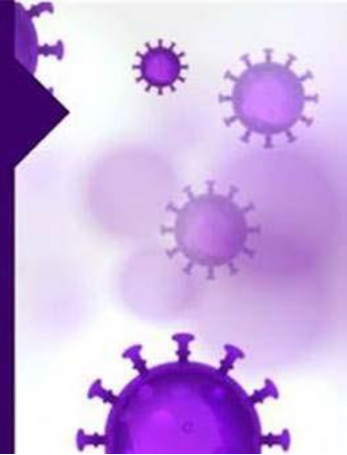




COVID-19

Tax Update and Other Economic & Social Interventions

April 2020



Tax Update and Other Economic & Social Interventions

As per our previous tax update, we indicated that, we will update you on any tax stimulus package the Government rolls out in response to the Covid-19 pandemic. Therefore, this alert intends to provide an update of such tax and other social and economic interventions thus far.

The Covid-19 pandemic continues to pose health and economic risks and as such, the Government of Ghana and businesses continue to respond to the risks and uncertainties arising from the virus in various ways.

To this end, the President of the Republic of Ghana through his fifth address to the nation on Sunday, 5 April 2020 announced that:

- Taxes will not be paid on the emoluments of health workers for April, May and June 2020.
- He further stated the following interventions to alleviate the impact of the pandemic on the citizenry:
 - Coronavirus Alleviation Programme (CAP) – its objective is to protect households and livelihoods, support micro, small, and medium-sized businesses, minimise job losses, and source additional funding for promotion of industries to shore up and expand industrial output for domestic consumption and exports.
 - Government will absorb water bills of all Ghanaians for April, May and June 2020 - As frequent washing of hands under running water has become a necessity, it has become incumbent on government to provide this relief in order to promote the agenda of complete eradication of the spread.

- Government will collaborate with the National Board for Small Scale Industries (NBSSI), Business & Trade Associations and selected Commercial and Rural Banks to roll out a soft loan scheme up to a total of six hundred million cedis (GH¢600 million), which will have a one-year moratorium and two-year repayment period for micro, small and medium scale businesses.
- Procurement of additional personal protective equipment (PPE) for frontline health workers which will include the government engaging local manufacturing companies to assist with domestic production of PPEs.
- An insurance package, with an assured sum of three hundred and fifty thousand cedis (GH¢350,000) for each health personnel and allied professional at the forefront of the COVID-19 fight and for contact tracers, a daily allowance of one hundred and fifty cedis (GH¢150).
- An additional allowance of 50% on the basic salary (March, April, May and June 2020) of frontline health workers.
- Free 'Aayalolo' buses to convey health workers in Accra, Tema, Kumasi and Kasoa to and from work, along specific routes, for the entire duration of the restrictions.

Prior to the President's address, the Minister of Finance in his statement on Monday, 30 March 2020 to Parliament on the economic impact of the Covid-19 pandemic on the economy of Ghana outlined the following tax incentives:

- Extension of due dates for filling of annual tax returns from four (4) months to six (6) months after the end of the basis period.
- Grant a remission of penalties on principal debts to taxpayers who redeem, their outstanding debts due the Ghana Revenue Authority up to 30 June 2020.
- Waiver of Value Added Tax (VAT) on donations of stock of equipment and goods for fighting the Covid-19 pandemic
- Waiver of taxes on selected Third-Tier pension withdrawals
- Permit the deduction of contributions and donations towards Covid-19 as allowable expense for corporate and personal income tax purposes.

It's however pertinent to note that, the above measures by the minister are only proposals at this point. The next steps are for the proposals to be enacted into law. That notwithstanding, the current Income Tax Act, 2015 (Act 896) allows for the deduction of contributions and donations to a worthwhile cause.

Have our (taxpayers) next steps been addressed?

In our previous tax communiqué on this pandemic, the following questions which required responses from the government were raised. We intend to find out if the government has provided us with responses.

- Will the Government of Ghana provide tax reliefs to taxpayers seriously affected by the outbreak?

The Government through its minister of finance outlined some tax incentive proposals to parliament such as the extension of due dates for filling of annual tax returns from 4 months to 6 months after the end of the basis year and the grant of remission on penalties on principal debts to taxpayers who redeem their outstanding debts due GRA up to 30th June 2020.

We hope more tax incentives will be provided to taxpayers should the pandemic persist.

- Will the Ghana Revenue Authority speed up the implementation of electronic filing of all forms of tax returns to enable taxpayers file returns without having to go to tax offices?

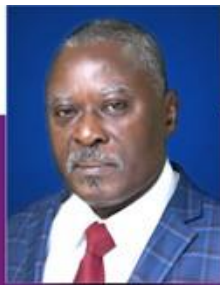
To ensure that taxpayers pay and file tax returns despite the lockdown of Accra, Kumasi and Kasoa, GRA has provided account details for the payment of taxes as well as email addresses for the filing of tax returns.

These details have already been shared on KPMG's website and can be accessed through this link <https://bit.ly/2UVzMkL>.

- Will penal charges as a result of taxpayers' inability to file returns on their due dates be waived?

As taxpayers are now able to file tax returns electronically, penal charges are applicable for failure to file tax returns by the due dates at the moment. However, per the proposal of the minister, annual returns will automatically be extended by two months. For example, 2019 corporate income tax returns for December year end companies will be due by June 2020 instead of April 2020.

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