the biggest impact on banks and other financial services entities and be broadly welcomed by companies.

- How to account for the modification of a financial liability: The amendment confirms that most of such modifications will result in immediate recognition of a gain or loss. This is a change from common practice under IAS 39 today and will affect all kinds of entities that have renegotiated borrowings.

All companies should ensure that their projects to implement IFRS 9 identify what assets and transactions are or may be affected. Significant judgment may be required to apply the amendment, so early identification of the issues is advised.

Prepayment features with negative compensation

#### *Issue*

The Board has issued a narrow-scope amendment to IFRS 9 to enable companies to measure at amortised cost some prepayable financial assets with negative compensation. The assets affected, that include some loans and debt securities, would otherwise have been measured at fair value through profit or loss (FVTPL).

Negative compensation arises where the contractual terms permit the borrower to prepay the instrument before its contractual maturity, but the prepayment amount could be less than unpaid amounts of principal and interest. However, to qualify for amortised cost measurement, the negative compensation must be 'reasonable compensation for early termination of the contract'.

An example of such reasonable compensation is an amount that reflects the effect of a change in the relevant benchmark rate of interest. However, the standard does not define 'reasonable compensation' and significant judgment may be required to assess if this test is met.

In addition, to qualify for amortised cost measurement, the asset must be held within a 'held to collect' business model.

### *Impact*

The amendment is likely to be welcomed by preparers. In practice, there is a broad range of prepayment features with potentially negative compensation in many kinds of debt instruments:

- The prepayment option may be contingent on the occurrence of a trigger event (for example, sale or fall in value of collateral to a loan).
- The prepayment option may be held by only one party to the contract or both parties.
- Prepayment may be permitted or required (in particular circumstances).
- The compensation formula may differ. In many cases judgment will be required to assess whether the compensation meets the test of being ‘reasonable compensation for early termination of the contract’.

### *Effective date*

The amendment is effective for annual periods beginning on or after 1 January 2019, that is, one year later than the effective date of IFRS 9. Early adoption is permitted. This will enable companies to adopt the amendment when they first apply IFRS 9, though for companies in the EU early adoption will be subject to endorsement.

### *Modification of financial liabilities – IFRS 9 accounting change confirmed*

As expected, the Board confirmed the accounting for modifications of financial liabilities under IFRS 9. That is, when a financial liability measured at amortised cost is modified without this resulting in derecognition, a gain or loss should be recognised in profit or loss. The gain or loss is calculated as the difference between the original contractual cash flows and the modified cash flows, discounted at the original effective interest rate. This will impact all companies, particularly those applying a different policy for recognising gains and losses under IAS 39 today.

### *Amendments to IAS 28, ‘Investments in associates’ – Long-term interests in associates and joint ventures*

#### *Issue*

Investors could have long-term interests (for example, preference shares or long-term loans) in an associate or joint venture that form part of the net investment in the associate or joint venture.

The IASB was asked to clarify whether these long-term interests are within the scope of IFRS 9, and whether IFRS 9 requirements are applicable.

#### *Insight*

The IASB issued a narrow-scope amendment to IAS 28 that clarified that these long-term interests in an associate or joint venture to which the equity method is not applied should be accounted for using IFRS 9. This includes the impairment requirements in IFRS 9.

#### *Effective date*

The amendments are effective for annual periods beginning on or after 1 January 2019. Earlier application is permitted.

### *IFRS 17, ‘Insurance contracts’*

#### *Issue*

On 18 May 2017, the IASB finished its long-standing project to develop an accounting standard on insurance contracts and published IFRS 17, ‘Insurance contracts’. IFRS 17 replaces IFRS 4, which currently permits a wide variety of practices. IFRS 17 will fundamentally change the accounting by all entities that issue insurance contracts and investment contracts with discretionary participation features.

The standard applies to annual periods beginning on or after 1 January 2021, with earlier application permitted if IFRS 15, ‘Revenue from contracts with customers’, and IFRS 9, ‘Financial instruments’, are also applied.

### *Scope*

IFRS 17 applies to insurance contracts issued, all reinsurance contracts and investment contracts with discretionary participating features if an entity also issues insurance contracts. For fixed-fee service contracts whose primary purpose is the provision of services, entities have an accounting policy choice to account for them in accordance with either IFRS 17 or IFRS 15. Similar to the position under IFRS 4, financial guarantee contracts are allowed to be within the scope of IFRS 17 if the entity previously asserted explicitly that it regarded them as insurance contracts.

Insurance contracts (other than reinsurance) where the entity is a policyholder are not within the scope of IFRS 17.

Embedded derivatives, distinct investment and service components should be 'unbundled' and accounted for separately in accordance with the related IFRSs. Voluntary unbundling of other components is prohibited.

### *The measurement model*

IFRS 17 requires a current measurement model where estimates are remeasured in each reporting period. The measurement is based on the building blocks of discounted, probability-weighted cash flows, a risk adjustment and a contractual service margin (CSM) representing the unearned profit of the contract. A simplified premium allocation approach is permitted for the liability for the remaining coverage if it provides a measurement that is not materially different from the general model or if the coverage period is one year or less. However, claims incurred will need to be measured based on the building blocks of discounted, risk-adjusted, probability-weighted cash flows.

For presentation and measurement, entities are required at initial recognition to disaggregate a portfolio (that is, contracts that are subject to similar risks and managed together as a single pool) into three groups of contracts: onerous; no significant risk of becoming onerous; and remaining contracts. Contracts that are issued more than one year apart should not be in the same group.

Changes in cash flows related to future services should be recognised against the CSM. The CSM cannot be negative, so changes in future cash flows have a greater CSM at rates locked in at initial recognition of a contract. To reflect the service provided, the CSM is released to profit or loss in each period on the basis of passage of time.

Under IFRS 17, entities have an accounting policy choice to recognise the impact of changes in discount rates and other assumptions that relate to financial risks either in profit or loss or in other comprehensive income (OCI). The OCI option for insurance liabilities reduces some volatility in profit or loss for insurers where financial assets are measured at amortised cost or fair value through OCI under IFRS 9.

The variable-fee approach is required for insurance contracts that specify a link between payments to the policyholder and the returns on underlying items, such as some 'participating', 'with profits' and 'unit linked' contracts. The interest on the CSM for such contracts is accreted implicitly through adjusting the CSM for the change in the variable fee. The variable fee represents the entity's share of the fair value of the underlying items less amounts payable to policyholders that do not vary based on the underlying items. The CSM is also adjusted for the time value of money and the effect of changes in financial risks not arising from underlying items such as options and guarantees.

Requirements in IFRS 17 align the presentation of revenue with other industries. Revenue is allocated to periods in proportion to the value of expected coverage and other services that the insurer provides in the period, and claims are presented when incurred. Investment components (that is, amounts repaid to policyholders even if the insured event does not occur) are excluded from revenue and claims.

Insurers are required to disclose information about amounts, judgments and risks arising from insurance contracts. The disclosure requirements are more detailed than currently required under IFRS 4.

On transition to IFRS 17, an entity applies IFRS 17 retrospectively to groups of insurance contracts, unless it is impracticable. In this case, the entity is permitted to choose between a modified retrospective approach and the fair value approach. In applying a modified retrospective approach, the entity achieves the closest outcome to retrospective application using reasonable and supportable information and choosing from a list of available simplifications. Alternatively, the CSM at transition can be based on fair value at transition. In practice, using different approaches to transition could result in significantly different outcomes that will drive profit recognised in future periods for contracts in force on transition.

### *Impact and insights*

IFRS 17 will impact businesses well beyond the finance, actuarial and systems development areas (for example, product design and distribution, development of revised incentive and wider remuneration policies and reconfigured budgeting and forecasting methodologies feeding into business planning). There could also be an impact on the cash tax position and dividends, both on transition and going forward. IFRS 17 might require more than three years to be implemented. Gap analyses and impact assessments

to develop an implementation roadmap will enable entities to begin the detailed implementation project. A fundamental shift might be required in the way in which data is collected, stored and analysed, changing the emphasis from a prospective to a retrospective basis of analysis and introducing a more granular level of measurement and additional disclosures. Before the effective date, insurers will need to carefully consider their 'IFRS 17 story' for investors and analysts, as well as the key metrics that they will apply in the new world.

### *IFRS 15, 'Revenue from contracts with customers'*

#### *Issue*

The IASB has issued a new standard for the recognition of revenue. This will replace IAS 18, which covers contracts for goods and services, and IAS 11, which covers construction contracts.

The new standard is based on the principle that revenue is recognised when control of a good or service transfers to a customer – so the notion of control replaces the existing notion of risks and rewards.

#### *Impact*

A new five-step process must be applied before revenue can be recognised:

- Identify contracts with customers;
- Identify the separate performance obligation;
- Determine the transaction price of the contract;
- Allocate the transaction price to each of the separate performance obligations; and
- Recognise the revenue as each performance obligation is satisfied.

### *Key changes to current practice:*

- Any bundled goods or services that are distinct must be separately recognised, and any discounts or rebates on the contract price must generally be allocated to the separate elements.
- Revenue may be recognised earlier than under current standards if the consideration varies for any reasons (such as for incentives, rebates, performance fees, royalties, success of an outcome etc.) – minimum amounts must be recognised if they are not at significant risk of reversal.
- The point at which revenue is able to be recognised may shift: some revenue which is currently recognised at a point in time at the end of a contract may have to be recognised over the contract term, and vice versa.
- There are new specific rules on licenses, warranties, non-refundable upfront fees and consignment arrangements, to name a few.
- As with any new standard, there are also increased disclosures.

These accounting changes may have flow-on effects on the entity's business practices regarding systems, processes and controls, compensation and bonus plans, contracts, tax planning and investor communications.

### *Insight*

Entities will have a choice of full retrospective application, or prospective application with additional disclosures.

Even with transition relief there is no time to waste with regard to implementation. It is especially important to start preparing disclosures early on.

### *IFRS 9, 'Financial instruments'*

#### *Issue*

IFRS 9 replaces the multiple classification and measurement models in IAS 39, 'Financial instruments: Recognition and measurement', with a single model that has initially only two classification categories: amortised cost and fair value.

#### *Impact*

Classification of debt assets will be driven by the entity's business model for managing the financial assets and the contractual cash-flow characteristics of the financial assets.

A debt instrument is measured at amortised cost if: a) the objective of the business model is to hold the financial asset for the collection of the contractual cash flows, and b) the contractual cash flows under the instrument solely represent payments of principal and interest.

All other debt and equity instruments, including investments in complex debt instruments and equity investments, must be recognised at fair value.

All fair value movements on financial assets are taken through the statement of profit or loss, except for equity investments that are not held for trading, which may be recorded in the statement of profit or loss or in reserves (without subsequent recycling to profit or loss).

For financial liabilities that are measured under the fair value option, entities will need to recognise the part of the fair value change that is due to changes in their own credit risk in other comprehensive income rather than profit or loss.

The new hedge accounting rules (released in December 2013) align hedge accounting more closely with common risk management practices. As a general rule, it will be easier to apply hedge accounting going forward.

The new standard also introduces expanded disclosure requirements and changes in presentation.

In July 2014, the IASB made further changes to the classification and measurement rules and also introduced a new impairment model. With these amendments, IFRS 9 is now complete.

### *Insight*

The changes introduce:

- a third measurement category, fair value through other operating income (FVOCI), for certain financial assets that are debt instruments; and
- a new expected credit loss (ECL) model which involves a three-stage approach whereby financial assets move through the three stages as their credit quality changes. The stage dictates how an entity measures impairment losses and applies the effective interest rate method. A simplified approach is permitted for financial assets that do not have a significant financing component (e.g. trade receivables). On initial recognition, entities will record a day-one loss equal to the 12-month ECL (or lifetime ECL for trade receivables), unless the assets are considered credit-impaired.

### *IFRS 16, 'Leases'*

#### *Issue*

In January 2016, the IASB finished its long-standing project on lease accounting and published IFRS 16, 'Leases', which replaces the current guidance in IAS 17. This will require far-reaching changes in accounting by lessees in particular. The IASB has recently introduced IFRS 9, 'Financial instruments', and IFRS 15, 'Revenue from contracts with customers'.

#### *Key provisions*

Under IAS 17, lessees were required to make a distinction between a finance lease (on balance sheet) and an operating lease (off balance sheet). IFRS 16 now

requires lessees to recognise a lease liability reflecting future lease payments and a 'right-of-use asset' for virtually all lease contracts. The IASB has included an optional exemption for certain short-term leases and leases of low-value assets; however, this exemption can only be applied by lessees. For lessors, the accounting stays almost the same. However, as the IASB has updated the guidance on the definition of a lease (as well as the guidance on the combination and separation of contracts), lessors will also be affected by the new standard. At the very least, the new accounting model for lessees is expected to impact negotiations between lessors and lessees.

Under IFRS 16, a contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

#### *Impact*

IFRS 16 is likely to have a significant impact on the financial statements of a number of lessees.

#### *Impact on statement of financial position*

The new standard will affect both the balance sheet and related ratios, such as debt/equity ratios. Depending on the particular industry and the number of lease contracts previously classified as operating leases under IAS 17, the new approach will result in a significant increase in debt on the balance sheet.

#### *Impact on statement of comprehensive income*

Lessees will have to present interest expense on the lease liability and depreciation on the right-of-use asset in their income statement. In comparison with operating leases under IAS 17, this will change not only the allocation of expenses but also the total amount of expenses recognised for each period of the lease term. The combination of a straight-line depreciation of the right-of-

use asset and the effective interest rate method applied to the lease liability will result in a higher total charge to profit or loss in the initial years of the lease, and decreasing expenses during the latter part of the lease term.

### *Impact on statement of cash flows*

The new guidance will also change the cash-flow statement, because lease payments relating to contracts that have previously been classified as operating leases are no longer presented as operating cash flows in full. Only the part of the lease payments that reflects interest on the lease liability can be presented as an operating cash flow (if it is the entity's policy to present interest payments as operating cash flows). Cash payments for the principal portion of the lease liability are classified within financing activities. Payments for short-term leases and for leases of low-value assets and variable lease payments not included in the measurement of the lease liability are presented within operating activities.

### *Transition*

IFRS 16 is effective for annual reporting periods beginning on or after 1 January 2019. Earlier application is permitted, but only in conjunction with IFRS 15, 'Revenue from contracts with customers'. In order to facilitate transition, entities can choose a 'simplified approach' that includes certain reliefs related to the measurement of the right-of-use asset and the lease liability, rather than full retrospective application; furthermore, the 'simplified approach' does not require a restatement of comparatives. In addition, as a practical expedient entities are not required to reassess whether a contract is, or contains, a lease at the date of initial application (that is, such contracts are 'grandfathered').

### *Insight*

Entities should ensure that they have implemented systems and processes to identify all lease contracts, to capture the information needed to determine the measurement of the right-of-use asset and the lease liability, and to prepare the new disclosures.

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# Firm information

## *Our profile*

### *Global overview*

PwC firms help organisations and individuals create the value they are looking for. We are a network of firms in 158 countries, employing more than 236,000 people who are committed to delivering quality in assurance, tax and advisory services. Tell us what matters to you and find out more by visiting us at [www.pwc.com](http://www.pwc.com).

### *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 the transparency, trust and consistency of business processes. In order to succeed, we must grow and develop, both as individuals and as a business.

Our core values of act with integrity, work together, care, reimagine the possible and make a difference help us to achieve this growth. We strive to deliver what we promise, work together as a team and lead by example.

### *PwC in Africa*

In sub-Saharan Africa, we are the largest provider of professional services. We have firms in 34 countries with 400 partners and over 9 000 people. In the Central Africa sub-region, our ten firms operate in Angola, Ghana, Kenya, Mauritius, Nigeria, Rwanda, Tanzania, Uganda, Zambia and Liberia. We may also offer services in Burundi, Djibouti, Eritrea, Ethiopia, The Gambia, Seychelles, Sierra Leone, Somalia and South Sudan. Combining global expertise with local know-how, our 1 950 people in Central Africa can help you grow and manage change.

## *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.

PwC Ghana is located in Accra and Takoradi, with over 300 employees and eleven resident partners/directors. We offer professional services to both the private and public sectors in Ghana in the following industries:

### *Consumer and industrial products and services (CIPS)*

Fast-moving consumer goods, telecoms, manufacturing, construction, transport, media and service-oriented companies

### *Energy, Utilities and Resources (EUR)*

Mining, exploration and renewable energy companies, and oil and gas utilities

### *Financial Services (FS)*

Banking, insurance, pensions and non-bank financial institutions

### *Government and Public Sector (G&PS)*

Government and multi- and bi-lateral agencies (donor agencies and NGOs)

### *Audit and Assurance*

Our audit approach, at the leading edge of best practice, is tailored to suit the size and nature of your organisation and draws upon our extensive industry knowledge.

Additionally, we are leaders in the development of non-financial performance reporting, helping our clients respond to the need for greater transparency, improved corporate governance and business models based on the principles of sustainability.

Every engagement is considered unique and executed to ensure value creation:

- For shareholders and other stakeholders  
Provide independent opinions and reports that add credibility to financial information
- For audit committees  
Assistance in discharging their corporate governance and compliance responsibility
- For group reporting  
Clearance to group auditors in order to meet group reporting requirements
- For management  
Observation and advice on financial reporting and business issues from professionals who have in-depth knowledge and understanding of your business and industry.  
We serve our clients around the following priority areas:
  - Statutory audits for private sector entities, including SMEs;
  - Internal audits;
  - Audits of public sector entities, including government ministries, departments and agencies as well as non-governmental organisations;
  - Fund/Grant management in respect of donor-funded projects;
  - Systems process assurance, including risk management, IT systems and IT operations management;
  - Advisory and attest services with respect to the Sarbanes-Oxley Act, 2002 section 404 (SOX 404) and Public Committee Accounting Oversight Board Auditing Standards No. 5 (AS5); and

- Transition and training on International Financial Reporting Standards (IFRS).

### **Accounting/bookkeeping**

- Preparation of monthly cash book;
- Recording of monthly bank transactions, including update of accounts receivable and payable ledger;
- Keeping other subsidiary ledgers, including fixed assets and inventory;
- Submission of trial balance, income statement and balance sheet in an agreed format on a monthly basis;
- Preparation of VAT and withholding tax (WHT) returns to enable client's tax consultants to file VAT and WHT returns on a monthly basis; and
- Preparation of statutory financial statements at the end of each accounting period to be audited by an independent auditor.

### **Tax and tax advisory services**

PwC is the leading provider of tax services worldwide. We understand your business and economic environment and we combine this with specialist tax knowledge to help you navigate complexity.

### **Our tax compliance services include:**

- Assisting clients with the preparation and filing of tax returns for companies and employees (individuals), including expatriates;
- Payroll management;
- Withholding tax management;
- Indirect tax services;
- Assisting clients to comply with the relevant tax laws in order to meet tax obligations;
- Representing and negotiating on behalf of clients with the CG of the GRA;

- Assisting clients to object to excessive assessments raised; and
- Representing our clients at meetings with the tax authorities upon request.

#### ***Our tax advisory services include:***

- Tax planning opportunities to minimise taxes/risks to both local and international entities;
- Tax reliefs and incentives available under the various tax laws;
- Tax health checks/audits and due diligence;
- Tax effects of business acquisitions, disposals and restructuring; and
- Other tailor-made products as required by our clients.

#### ***Company secretarial services***

Through our affiliate entity, Abacus Services Ghana Limited, we provide a wide range of company secretarial services, including:

- Convening and attending board meetings and general meetings;
- Drafting of resolutions of directors and shareholders;
- Corporate statutory filings;
- Maintenance of statutory books;
- Corporate compliance reviews;
- Corporate governance advisory;
- Inward investor/pathfinder services; and
- Formation of corporate entities.

#### ***Immigration services***

- Work and residence permits;
- Extension of visitors' permits;
- Emergency entry visas;
- Re-entry visas; and
- Filing of returns.

#### ***Advisory services***

We help organisations to work smarter and grow faster. We consult with our clients to help them build effective organisations, innovate and grow, reduce costs, manage risk and regulations, and leverage talent. Our aim is to support you in designing, managing and executing lasting beneficial change.

#### ***Transactions***

Our transactions division provides comprehensive commercial, financial, economic and strategic advice to companies facing significant business growth opportunities. We build relationships with our clients and provide excellent advice and independence. Our services include:

- Due diligence valuations;
- Transaction advisory;
- Privatisation;
- Public/Private partnerships and project finance;
- Debt advisory;
- Bid support and defence; and
- Business modelling.

### ***Business recovery***

Troubled or underperforming companies and their shareholders, lenders, creditors and other stakeholders need support to help them make informed decisions. We work with colleagues across the entire breadth and depth of the firm, from tax and assurance to advisory, to provide the specialist situational knowledge that you need to make the right decisions.

Our services include:

- Restructuring, turnaround and reorganisation planning;
- Operating and financial efficiency during a crisis;
- Bankruptcy and insolvency advisory;
- Distressed sell-/buy-side advisory;
- Independent business reviews; and
- Distressed M&A and financing.

### ***People and change***

Getting the best from people at every level when there is constant change is the key to sustainable competitive advantage. Solid strategies, processes and technology alone do not deliver results. It takes people to accept, adopt, drive and sustain the change needed to realise tangible impact. Success in business hinges on strategic agility and the ability to execute:

- Talent management;
- Organisational design;
- Leadership development;
- Succession management;
- Learning;
- Employee engagement;
- Change management; and
- Human resource effectiveness and metrics.

### ***Forensic and investigative***

Our team of accountants, lawyers, former regulators, computer forensic specialists, engineers and other experts can help to investigate, analyse and resolve potential crises. Better still, we can provide forensic advisory services upfront to prevent issues from arising in the first place. Our services include:

- Investigations and forensic accounting;
- Forensic technology, data discovery and e-Discovery;
- Economic damage analysis;
- Complex commercial litigation support services;
- Information risk and records management;
- Anti-fraud and anti-corruption services; and
- Licensing and contract disputes.

### ***Finance and accounting***

Today's CFOs are faced with a complex, constantly changing business environment. Their companies' strategies for managing challenges need to be supported by a flexible finance organisation that delivers transparent, efficient and forward-looking insight while at the same time managing risk and compliance, effectively leveraging capital and maximising liquidity. Our team is equipped to help upgrade your finance function to its maximum potential through:

- Business process reviews and enforcement;
- Finance transformation and organisation design;
- Corporate performance management;
- Control optimisation;
- Cost reduction and revenue maximisation; and
- Finance capabilities assessment.

## **Strategy and operations services**

We help companies achieve strategic and operational excellence through sustainable improvements and more efficient processes that lower costs, increase cash flows and enhance customer satisfaction.

We can develop or appraise strategic business plans through a rigorous analysis of our clients' market environment, competitive landscape and internal capabilities. We can help you to determine the right strategic priorities for profitable growth, and we offer support and practical solutions for achieving these growth objectives.

Our strategy services include:

- Strategic planning;
- Organisational strategy;
- Growth strategy;
- Financial and acquisition strategy;
- Customer strategy;
- Business and technology design;
- Supply chain management strategy;
- Sales, business development and pricing strategy; and
- Climate change and sustainability.

## **Operations**

The demand for a customer-centric focus, end-to-end integrated operations and optimal cost management has never been greater. We bring capabilities in management and process improvement to help companies optimise their operating processes and supply chains. Our operations services include:

- Operations and process excellence consulting;
- Shared services centre (SSC) design and operations;
- Customer experience optimisation consulting; and
- Supply chain management consulting.

## **Our partners and directors**

### **1. Wyczynsky (Vish) Ashiagbor**

Vish is the Country Senior Partner and Financial Services Leader with over 23 years' extensive experience in transactions advisory services. His experience entails accounting, due diligence, insolvency assignments, forensic audits, financial analysis, investment appraisals and business valuations. He has had dynamic exposure to working on advisory projects in several other African countries such as The Gambia, Nigeria, Kenya, Liberia and Sierra Leone, among others. Vish is a fellow of the Institute of Chartered Accountants in England and Wales and a member of the Institute of Chartered Accountants (Ghana) and Association of Certified Fraud Examiners. He holds a Master's degree in Engineering from the University of London Imperial College of Science, Technology and Medicine.

### **2. Michael Asiedu-Antwi**

Michael is the Leader of our Assurance Practice in Ghana and a member of the PwC Africa Governance Board. He is a member of the Institute of Chartered Accountants (ICA), Ghana and a fellow of the Chartered Institute of Taxation of Ghana. Michael has served two terms on the council of ICAG and currently chairs the Professional Standards and Ethics Committee for ICAG. Michael has over 20 years' experience with the firm and has been involved in a wide range of assurance and attest assignments, due diligence reviews and internal audit reviews for major organisations in a cross section of industries, including mining, oil and gas, manufacturing, banking and finance, insurance and telecommunications. Michael previously worked with the Internal Revenue Services as a Principal Inspector of Taxes.

### **3. George Kwatia**

George is a tax partner who also leads the tax practice in both Ghana and Sierra Leone. He is a fellow of the Chartered Institute of Taxation Ghana and holds a Master's degree in Business Administration (Accounting) from the University of Ghana. George has been in the line of service and with PwC over 18 years and is one of the most pre-eminent and experienced tax professionals in Ghana. He has much experience in both international and local taxation with specialisation in creative tax ideas in the Ghana practice, focusing on research and the introduction of creative and unique ideas to both clients and non-clients. He has been involved in a number of tax trainings at GRA and PwC and has taken part in due diligence projects as well as compliance tax reviews, payroll administration assignments, corporate re-organisations and tax recoveries.

### **4. Oseini Amui**

Oseini is an Assurance partner with extensive experience in the financial services industry. He has deep knowledge of the banking, capital markets, and insurance and real estate sectors in Ghana and has accumulated extensive experience in the UK, Kenyan and Nigerian financial services business environments. He is a member of the Institute of Chartered Accountants (Ghana) and holds a bachelor's degree from the University of Science and Technology. Oseini leads our local IFRS technical committee and is also a member of our capital markets accounting services team for the West Market Area of the Africa region. He has been involved in providing support on accounting technical matters to regulatory institutions in Ghana.

### **5. Maxwell Darkwa**

Maxwell is a partner in the Assurance – Public Sector Division of PwC (Ghana) specialising in the delivery of fund management services, professional auditing, monitoring and evaluation, institutional capacity

assessment and capacity building, and financial management support services to government ministries, non-governmental organisations (NGOs) and donor agencies. He has over 20 years' experience with PwC and is a fellow and member of the Association of Chartered Certified Accountants (ACCA) and the Institute of Chartered Accountants (ICA), respectively. Maxwell is also the West Market Leader for the Government and Public Sector Industry Group covering Liberia, Sierra Leone, Ghana and Nigeria.

### **6. Sarah-Mary Frimpong**

Sarah-Mary is a partner in the Assurance line of service. She is a fellow of the Association of Chartered Certified Accountants (FCCA) and a member of the Institute of Chartered Accountants (Ghana) with over 25 years' work experience in both Ghana and the United Kingdom. Sarah-Mary has been with the firm for 18 years and has a wide range of experience in auditing, accountancy and financial reviews and investigations in both the public and private sectors of industry. Her clients have included subsidiaries of multinational companies, and listed and private companies operating in the consumer and industrial products services (CIPS), insurance and banking industries.

### **7. George Arhin**

George is a partner with PwC Ghana. He is also the PwC Business School Leader and has over 13 years of professional experience. George started his professional career with Credit Suisse Assets Management in the UK. He joined the PwC London office as an Associate and later relocated to PwC Ghana in 2002. George worked with the PwC Aberdeen and Houston Texas offices from 2006 to 2008. George has worked on major projects in the Energy, utilities and mining sectors in the UK, Ghana and US. His oil and gas sector client experience includes leading audit, training and advisory services to a range of clients, from large Ghanaian, UK and other multinational and public groups to smaller owner-managed businesses. He is

a fellow of the Association of Chartered Certified Accountants (ACCA), Chartered Global Management Accountants (FCGMA) and Chartered Institute of Management Accountants (FCMA) and a member of the Institute of Chartered Accountants (ICA) Ghana. He holds a Bachelor of Science degree in Business Administration from the University of Ghana.

### **8. Ayesha Bedwei**

Ayesha is a partner in PwC based in Ghana. Ayesha specialises in Tax Advisory services focused on the energy sector, and helps energy clients solve their tax problems and manage their tax affairs efficiently. Ayesha holds leadership positions within PwC in the areas of corporate responsibility, and diversity and inclusion. Ayesha is responsible for PwC's West Market Area (Ghana, Liberia and Nigeria); Energy, leading PwC's Africa Region; and Learning and Education, where she leads for Ghana. With over 17 years' experience in the finance and accounting field (11 being in the tax energy arena), Ayesha has been involved in a wide array of projects and has built up a network of influential clients and associates during her professional career. Ayesha has gained a wealth of experience due to her involvement in Ghana's energy sector from its inception to date. She has had the opportunity to organise and speak at a number of tax and regulatory-focused forums in this area covering several African territories. To date, these forums have been held in Ghana, the USA and Mozambique. Ayesha is a fellow of the Association of Certified Chartered Accountants (UK), Institute of Chartered Accountants (Ghana), and Chartered Institute of Taxation (Ghana) and holds a BSc. Business Economics.

### **9. Nelson Opoku**

Nelson is a partner and chief operating officer (COO) of the PwC member firms in the West Market Area. He is a member of the Institute Chartered Accountants (Ghana) and holds an Executive MBA in Finance from the University of Ghana

Business School. He has over 23 years' working experience in Accounting, Finance, Treasury and Tax planning and related fields in both industry and with PwC. Nelson has been involved in the finance and operations transformation process in many PwC member firms in Africa, including Nigeria, Kenya, Tanzania, Zambia and others. He is currently leading the Finance Organisation Transformation process in PwC Africa.

### **10. Eric Nipah**

Eric is a partner and the Advisory Leader. He has 17 years of professional experience. He is currently the competency Leader for Business Recovery Services in the West Market Area and also leads the Forensics unit of the firm in Ghana, Liberia and Sierra Leone. Eric has immense experience in insolvency and forensic investigation services. He has led a number of high-profile and complex assignments for both public and private sector clients in Ghana, Liberia, Sierra Leone, Kenya and the UK. Eric serves on the Governing Council of the Ghana Association of Restructuring and Insolvency Advisors (GARIA), a corporate insolvency and business restructuring professional association. He is a member of the Association of Chartered Accountants (ACCA). He holds an MBA in Business Finance from the University of Humber and Lincolnshire, UK and a BA (Hons) Social Science degree from the University of Science and Technology, Ghana.



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# Glossary

AAPET	Akuffo-Addo Programme For Economic Transformation
AEQ	Automatic Expatriate Quota
AU	African Union
Bbl/d	Barrels Per Day
BoG	Bank of Ghana
BPA	Bui Power Authority
CET	Common External Tariff
CG	Commissioner General
CIF	Cost Insurance and Freight
CIS	Collective Investment Scheme
CST	Communication services tax
DTT	DoubleTax Treaty
EC	Energy Commission
ECG	Electricity Company of Ghana
ECOWAS	Economic Community of West African States
ECL	Expected Credit Loss
ECS	Electronic Communication Services
EMDE	Emerging Markets and Developing Economies
EMQAP	Export Marketing and Quality Assurance Project
EPA	Environmental Protection Agency
EU	European Union
FASDEP II	Food and Agriculture Sector Development Policy
FCA	Foreign Currency Account
FEA	Foreign Exchange Account
FPSO	Floating Production Storage and Offloading
FVOCI	Fair value through other operating income
GASIP	Ghana Agricultural Sector Investment Programme
GCAP	Ghana Commercial Export Project
GDP	Gross Domestic Product
GFZB	Ghana Free Zones Board
GIFTEL	Ghana Investment Fund for Telecommunication
GIPC	Ghana Investment Promotion Centre
GIPC Act	GIPC Act 2013 (Act 865)
GIS	Ghana Immigration Service
GNPC	Ghana National Petroleum Corporation
GoG	Government of Ghana
GRA	Ghana Revenue Authority
GRAGRA	Ghana Revenue Authority General Refund Account

GREDA	Ghana Real Estates Developers Association
GSE	Ghana Stock Exchange
HFC	Home Finance Company
IAS	International Accounting Standards
IASB	International Accounting Standards Board
IBES	Integrated Business and Establishment Survey
ICT	Information & Communication Technology
IEP	Interoperable electronic platform
IFRIC	International Financial Reporting Interpretations Committee
IFRS	International Financial Reporting Standards
IGC	Indigenous Ghanaian Company
IPEP	Infrastructure for Poverty Eradication Project
IPP	Independent Power Producers
IQ	Immigration Quota
ITA	Income Tax Act, 2015 (Act 896)
ITLOS	International Tribunal for the Law of the Sea
JV	Joint Venture
MC	Minerals Commission
METASIP	Medium-Term Agriculture Sector Investment Plan
MMcf/d	Million cubic feet per day
MMDA	Metropolitan Municipal and District Assemblies
MOFA	Ministry Of Food and Agriculture
MOI	Ministry of Interior
MPR	Monetary Policy Rate
NAFCO	National Buffer Stock Company
NCA	National Communication Authority
NDA	Northern Development Authority
NDPAS	National Digital Property Addressing System
NEDCo	Northern Electricity Department Company
NES	National Electrification Scheme
NG	Natural Gas
NGO	Non-Governmental Organisation
NHIL	National Health Insurance Levy
NIC	National Insurance Commission
NIP	National Identification Project
NPA	National Petroleum Authority
NTFP	Non-Timber Forest Products
OCTP	Offshore Cape Three Points
OECD	Organisation for Economic Co-operation and Development
OMC	Oil Marketing Company
PA	Petroleum Agreement

PC	Petroleum Commission
PFJ	Planting for Food and Jobs
PURC	Public Utilities Regulatory Commission
PV	Photovoltaic
REIT	Real Estate Investment Trust
RGD	Registrar General's Department
SEC	Securities and Exchange Commission
SIL	Special Import Levy
TCC	Tax Clearance Certificate
TEN	Tweneboa, Enyenera and Ntomme
TICO	Takoradi International Company
TIN	Tax Identification Number
TOR	Tema Oil Refinery
TPR	Transfer Pricing Regulations
VAT	Value-Added Tax
VAT Act	Value-Added Tax Act, 2013 (Act 870)
VRA	Volta River Authority
VRPO	VAT Relief Purchase Order
WAGP	West African Gas Pipeline
WEO	World Economic Outlook