



Ghana Tax Data Cards

January 2019
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January 2019

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A

Corporate Tax Rates

General	25%
Hotel Industry	22%
Non-Traditional Exports	8%
Financial Institutions in respect of income from financing farming enterprises	20%
Financial Institutions in respect of income from financing leasing companies	20%
Petroleum Operations	35%
Mineral and Mining Operations	35%
Trust *	25%

NOTE

- (a) Income from approved Unit Trust scheme/mutual fund and approved Real Estate Investment Trust are exempt from Tax
- (b) Privately-owned universities are exempt from tax when they plough back a hundred percent (100%) of their profit-after-tax into the business

B

Location Incentives (Restricted to Manufacturing Companies not Involved in Export of Non-Traditional Goods and Free Zone Enterprise Operations)

- Regional capitals other than Accra and Tema 25% Tax Rebate
- Elsewhere other than Regional Capitals 50% Tax Rebate

C

Free Zone Enterprise

Free Zone Enterprises enjoy a tax holiday for the first ten (10) years starting from the date of commencement of operation

(After Tax Holiday)

RATE

- Income from sales to Foreign Market (Export) 15%
- Income from sales to the Local Market 25%

D

Gains on Realisation of Assets or Liabilities and Gifts Received

- Any gain on realisation of assets or liabilities as well as gifts received in relation to a business, employment or investment is taxed in accordance with the source of the income
- Individual may opt for 15% tax rate on the gain realised from the assets and liabilities and gifts received which cannot be attributed to employment or business

NOTE

The following gains are exempt from tax:

- (a) Gains from the realisation of securities traded on the Ghana Stock Exchange up to 31st December 2021
- (b) Gains from the realisation of bonds issued by the Government of Ghana by a non-resident person

E

Unrelieved Losses from Business or Investment

Priority sectors below can utilise unrelieved losses for any of the previous five (5) years of assessment.

- 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

All other sectors can utilise unrelieved losses for any of the previous three (3) years of assessment

Unrelieved losses made on the completion of a long-term contracts can be carried back against profits reported in prior years

NOTE

- (a) **Unrelieved losses mean the amount of a loss that has not been deducted in calculating the income of a person**
- (b) **Long-term contract means a contract for manufacture, installation, construction or the performance of services related to the above, which is not completed within twelve (12) months of the date on which work under the contract commenced.**

F

Temporary Tax Concessions

The following enjoy tax concessionary rate of 1% on their chargeable income

▪ Tree Crop	- First ten (10) years from 1st harvest
▪ Livestock (other than cattle, fish and cash crops)	- First five (5) years from commencement
▪ Cattle	- First ten (10) years from commencement

Agro-Processing Business	- First five (5) years from commercial production
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Company producing cocoa By-Products from cocoa waste	- First five (5) years from commencement of commercial production
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NOTE: Businesses described above have further incentive based on location for the next five (5) years after the concession period as follows:

LOCATION	RATE OF INCOME TAX
Accra and Tema	20%
Other Regional Capitals outside the Northern Savannah Ecological Zone	15%
Outside other Regional Capitals	10%
The Northern Savannah Ecological Zone	5%

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F

Temporary Tax Concessions (continued)

The following enjoy tax concessionary rate of 1% on their chargeable income

Certified companies that construct low cost residential premises for sale or letting	-	First five (5) years
Processing of Waste for agricultural or commercial purpose	-	First seven (7) years from commencement of the business
Rural Banking	-	First ten (10) years from establishment of business
Approved Unit Trust Scheme and Mutual Fund	-	First ten (10) years from commencement of operations
Venture Capital Financing Company	-	First ten (10) years after Company first qualifies

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G

Exemption on income for Young Entrepreneurs from the following Industries

Manufacturing, information and communications technology agro processing, energy production, waste processing, tourism and creative arts, horticulture and medicinal plants - Five (5) years

NOTE: Businesses described above have further incentive based on location for the next five (5) years after the concession period as follows:

LOCATION	RATE OF INCOME TAX
Accra and Tema	15%
Other Regional Capitals outside the three Northern Regions	12.5%
Outside other Regional Capitals	10%
The three Northern Regions	5%

NOTE

- The person is, also, allowed to carry forward unrelieved losses for a period of five (5) basis periods
- Young entrepreneurs means an entrepreneur who is not more than thirty-five (35) years old"

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H

Capital Allowances

Class	Qualifying Assets	Depreciation Rate
1	Computers and data handling equipment, together with peripheral devices	40%
2	Motor vehicles, construction & earth-moving equipment, heavy general purpose or specialised trucks, trailers and trailer-mounted containers, manufacturing plant and equipment, capital expenditure on long term crop planting	30%
3	Railroad cars, locomotives and equipment, water transportation vessels and equipment, aircraft, specialised public utility plant and machinery, office furniture fixtures and equipment and any other depreciable asset not included in another class	20%
4	Building structures and similar works of a permanent nature	10%
5	Intangible assets	1 divided by the useful life of the asset in the pool

NOTE

- (a) Classes 1, 2 and 3 qualifying assets are depreciated on a reducing balance basis.
- (b) Classes 4 and 5 qualifying assets are depreciated on straight line basis.
- (c) The cost of a road vehicle other than a commercial vehicle shall not exceed GH¢75,000.00.
- (d) Capital allowances are required to be utilized in the year in which they are granted.

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I

Additional Deduction for Companies that Employ Fresh Graduates During the Year

Percentage of Fresh Graduates in Workforce	Percentage of Salaries / Wages of Such Employees deductible from profits
Up to 1%	10%
Above 1% but not more than 5%	30%
Above 5%	50%

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J

Withholding Tax Rates and Status

Payments to Residents

(a)	General	Rate	Status
(i)	Dividend, including capitalisation of profits	8%	Final
(ii)	Dividend paid to persons from petroleum operations	8%	Final
(iii)	Dividend paid to persons from mineral operations	8%	Final
(iv)	Interest	8%	On Account
(vi)	Royalties and natural resource payment	15%	On Account
(vii)	Rent on properties (Payment to an individual) Business income – Residential – Non-Residential	8% 15%	On Account On Account

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J

Withholding Tax Rates and Status (Continued)

Payments to Residents

(a) General	Rate	Status
(vii) Rent on properties (Payment to an individual) Non-Business income – Residential – Non-Residential	8% 15%	Final Final
(viii) Rent on properties (Payment to persons other than an individual) Business income – Residential – Non-Residential Non-Business income – Residential – Non-Residential	8% 15% 8% 15%	On Account On Account Final Final
(ix) Tax on petroleum subcontractors	7.5%	On Account

J

Withholding Tax Rates and Status (Continued)

Payments to Residents

(a) General	Rate	Status
(x) Payments made to a person who conducts a relevant transport business other than as a result of transshipment	15%	On Account
(xi) Payments for rental of containers and related equipment which are supplementary or incidental to the relevant transport business above	15%	On Account
(xii) Payments for unprocessed precious minerals located or won in Ghana	3%	On Account
(xiii) Payments due to persons who conduct business of transmitting or receiving messages by cable, radio, optical fiber or satellite or electronic communication	15%	On Account

J

Withholding Tax Rates and Status (Continued)

Payments to Residents

(a) General

		Rate	Status
(xiv)	Commission paid to an individual as a sales agent	10%	On Account
(xv)	Service fees paid to an individual for examining, invigilating or supervising an examination, or part time teaching or lecturing	10%	Final
(xvi)	Fees or allowances, to a resident director, manager trustee or board member of a company or trust	20%	On Account
(xvii)	Commission paid to an individual as a resident insurance, sales or canvassing agent	10%	On Account
(xviii)	Endorsement fees to an individual	10%	Final
(xix)	Any other service provided by an individual	7.5%	On Account

J

Withholding Tax Rates and Status (Continued)

Payments to Residents

(a) General	Rate	Status
(xx) Commission to an individual as a resident lotto receiver or agent	10%	On Account
(xxi) Contract payments for the supply or use of goods	3%	On Account
(xxii) Contract payments for the supply of works	5%	On Account
(xxiii) Contract payments for the supply of services <i>(Refer to item (ix) for rates applicable to petroleum subcontractors)</i>	7.5%	On Account
(xxiv) Contract payments made to a Withholding VAT agent in respect of taxable output value of standard rated supplies	7%	On Account

J

Withholding Tax Rates and Status (Continued)

Payments to Residents

(b) Payments to Residents Exempt from Withholding Tax

Exemption of withholding tax on payments to residents apply to the following:

(i) Dividend

- a Company receiving dividend, that controls, directly or indirectly, 25% or more of the voting power in the Company paying the dividend (this does not apply to petroleum, minerals and mining operations)
- dividend paid or credited to a holder or member of an investment in an approved unit trust scheme or mutual fund.

The exemption does not apply to:

- dividend paid to petroleum and mining operations
- dividend paid to a Company by virtue of its ownership of redeemable preference shares in the Company paying the dividend
- dividend arising out of adjustments carried out to comply with the arm's length standard and income splitting.

J

Withholding Tax Rates and Status (Continued)

Payments to Residents

(b) Payments to Residents Exempt from Withholding Tax

Exemption of withholding tax on payments to resident apply to the following:

(ii) Interest

The withholding tax on interest paid by a resident person to another resident person does not apply to:

- interest paid to a resident financial institution
- interest paid to an individual by a resident financial institution or on bonds issued by Government of Ghana
- interest paid to a holder or member on an investment in an approved unit trust scheme or mutual fund
- payments made by an individual, unless made in conducting a business
- payments that are exempt amounts.

(iii) Contract Payments

Withholding tax on contract payments does not apply:

- to payments under a contract not exceeding two thousand Ghana cedis - (GH¢2,000.00)
- to payments under a contract for the sale of goods which constitute trading stock of both the vendor and the purchaser
- to premium paid to registered resident insurance companies
- where the Commissioner-General grants an exemption.

J

Withholding Tax Rates and Status (Continued)

Payments to Residents

(b) Payments to Residents Exempt from Withholding Tax

(iv) Payments for unprocessed precious minerals

The withholding tax on unprocessed precious minerals does not apply to:

- a payment made by an individual, unless the payment is made in the course of conducting a business
- a payment made by the holder of a small scale mining licence to a labourer with respect to winnings from the area covered by the licence
- a payment received by a holder of a large scale mining lease.

K

Withholding Tax Rates and Status (Continued)

Payments to Non-Residents

(a) General	Rate	Status
(i) Interest	8%	Final
(ii) Dividend	8%	Final
(iv) Royalties and Natural Resource Payment	15%	Final
(v) Rent on properties	8%	Final
	15%	Final
(vi) Management and technical service fees	20%	Final
(vii) Contract payments for the supply of any services	20%	Final

K

Withholding Tax Rates and Status (Continued)

Payments to Non-Residents

(a) General

		Rate	Status
(viii)	An insurance premium with a source in Ghana	5%	Final
(ix)	Goods, Works and Service fee which give rise to income with a source in Ghana	20%	Final
(x)	Tax on petroleum subcontractors	15%	Final
(xi)	Payments for unprocessed precious minerals located or won in Ghana	3%	Final
(xii)	Payments received by a person who conducts a relevant transport business other than as a result of transshipment	15%	Final

K

Withholding Tax Rates and Status (Continued)

Payments to Non-Residents

(a) General

(xiii) Rental of containers and related equipment which are supplementary or incidental to the relevant transport business above

Rate

15%

Status

Final

(xiv) Payments received by a person who conducts a business of transmitting or receiving messages by cable, radio, optical fiber or satellite or electronic communication

15%

Final

(xv) Earned repatriated profits by a non-resident who carries on business in Ghana through a permanent establishment

8%

Final

NOTE

- (a) For items (viii) and (ix) above, the Commissioner-General should be notified within thirty days and may direct that the withholding tax rate be applied on part or the whole of the amount.
- (b) All the above payments when made to a Ghanaian Permanent Establishment are considered as a tax payment on account.
- (c) Withholding tax on interest does not apply to interest paid to a non-resident person on bonds issued by the Government of Ghana.
- (d) For item (xv) the branch profit tax should be paid thirty (30) days after the basis period.

L

Individual Income Tax Rates - Residents

	Chargeable Income(GH₵)	Rate
First	3,456	Nil (Free)
Next	1,200	5%
Next	1,680	10%
Next	36,000	17.5%
Next	197,664	25%
Exceeding	240,000	30%

NOTE

- (a) The tax rate for non-residents is 25%.
- (b) The chargeable income of an individual includes gains from the realization of investment. An individual may elect for the gains on investment to be taxed at 15% after deducting associated losses.

M

Personal Reliefs

- i. Dependent spouse or **at least two (2) children** - Gh¢200
- ii. Old Age –GH¢200 for an individual who is sixty (60) years or more
- iii. Children's Education –GH¢200 per child or ward in any recognised registered educational institution in Ghana, up to a **maximum of three (3) children**
- iv. Disability Relief - 25% of the assessable income of an individual who has a disability
- v. Aged Dependents - GH¢100 in the case of an individual with a dependant relative, other than a child or spouse, who is 60 years or more (up to a **maximum of two (2) dependants**)
- vi. Training and Development relief -Relief equivalent to the cost of training and not more than GH¢400 for training to update the professional, technical, or vocational skills or knowledge of that person

N

Mortgage Deduction

Mortgage interest incurred during the year in respect of only one residential premises during the lifetime of the individual is allowed as a deduction in arriving at the individual's chargeable income.

O

Benefits-in-Kind

1. Motor Vehicle Benefits

Driver and vehicle with fuel	12.5% of total cash emoluments up to a maximum of GH¢600 per month
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Vehicle with Fuel	10% of total cash emoluments up to a maximum of GH¢500 per month
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Vehicle only	5% of total cash emoluments up to a maximum of GH¢250 per month
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Fuel only	5% of total cash emoluments up to a maximum of GH¢250 per month
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2. Accommodation Benefits

Accommodation with furnishing	10% of total cash emoluments
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Accommodation only	7.5% of total cash emoluments
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Furnishing only	2.5% of total cash emoluments
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Shared Accommodation	2.5% of total cash emoluments
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O

Benefits in Kind (Continued)

3. Loan Benefits

Conditions

- i) The loan should be from the employer to the employee.
- ii) The loan should have a tenure not exceeding 12 months.
- iii) Aggregate amount of the loan and any similar loans outstanding at any time during the previous twelve (12) months should not exceed the employee's three (3) month's basic salary.

Tax Treatment

- No benefit will be assessed on the employee as employment income where the conditions above are satisfied
- In any other case interest benefit is computed for the year as:
a quarter of the interest imputed at the Bank of Ghana rediscount rate ("BOGR") minus interest paid by the employee during the year
(i.e. $\frac{1}{4} \times (\text{Interest imputed BOGR} - \text{Interest paid during the year})$)

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P	Double Tax Treaties				
	Country	Dividends	Interests	Royalties	Management
					and Technical fees
United Kingdom	7.5 [^] / 15 ^{^^}	12.5	12.5	10	
France	5* / 7.5** /15 ^{^^}	10* / 12.5**	10* / 12.5**	10	
The Netherlands	5 [^] / 10 ^{^^}	8	8	8	
Germany	5 [^] / 15 ^{^^}	10	8	8	
Italy	5 [^] / 15 ^{^^}	10	10	10	
South Africa	5 [^] / 15 ^{^^}	5# / 10 ^{^^}	10	10	
Belgium	5 [^] / 15 ^{^^}	10	10	10	
Swiss Confederation	5 [^] / 15 ^{^^}	10	8	8	
Denmark	5 [^] / 5 [∞] / 5 ^α 15 ^{^^}	8	8	8	



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P

Double Tax Treaties (Continued)

- * If the company paying the amount is a resident of France
- ** If the company paying the amount is a resident of Ghana
- ^ If the beneficial owner is a company which holds directly at least 10% of the capital of the company paying the dividend
- ^^ In all other cases
- # If the interest is derived by a Bank which is a resident of the other contracting state
- ∞ If the beneficial owner is the other contracting state or the central bank of the other state or any national agency or any agency (including a financial institution) owned or controlled by the government of that other state
- ¤ If the beneficial owner is a pension fund or other similar institution providing pension or other similar institutions where it is established and recognised for tax purposes in accordance with the law of that other state.

P

Double Tax Treaties (Continued)

By virtue of Act 896 and the Non-Discrimination clause under the Double Taxation Treaties, where the tax rates above exceed the domestic tax rate under Payments to Non-Residents the domestic tax rate applies.

NOTE

There has been recent publications in the dailies indicating that Ghana has signed double taxation agreements with Mauritius, Czech Republic and Morocco the details of these agreement are yet to be made public.

Also these agreements are yet to be ratified by the Parliament of Ghana.

Q

Value Added Tax (VAT)

Taxable Supplies	-	Standard Rate	12.5%
Taxable Supplies	-	Exports	0%
Taxable Supplies	-	Retailers and wholesalers	3%

The Ghana Revenue Authority also appoints selected Companies as a VAT Withholding Agents with the responsibility to withhold at 7% from the taxable output payable to registered Standard rated VAT traders.

NOTE

Standard rate traders are allowed to deduct VAT/NHIL charged on goods and services by their suppliers as Input VAT.

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R

National Health Insurance Levy (NHIL)

Taxable Supplies	-	Standard Rate	2.5%
Taxable Supplies	-	Exports	0%

S

Ghana Education Trust Fund Levy (GETFL)

Taxable Supplies	-	Standard Rate	2.5%
Taxable Supplies	-	Exports	0%

NOTE

NHIL and GETFL is applied on the are not allowed for input VAT deduction

T Overtime

Qualifying Annual Employment Income	GH₵18,000	
Limit of Benefit	50% of Qualifying Income	
Up to	Monthly Overtime (GH₵) 50% of basic salary	Rate 5% of the overtime that qualifies
More Than	50% of basic salary	Tax excess at 10%

U Bonus

Up to	Annual Bonus (GH₵) 15% of annual basic salary*	Rate 5% of the bonus that qualifies
More than	15% of annual basic salary*	(add excess payments to employment income)

* Annual basic salary in the year to which the bonus relates

V	Tax Calendar			
1. Corporate Taxes				
Instalment Tax Payment		Due Date		
1st Instalment (25%)		By end of 3rd month of accounting year		
2nd Instalment (25%)		By end of 6th month of accounting year		
3rd Instalment (25%)		By end of 9th month of accounting year		
4th Instalment (25%)		By last working day of accounting year		
Top-up		By fourth (4th) month following end of accounting year		
2. Other Deadlines for Filing of Returns and Payment of Taxes				
Description		Due Date		
Withholding Taxes: Payment to Resident and Non-Resident		By 15th of the month following month in which deductions occurred		
VAT withholding Tax: Payment to Standard rate VAT Traders		By 15th of the month following month in which deductions occurred		
VAT		By the last working day of the following month		
NHIL & GETFL		By end of the following month; last working day of the following month		

W

Royalties

Mining

- 5% of Total Revenue

X

Special Taxes

National Fiscal Stabilization Levy
(On Selected Enterprises)

- 5% of Profit before Tax

Y

Luxury Vehicle Levy

Vehicle Engine Capacity

Levy GH₵

2950cc – 3549cc

1,000.00

3550cc – 4049cc

1,500.00

4050cc and above

2000.00

NOTE

The following motor vehicles are exempt from Luxury vehicle Levy: Tractors, Ambulances, Commercial vehicles with capacity to transport more than ten (10) persons, commercial vehicle for the transport of goods

Caveat

Kindly note that these tax data cards cannot be used as a substitute for tax advice. Do contact us using the details provided for clarification when in doubt.

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