



Ghana Tax Landscape

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Tax & Regulatory Services



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A grayscale photograph of a modern office interior. The word "Deloitte." is prominently displayed in large, 3D block letters on a dark wall. In the foreground, there is a long, light-colored reception desk with several office chairs. The ceiling features recessed lighting strips. A potted plant is visible on the right side of the frame.

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Introduction

Tax Administration in Ghana



Ghana is a unitary state and taxation in the country is centrally administered by the Ghana Revenue Authority (“GRA”)



Taxes are imposed by legislations (“Acts”) passed by the Parliament of Ghana, which is also the governmental body with the authority to approve any waiver or variation of tax imposed by an Act.



The GRA operates a 3-Tier administrative structure:

- ✓ Domestic Tax Revenue Division (DTRD)
- ✓ Customs Division
- ✓ Support Services Division

Introduction

Tax Administration in Ghana

Applicable Tax Legislations

1 Income Tax Act, 2015 (Act 896) as amended

2 Income Tax Regulations 2016 (L.I. 2244) as amended

3 Revenue Administration Act, 2016 (Act 915)

4 Value Added Tax, 2013 (Act 870) as amended

5 Customs Act, 2015 (Act 891) as amended and its Regulations

6 Transfer Pricing Regulations, 2020 (L.I. 2412)

7 Operational Double Tax Treaties

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Corporate Income Tax



Corporate Income Tax



- Income subject to tax in Ghana:
 - ✓ Income from business; and
 - ✓ Income from investment.
- Companies in Ghana pay corporate income tax on their taxable profit - revenue less deductible expenses and capital allowances.
- Standard rate of corporate income tax is 25%.
- Companies in Ghana are subject to tax on their worldwide income from any business or investment to the extent attributed to the company in Ghana.



Corporate Income Tax

- Companies in Ghana are able to carry forward tax losses for deduction in subsequent years for a period of:
 - ✓ 5 years in the case of companies in “priority” sectors; and
 - ✓ 3 years for all other sectors.
- Deduction of carried forward losses is allowed in the order in which they accrue (i.e. on a first-in first-out basis).
- Priority sector companies include companies engaged in the following:
 - ✓ Minerals and mining operations;
 - ✓ Petroleum operations;
 - ✓ Energy and power business;
 - ✓ Manufacturing business;
 - ✓ Farming business;
 - ✓ Agro processing business;
 - ✓ Tourism business; and
 - ✓ Information and communication technology business – i.e. software development

Corporate Income Tax

Tax Rates & Temporary Tax Concessions

Entity (Activity)	Tax Rate
All companies unless specified	25%
Income of hotel operations	22%
Export of non-traditional goods	8%
Income derived from loans to farming and leasing Co. by banks.	20%
Free Zone Enterprise after 10 years	
Export sales	15%
Local sales	25%
Mining Companies	35%
Petroleum Companies	35%

Tax Incentives

Industries with Concessions

The following business have the following tax concessions:

Business	Concession Period	Rate of Tax*
Farming of tree crop	10 years from first harvest	1%
Livestock, fish, cash crop other than cattle	5 years from commencement	1%
Cattle	10 years from commencement	1%
Agro-processing	5 years from commercial production	1%
Processing cocoa by-products	5 years from commercial production	1%
Free zone enterprise	10 years from commencement	Exempt
Waste processing	7 years from commencement	1%
Real estate in affordable housing	5 years from commencement	1%
Unit trust or mutual funds	10 years from commencement	1%

* Rate of tax during concession period

Tax Incentives

Tax Rates & Temporary Tax Concessions Contd.

There is reduced tax rates provided for **manufacturing businesses** based on location:

Location	Tax Rate
Regional capital (other than Accra and Tema)	18.75%
Elsewhere in Ghana	12.5%

The tax laws also provide reduced tax rates for **farming, agro processing businesses** after the temporary concession period.

Location	Tax Rate
Accra and Tema	20%
Other Regional Capitals outside the Northern Savannah Ecological Zone	15%
Outside other Regional Capitals	10%
Northern Savannah Ecological Zone	5%

Tax Compliance Requirements

Tax assessment and payment is largely on a self-assessment basis.



Quarterly payment of corporate tax liability.



Annual corporate income tax returns together with audited financial statements within four months after financial year end.



Annual transfer pricing returns together with corporate tax returns



Companies are allowed to choose their own accounting period which serves as the basis period for corporate tax filing.



Reporting currency is the Ghana Cedi unless specific approval is granted to file and pay taxes in other currencies.



Transfer Pricing in Ghana

- Ghana has formal Transfer Pricing Regulations that require intercompany transactions to be conducted at arm's length.
- Transfer Pricing Regulations follow the OECD Guidelines.
- Regulations cover all intercompany transactions:
 - ✓ Shareholder loan interest and guarantee
 - ✓ Goods and services
 - ✓ Equipment rental



Double Tax Treaties



Double Tax Treaties

Ghana has operational double tax treaties with a number of countries:

✓ United Kingdom

✓ France

✓ Germany

✓ Italy

✓ Netherlands

✓ South Africa

✓ Belgium

✓ Switzerland

✓ Denmark

✓ Mauritius

✓ Singapore

Double Tax Treaties

Country	Dividend (%)	Interests (%)	Royalties (%)	Management & Technical Fees (%)
General rate:	8	8	15	20
United Kingdom	7.5	8	12.5	10
France	5/7.5	8	10/12.5	10
The Netherlands	5	8	8	8
Germany	5	8	8	8
Italy	5	8	10	10
South Africa	5	5/8	10	10
Belgium	5	8	10	10
Swiss Confederation	5	8	8	8
Denmark	5	8	8	8
Mauritius	7	7	8	10
Singapore	7	7	7	10

Customs and Import Taxes



Customs Duties and Taxes

- Import duties are levied at varying rates on customs entries in respect of imported goods according to their classification in the Harmonized Customs Tariff System (HS Codes).
- Generally, the duties applicable are as follows:

Item	Rate	Basis
Import duty	0% - 35%	CIF
Import NHIL	2.5%	CIF
Import GETFL	2.5%	CIF
Import VAT	12.5%	CIF + Import duty + Import NHIL + Import GETFL
Ecogas Levy	0.5%	CIF
Exim Levy	0.75%	CIF
Special Import Levy	2%	CIF
Network Charge	0.05%	FOB
VAT/NHIL/GETFL on Network Charge	0.08%	FOB

Customs Duties and Taxes

Items with Reduced Rates

- The following items are some of the imports subject to concessionary duty rates:

Item	Duty Rate
Agricultural equipment and products	0% - 5%
Pharmaceutical products	0% - 5%
Anti-mosquito products	0%
Pipes and tubes of plastic materials	0% - 5%
Timber and other natural products	5%
Textile inputs	0%
Building materials	5%
Machinery and equipment	5%
Educational, cultural or scientific materials	Exempt

Value Added Tax



Value Added Tax



- Companies dealing in taxable activities with an annual revenue of at least GHS 200,000 are required to register for and charge VAT.
- The standard VAT rate is 12.5%, charged on the service fee plus NHIL (at 2.5%) and Ghana Education Trust Fund Levy (GETFL) (at 2.5%).
- The NHIL and GETFL are collectively referred to as levies.
- VAT and levies returns filing with payment is due by the last working day of the month following the month in which the return relates.
- Failure to file VAT returns by the due date attracts a penalty of GHS500 plus GHS10 for each day the return remains outstanding.
- Also, failure to pay VAT by the due date attracts a monthly compounded interest at 125% of the statutory rate applied on the outstanding liability.

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Questions and Contributions



Q & A



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