

# WHAT YOU NEED TO KNOW ABOUT TAXES IN GHANA

## 1

### WITHHOLDING TAX



A withholding agent is required to prepare and provide the withholder with a withholding tax certificate within 30 days of the month of deduction.

#### INCOME

##### Resident Persons

Interest (excluding individuals & resident financial institutions) **8%**

Dividends **8%**

Rent on residential properties to individuals and legal persons **8%**

Rent on non-residential properties to individuals and legal persons **15%**

Fees to resident individuals as invigilators, examiners and part-time teachers or lecturers, and endorsement fees to individuals **10%**

Fees or allowances to directors, managers, board members and trustees who are resident individuals **20%**

Commission to insurance, sales, canvassing and lotto agents who are individuals **10%**

Supplies of goods exceeding GH¢2,000/annum **3%**

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Supplies of works exceeding GH¢2,000 per annum **5%**

Supplies of services by an entity exceeding GH¢2,000 per annum **7.5%**

Supplies of general services by an individual **7.5%**

Payments to petroleum subcontractors **7.5%**

Payments for unprocessed precious minerals **3%**

Royalty, natural resource payments **15%**

##### Non Resident Persons

Dividends **8%**

Royalties, natural resources payments and rents **15%**

Management and technical service fees **20%**

Goods, works or any services **20%**

Repatriated branch after-tax profits **8%**

Interest income (excluding individuals) **8%**

General insurance premiums **5%**

Income from telecommunication and transportation business **15%**

Payments to petroleum subcontractors **15%**

## 2

### EMPLOYMENT TAX



An individual's employment income for a calendar year is the gains and profits of that individual from employment for that year or a part of the year.

#### Pay-as-you-earn (PAYE)

PAYE is a system of withholding income tax from employee salaries. Employer deducts tax from employees' taxable income and remits tax to Ghana Revenue Authority (GRA). Income tax payable is determined by the income tax graduated rate schedule.

#### Payment to temporary and casual workers

Generally taxed according to the graduated tax table and subject to 5% WH tax.

## 3

### INTERNATIONAL TAXES



#### Branch profit tax

The net profit of a branch is deemed as repatriated profits and attracts a final withholding tax of 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)

DTTs provide relief from 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, Czech\*, Singapore\* and Mauritius\*, Morocco\*, and Ireland\*.

## 4

### CORPORATE TAXES



Income tax rates applicable to companies differ according to industry, location and type of business. The general rates for entities which do not qualify for incentives include:

#### Entity/ Activity

- Companies – General 25%
- Companies engaged in mining or upstream petroleum business 35%

#### Young entrepreneurs

The business income of entrepreneurs operating in certain industries is exempt from tax for 5 years. Tax rate is increased to up to 15% for the next 5 years and then up to 25% thereafter depending on its location. Such businesses could also carry forward tax losses for 5 years.

## 5

### INDIRECT TAXES (VAT, GETFUND & NHIL LEVIES)



VAT is charged on any supply of goods and services that is a taxable supply and is made by a taxable person in the course of his taxable activity. A taxable activity means an activity, whether or not for a pecuniary profit, carried on by a person in Ghana or partly in Ghana that involves the supply of goods or services to another person for consideration.

#### VAT GETFUND & NHIL TAX BREAKDOWN

**VAT = 12.5% which goes to suppliers**

**Ghana Education Trust Fund (GETFUND) Levy = 2.5% (Was part of 15% VAT)**

**National Health Insurance Levy (NHIL) on taxable supplies = 2.5%**

This simply means that, while the total of VAT plus levies will remain at 17.5%, suppliers will only be able to deduct the 12.5% VAT component on purchases. The 5% (NHIL plus GetFund) levy paid on purchases will now be treated as part of business expense.

A (3% VAT) flat rate scheme is applicable to supplies made by wholesalers and retailers during taxable activity. Manufacturers, service providers, supply of power, heat, ventilation or refrigeration **NOT** covered by the scheme.