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TAX LEGISLATION / TAX TYPES

TAX LEGISLATION

The Internal Revenue Service was established by the Internal Revenue Service Law, 1986, PNDCL 143.

All the three Revenue Agencies made up of the Internal Revenue Service, Customs, Excise and Preventive Service and The Value Added Tax Service have one Governing Board, The Revenue Agencies (Governing) Board Act, 1998, Act 558 established the Board.

The Taxpayers Identification Numbering System, Act 2002, Act 632, has established a system under which taxpayers are given unique identification numbers. Only individuals or institutions registered under Act 632 can transact business with Internal Revenue Service, Customs, Excise and Preventive Service, Value Added Tax Service, Controller and Accountant General, The Registrar-General's Department and District Assemblies. The Minister responsible for Finance and Economic Planning may by legislative instrument enlarge the above list of public institutions.

The Tax Identification Number is required when any individual or institution is undertaking the following:

(a) Clearing goods in commercial quantities from any port or factory.

(b) Registering any title to land, interest in land or any document affecting land.

(c) Obtaining any Tax Clearance Certificate from the Internal Revenue Service, Customs, Excise and Preventive Service or the Value Added Tax Service.

(d) Obtaining a certificate to commence business or a business permit issued by the Registrar General or a District Assembly.

(e) Receiving payment from the Controller and Accountant General or a District Assembly in respect of a contract for the supply of goods or provision of service.

The Internal Revenue Service administers the underlisted laws:

TAX TYPE	LAW
Income Tax, Gift Tax and Capital Gains Tax	Internal Revenue Act, 2000 (Act 592) Internal Revenue (Amendment) Act 2002 (Act 622) Internal Revenue (Amendment) Act 2003 (Act 644) Internal Revenue (Amendment) Act 2004 (Act 669) Internal Revenue (Amendment) Act 2006 (Act 700) Internal Revenue (Amendment) Act 2007 (Act 731) Tax Collection (Receipts) Decree 1975 (NRCD 349) Internal Revenue (Registration of Business) Act 2005 (Act 684) (Delivery of Returns) Law 1988 (PNDCL 201) Tax Collection Receipt etc. (Amendment) Law 1991 (PNDCL 269) INTERNAL REVENUE REGULATIONS 2001 (L.I. 1675) INTERNAL REVENUE (Amendment) Regulations, 2002 (L.I 1698) INTERNAL REVENUE (Amendment) Regulations, 2003 (L.I. 1727) Regulations, 2004 (L.I. 1803) Regulations, 2005 (L.I. 1811) Regulations, 2006 (L.I. 1819) Regulations, 2006(№1) (L.I. 1820) Regulations, 2006(№2) (L.I. 1821) Regulations, 2007 (L.I. 1829) Regulations, 2007(№2) (L.I. 1830) Regulations, 2007(№3) (L.I. 1831)

National Reconstruction Levy	National Reconstruction Levy Act, 2001 (Act 597) National Reconstruction Levy (Amendment) Act 2002 (Act 619) National Reconstruction Levy (Amendment) Act 2003 (Act 637) National Reconstruction Levy (Amendment) Act 2006 (Act 698)
Stamp Duty	Stamp Act 1965 (Act 311) Stamp Act (Amendment) Decree 1967 (NLCD 160) Stamp Act (Amendment) Law 1988 (PNDCL 204) Stamp Act (Amendment) Law 1991 (PNDCL 266) Stamp (Amendment) Act 1996 (Act 510) These laws on Stamp Duty are currently being revised. A new Act will repeal these laws soon.
Casino Tax	Casino Revenue Tax Decree 1973 (NRCD 200) Casino Revenue Tax Decree 1973 (NRCD 267) Casino Revenue Tax (Amendment) Decree 1976 (SMCD 45) Casino Revenue Tax (Amendment) Law 1983 (PNDCL 133)
Gambling Tax	Gambling Machine Decree 1973 (NRCD 349) Gambling Machine (Amendment) Decree 1974 (NRCD 276) Gambling Machine (Amendment) Law 1985 (PNDCL 129)
Airport Tax	Airport Tax Act 1963 (Act 209) Airport Tax (Amendment) Act 2001, Act 596 Airport Tax (Amendment) Act 2003 (Act 638)

Petroleum Income Tax	Petroleum Income Tax Law 1987 (PNDCL 188) This law is being revised
Minerals (Royalties)	Minerals (Royalties) Regulations 1986 (L.I. 1340) Minerals (Royalties) Regulations 1987 (L.I. 1349) This L. 1. is being revised Minerals & Mining Law, 1986 (PNDCL 153) Minerals & Mining Act 2006 (Act 703)

TAX BASE

Imposition of Tax: Any person who earns income from employment, business or investment is liable to tax for each Year of Assessment. The following are the sources of income tax.

EMPLOYMENT

This is tax deducted from the incomes of employees by their employers on behalf of the IRS (PAY AS YOU EARN - PAYE).

BUSINESS

Taxes derived from the gains / profits of corporate entities, partnerships and individuals engaged in any business carried on for whatever period of time by that Person.

INVESTMENT

Taxes derived from the gains / profits from any investment made by individuals, corporate entities and partnerships.

TAX RATES

In the collection of taxes, different tax rates are applied based mainly on the following:

i. Tax types

ii. One's status as resident or non-resident.

The following are the classifications to which tax rates are applied:

1. Individuals (Employees and Self - Employed)
2. Companies
3. Bodies of Persons
4. Withholding Tax for Resident Persons
5. Withholding Tax for Non Resident Persons
6. Local Branch Profits of Foreign Companies
7. Non-Resident Persons Transportation and Communications Income
8. Payments to Non-Resident Persons for Goods and Services
9. Payments to Resident Persons for Goods and Services

1. INDIVIDUALS

A. RESIDENT

For resident individuals the rate of tax is the same for both employees and self - employed persons. It is a progressive system of taxation and as the chargeable income increases the rate of tax also increases. There is as well equity in the system.

i. Category of taxpayers

ii. Types of Income

iii. Resident or Non-Resident status

The Income Tax rates applicable to resident individuals as in the year 2009 are:

Chargeable Income	**Rates of Tax**
First GH¢ 240	Nil
Next GH¢ 240	5%
Next GH¢ 1,200	10%
Next GH¢ 7,920	17.5%
Exceeding GH¢ 9,600	25%

B. NON - RESIDENT

The Income Tax Rate applicable to non-resident individuals is 20% flat.

2. COMPANIES

The income tax rates applicable to companies are:

General corporate Tax Rate 25%

Nature of Income	Rate of Income Tax for every Ghana cedi (GH¢)
1. * Export of Non Traditional Goods	8%
2. Hotel Industry	22%
3. Stock Exchange Listed Companies	22%
4. Rural Banks (After 10 years Tax holiday)	8%
5. Free Zone Enterprise/Developers (After 10 years of operation)	8%
6. Financial Institutions	
i. Income from loan to farming enterprise	20%
ii. Income from loan to leasing	20%

* "Non Traditional goods" means

a. Horticultural products

b. Processed and raw agricultural products grown in Ghana, other than cocoa beans

c. Wood products, other than lumber and logs

d. Handicrafts

e. Locally manufactured goods.

For agro processing companies and companies who produce on commercial basis, using cocoa by-products from cocoa waste established in and after 2004:

LOCATION	RATE OF INCOME TAX
Accra and Tema (after 5 years tax holiday)	20%
Other Regional Capitals except Tamale, Bolgatanga and Wa	10%
Northern, Upper East and Upper West Regions	0%
Outside other Regional Capitals	0%

For manufacturing companies:

LOCATION	RATE OF INCOME TAX
Accra and Tema	25%
All other Regional Capitals	18.75%
Outside other Regional Capitals	12.50%

The above table applies to agro processing businesses established before 1st January 2004 that use local raw agricultural products as their main inputs other than businesses which process raw cocoa beans. (After 5 years tax holiday)

3. BODIES OF PERSONS

The income tax rate applicable to bodies of persons is 25%

6. LOCAL BRANCH PROFITS OF FOREIGN COMPANIES

A tax of 10% is imposed on the repatriated profit of a non-resident person carrying on business in Ghana through a permanent establishment.

7. NON-RESIDENT PERSONS' TRANSPORTATION AND COMMUNICATION INCOME

The tax treatment of this sector is completely different in that no deductions such as business expenses and capital allowances are allowed before tax is imposed.

A. The assessable income of a non-resident person as ship operator, charterer or air transport operator includes the gross receipts from

   i. the carriage of passengers who embark or

   ii. mail, livestock or goods which are embarked, in Ghana, other than as a result of transshipment

B The assessable income for a non-resident person who carries on a business of transmitting messages by cable, radio, optical fibre or satellite communication includes the gross receipts based on the transmission in Ghana, whether or not the messages originated in Ghana

Tax rate of 15% is applied in the case of (A) and (B) and the following are taken into consideration:

   a. the gross receipt shall include any remaining assessable income of the person

   b. no deductions shall be allowed depending on the extent to which it affects the production of the gross receipts

   c. no tax credits shall be allowed to reduce the tax payable with respect to the gross receipts..

EXEMPTIONS

In order to provide tax incentives some incomes are exempted from tax. They are:

1. The salary, allowances, pension and gratuity of the President.
2. The income of a local authority other than income from activities which are only indirectly connected with the local authority's status as a local authority
3. The income of a statutory or registered building society or statutory registered friendly society other than income from any business carried on by the society
4. The income of an exempt organization other than income from any business
5. Interest paid:
   - i) to an individual by a resident financial institution
   - ii) to an individual on bonds issued by the Government of Ghana
6. Capital sums paid to a person as compensation or gratuity in relation to
   - i) personal injuries suffered by that person
   - ii) the death of another person
7. The Interest, dividend or any other income of an Approved Unit Trust Scheme or mutual fund or any income paid to any member of that scheme
8. The income of non-resident persons from any business in relation to ships or aircraft provided equivalent exemption is granted by the beneficiary's country of residence to persons resident in Ghana
9. The income of a public corporation or institution exempted from tax under any enactment
10. The income of a person receiving instruction at an educational institution from scholarship, exhibition, bursary or similar educational endowment
11. The income of an individual entitled to privileges under the Diplomatic Immunities Act 1962 (Act 148) or any other similar enactment or under Regulations made under that Act or similar enactment
12. The income of an individual entitled to privileges and immunities of the United Nations and its Specialised Agencies.
13. The income of an individual where there is an agreement between the Government of Ghana and a foreign Government or a public international organization for the provision of technical services to Ghana where:

i) the individual is a non-resident person or resident solely by reason of performing the service

ii) the President has concurred with the tax provisions in the agreement

iii) it is in accordance with the Constitution of the Republic of Ghana.

14. The income of a public service employee of a foreign country provided:

i) That person is a non-resident person or an individual who is resident solely by reason of performing that service

ii) That the person does not exercise any other employment or carry on any business

iii) The income is payable from the public funds of the foreign country

iv) The income is subject to tax in the foreign country.

TAX INCENTIVES

Tax incentives are concessions, provisions and conditions made available to taxpayers and to serve as:

a) motivations and encouragement

b) means of reducing the tax liability and also lessens the tax burden on taxpayers

Types of Incentives

1. Incomes Exempted
2. Tax Holidays / Exemption Periods
3. Tax Rates
4. Reliefs
5. Expenses (Deductions Allowed)
6. Carry over of losses
7. Tax Rebates
8. Capital Allowances
9. Settlement of Disputes
10. Dividends
11. Free Zones

1. Income Exempted

In an attempt to give incentives to taxpayers a number of incomes have been exempted from tax.

The page on exemption has detailed information on incomes exempted from tax.

2. Tax Holidays (Exemption Periods)

Some businesses are granted tax holidays or exemptions periods. These include farming, processing businesses as well as agro processing business.

The rest are Rural Banks, Real Estates Developers, Ghana Stock Exchange and Free Zones.

3. Tax Rates

The tax rates for individuals mainly employees and self-employed persons, companies as well as bodies of persons as indicated in the page on Tax Rates also serve as types of incentives to taxpayers.

i. Individual Tax Rates

With regards to the individual tax rates, the marginal tax rate is the same for employees and self-employed persons.

The marginal rate in the year 2000 was GH¢90. This was revised to GH¢120 in the year 2001 and was again increased to GH¢150 in the year 2004 to date. Similarly, the top marginal rate has been raised from GH¢4,800 and above at a rate of 30% to GH¢9,600 and above at the rate of 25% in the year 2004 to date.

ii. Company Tax Rate

Company tax rate at present is 25%. However, concessionary rates are enjoyed by some businesses. The income tax rate applicable to a company engaged in the hotel industry is 22% and that of export of “Non-traditional goods” is 8%. Companies listed on the Ghana Stock Exchange are taxed at 22%. Concessionary rate of 20% is enjoyed by Financial Institutions that derive their incomes from loans granted to Farming Enterprises and Leasing Companies.

iii. The Rate for Bodies of Persons

The income tax rate applicable to bodies of persons is 25%.

4. Tax Reliefs

Tax reliefs are granted to individuals so as to lessen their tax burdens. Some reliefs are now granted upfront. The details could be obtained from the page on Reliefs.

5. Deductions Allowed / Expenses

All expenses made in relation to the production of the income from any business, employment or investment is allowed or deducted in respect of:

i. The expenses wholly, exclusively and necessarily incurred in the production of the income

ii. Any other deductions as may be allowed by the Minister of Finance.

Deductions Allowed

i. Interest on Loans

ii. Rent

iii. Repairs

iv. Deductions in relation to Rental of premises

v. Bad Debts

vi. Research and Development Expenditure

vii. Capital Allowance

viii. Foreign Currency Exchange Losses

ix. Carry Over of Losses (Restricting to farming, manufacturing, mining, agro-processing, tourism, ICT industries (Software), venture capital financing companies)

6. Carry Over of Losses

For the purposes of ascertaining the income of a person from farming, mining, or manufacturing business which mainly produce for export, the losses incurred can be carried over or deducted for five years.

7. Tax Rebates (location Tax Incentives)

Manufacturing business which is located outside Accra / Tema enjoys tax rebate as follows:

Location	Rebate
Regional Capitals	25%
Elsewhere in Ghana	50%

8. Capital Allowance

Capital allowance is a deduction allowed and it is granted in respect of depreciation of assets used in the course of production of the income by enterprises.

9. Settlement of Disputes

The Commissioner is the first appellate authority. Thereafter appeals can be made to the courts as far as Supreme Court for settlement of disputes.

10. Dividends

Dividends are taxed at the rate of 8% and it is a final tax.

11. Free Zones

The Free Zones Act 504 provides tax holiday of 10 years for companies operating in areas demarcated as Free Zones. Thereafter Corporate tax is paid at the rate not above 8%.

TAX RELIEFS

Tax Reliefs are granted by the Government in order to encourage certain forms of behaviour and actions, such as the education of children and care for the aged.

Reliefs are granted to individuals or entities as a means of reducing their tax burden. This is done through a reduction in the assessable incomes of those who qualify.

There are three (3) main categories of reliefs

I. Personal Reliefs

Ii. Relief from Double Taxation

iii. Roll over Relief

Personal Reliefs

Personal Reliefs are granted to individuals who satisfy one or more conditions as stated by the law. The assessable incomes of employees who qualify are reduced by fixed sums. Personal reliefs are of two (2) main categories. Those granted upfront and those granted upon the filing of returns.

Reliefs granted upfront	Reliefs granted upon filing of returns
Marriage Children's Education Disabled Individual * Aged Relief	Aged Dependant Relief Individual Undergoing Training Life Insurance

* Paid upfront for the period he remains an employee

1. RELIEFS PAID UPFRONT (EMPLOYEES)

i) Marriage Relief -GH¢35.00 per annum

This relief is granted to only one of two married persons with a dependant spouse or a single parent responsible for the upkeep of two or more dependant children.

The individual who qualifies upon certification by his employer has his assessable income reduced by **GH¢35.00 per annum**

ii) Children Education -GH¢30.00 per child per annum

Individuals who qualify for this relief are entitled to a reduction in their assessable income by an amount of **GH¢30.00 per child per annum up to a maximum of 3 children**

To qualify for this relief, the children / wards should be in recognized registered educational institutions in Ghana. Only one of two parents may apply through the employer for this relief.

The table below shows the various combinations that could arise.

A	B	C	D	E
One Child Only	Marriage Relief	Married + 1 Child / Ward	Married + 2 Childn / Wards	Married + 3 Childn / Wards
GH¢30.00	GH¢35.00	GH¢65.00	GH¢95.00	GH¢125.00

Where 2 or more persons qualify in respect of the same child or ward, only one relief shall be granted.

iii) Disabled Relief - 25% of Assessable Income

The Disable Relief serves as an incentive to individuals who in spite of their disabilities are in gainful employment. It is granted to disabled individuals who earn income from any business or employment. They would be entitled to a reduction in their assessable incomes of 25% on application through their employers.

iv) Aged Relief - GH¢35.00 per annum

An individual who is sixty (60) years of age and earns income during the year from an employment or business is entitled to this relief.

v) Aged Dependant Relative -GH¢25.00 per annum

This relief is meant to serve as an incentive to individual responsible for the upkeep of their aged relatives.

A relief of GH¢25.00 per annum is granted to an individual with a dependant relative who is sixty (60) years of age or more. This relief can only be claimed in respect of two dependant relatives upon filing of tax returns. Where two or more persons qualify in respect of the same relative, only one relief would be granted.

vi) Individual Undergoing Training

Where an individual is undergoing training to update the professional, technical or vocational skills or knowledge, he or she is eligible for a relief of GH¢100.00 or the cost of training whichever is less.

Self Employed

Self employed would be granted whichever relief they qualify for upon filing of their returns.

Relief from Double Taxation

1. For the purpose of determining the income of a person for a basis period accruing or derived from outside Ghana, the foreign income tax paid with respect to the income would be deducted.

2. Foreign Tax Credit: A resident person is entitled to a credit for a year of assessment for any foreign income tax paid by that person in respect of his foreign income for the year.

3. Foreign tax credits are calculated separately for taxable foreign income from each business, employment or investment. These foreign tax credits should not exceed the average rate of Ghanaian income tax of that person (for the year of assessment) applied to his taxable foreign income for the year from each business, employment or investment.

4. A person's assessable income, for which that person is entitled to a foreign tax credit, would be increased by the amount of the foreign tax credit.

5. Where taxable foreign income of a person includes a dividend, tax would be deemed to have been paid.

6. Where a Double Taxation Agreement (exists), credit is to be granted for foreign income tax paid with respect to the profits from which the dividend is distributed.

7. A person may elect to relinquish a foreign tax credit with respect to the foreign income tax paid.

Roll over Relief

This relief is enjoyed by a person (partnership included) or an associate, disposing of an asset to another associate. The following conditions must be satisfied:

a. The asset must be a business asset or a depreciable asset of the associate

b. The person and the associate must be residents at the time of transfer

c. That the associate should not be exempt from tax

d. That there is a continuation of part ownership of the asset of at least 25%

e. That both the person and the associate are to apply for this relief.

Categories of Relief

The asset would be transferred at one of the following values:

1. **Written Down Value**

   Where the asset is depreciable

   a. Such as buildings, structures and works of a permanent nature which are not used in mining, as well as in tangible assets

   b. A complete pool of depreciable assets constituting the following: Computers, data handling equipment. All forms of land, rail, water and air transportation vehicles and equipment, office furniture, fixtures and equipment. The written down value must have been worked out as at the time of transfer

2. **Market Value**

   The market value as at the time of transfer is used where

   i) a depreciable asset is transferred out of a pool of assets

   ii) where any asset which is used in or held for the purpose of business is transferred or held for sale.

TAX HOLIDAYS EXEMPTION PERIODS (INDUSTRY CONCESSIONS)

Some businesses enjoy tax holidays or exemption periods. During the period of exemption the incomes are not taxable until the period is over.

The exemption periods vary and depend mainly on the type of businesses. These are granted to serve as incentives for taxpayers.

The Industry Concessions granted are shown below.

TABLE 1

Businesses	Exemption Period (Years)
1. FARMING	
i) Tree Crop	10
ii) Cattle	10
iii) Livestock, Fish and Cash Crop	5
2. Agro Processing Business	3
3. Agro processing businesses established after 2004	5
4. Farming and Processing Business	Treated as (1), (2) or (3)
5. Companies producing cocoa by-products from cocoa waste	5
6. Waste processing companies	7
7. Rural Banks	10
8. Real Estates	5
9. Ghana Stock Exchange	15
10. Companies listed on the Stock Exchange	3
11. Free Zones	10
12. The income from cocoa of a cocoa farmer	Indefinite

1. “Tree Crops” includes coconut, coffee, oil palm, rubber and sheanut.
2. “Cash Crop” includes cassava, maize, pineapple, rice and yam.
3. “Processing Business” means business of converting crops, fish or livestock produced in Ghana into edible canned or other packaged products other than their raw state.
4. “Farming Business” means the business of producing crops, fish or livestock.
5. “Free Zone” means an area or building declared as a free zone by publication in the Commercial and Industrial Bulletin and includes single factory, free port, free airport, free river or lake port.

WITHHOLDING TAX

The law requires a person effecting payment to another person to deduct the exact tax at source and pay it to the Commissioner. A return or all details concerning the payment is also to be submitted.

Period of Payment of Tax

The tax withheld by the **"withholding agent"** is to be paid within fifteen days after the end of the month in which the tax was withheld.

Failure to Withhold Tax

A withholding agent who fails to withhold tax is personally liable to pay to the Commissioner the amount of tax which has not been withheld.

Type of Withholding Taxes

1. Withholding of Tax by Employers (Pay As You Earn)
2. Payment of Interest to Resident Persons
3. Payment of Dividend to Resident Shareholders
4. Payment to Residents for Goods and Services
5. Payments to Non-Residents
6. Payment to Non-Residents for Goods and Services

"withholding agent" means a person obliged to withhold tax on behalf of the Commissioner.

Withholding of Tax by Employers

In the case of an employee, the withholding agent is the employer. He is to deduct and withhold tax from the total amount from the employment.

Return

The employer is required by law to submit to the Commissioner a return on every employee by the 31st March of the following year

The return shall contain the following information:

i) The amount of assessable income received by the employee from the employment

ii) The amount of tax withheld from the amount taking into account all necessary deductions.

The employer is to give every employee a copy of the return. It is treated as an assessment served on the employee by the Commissioner provided this consists exclusively of income from employment.

1. **Payment of Interest to Resident Persons**

   Resident persons who pay interest to another resident company (banks and financial institutions) shall withhold tax at 10%.

2. **Payment of Dividends to Resident Shareholders**

   A resident company which pays a dividend to a resident shareholder shall withhold tax on the gross amount of the payment at 8%. This is a final tax.

3. **Payment to Resident Persons for Goods and Services**

   A tax is to be withheld at source on the income or payment of the following:

   a) Fees to a resident part time teacher, lecturer, examiner, examinations invigilator, or examination supervisor at the rate of 10%. This is a final tax

   b) Fees, emoluments and any benefits paid to a resident director, manager or board member of a company. The rate of tax is 10%

   c) A commission to a resident insurance sales or canvassing agent at a tax rate of 10%.

   d) Endorsement fees to resident person at 10% tax rate. This is a final tax.

   e) A commission to a resident lotto receiver or agent at 5% tax rate.

   f) Payment for the supply of goods or use of property or supply of service where the value exceeds GH¢50.00 a tax at 5% is imposed.

4. **Payment to Non-Resident**

   A person making a payment to a non-resident person is to withhold tax on the gross amount as follows:

   a) Dividends and interest -8%

   b) Royalties, natural resource payment and rents -10%

   c) Management and technical services fees / endorsement fees -15%

   d) Endorsement Fees -20%

5. **Payment to Non-residents for Goods and Services**

   A person who enters into contract with a non-resident person for the supply or use of goods or property of any kind or the supply of any services shall withhold tax at the rate of 15% and furnish the Commissioner the following details within 30 Days:

   a) The nature of the contract

   b) Duration of the contract

c) Name, postal address

d) The total amount estimated to be payable.

WITHHOLDING TAX RATES

A. FOR RESIDENTS

i) ON ACCOUNT (Sections 2, 82 & 84 of Act 592)

1.	Interest to non-exempt companies	-8%
2.	Insurance Commission to sales and Canvassing Agents	-10%
3.	Lotto Receivers / Agents Commission	-5%
4.	Payments for goods and services above GH¢50.00 in a year	-5%
5.	Fees, emoluments to a Director, Manager, Or a Board Members of a Company or body of persons	-10%

ii) FINAL (Sections 2(1), 84 of Act 592 L.I. 675 Sec. 28(3)

1.	Dividend	-8%
2.	Part Time Teaching Fees etc.	-10%
3.	Endorsement Fees	-10%

B. FOR NON-RESIDENTS

i) ON ACCOUNT (Section 2(1), L.I 1675 Sect. 41)

Non-residents with permanent establishments in Ghana

1.	Dividend and Interest	-8%
2.	Royalties, natural resource payments and rents	-10%
3.	Payments for goods and services	-15%
4.	Management and Technical Service fees / Endorsement fee	-15%

ii) FINAL (Section 2(4), L.I. 1165 Sect. 4)

Non-Residents without permanent establishment in Ghana

1.	Dividend and Interest	-8%
2.	Royalties, natural resource payments and rents	-10%

3.	Management and technical services fees / Endorsement fees	-15%
4.	Payments of goods and services	-15%

CAPITAL GAINS TAX

1. The Internal Revenue Service imposes tax at the rate of five per cent (5%) on the gains accruing from the realization of the assets mentioned in (2) if the amount realized exceeds GH¢50.00.

2. **Capital Gains Tax is imposed on the following:**

   i) buildings of a permanent or temporary nature situated in Ghana

   ii) business and business assets, including goodwill, of a permanent establishment situated in Ghana

   iii) Land situated in Ghana

   iv) Shares of a resident company

   v) Part of, or any right or interest in, to or over any of the assets listed above.

   Where any of the above assets is situated outside Ghana, Capital Gains shall only be imposed if the gains are brought into or received in Ghana.

3. **The sale or disposal of any of the following assets would not attract Capital Gains Tax**

   i) Securities of a company listed on the Ghana Stock Exchange during the fifteen years after the establishment of the Ghana Stock Exchange.

   ii) Agricultural land situated in Ghana

   iii) Trading stock or certain classes of depreciable asset (i.e. assets in the pool)

4. **The following are exempt from Capital Gains Tax:**

   i) Capital Gains accruing to or derived by a company upon a merger, amalgamation or re-organization if there is continuity of underlying ownership of at least twenty five per cent (25%)

   ii) Capital Gains resulting from transfer of ownership of an asset by a person to that person's spouse, child, parent, brother, sister, aunt, uncle, nephew or niece.

   iii) Capital Gains resulting from a transfer of ownership of the asset by a person to a spouse as part of a divorce settlement or a genuine separation agreement.

   iv) Capital Gains, where the amount received on realization, is within one year of realization used to acquire a chargeable asset of the same nature.

5. **Returns**

Any person who derives a capital gain from the realization of a chargeable. Asset has a duty to furnish the Commissioner with the following information within 30 days.

i) The description and location of asset.

ii) The cost base of the asset before the realization and how that cost base is calculated

iii) The consideration received from the realization

iv) The amount of any capital gain and tax payable with respect to that capital gain and tax

v) The full name and address of the new owner of the asset.

6. **Gift Tax**

1. A person who receives a taxable gift the value of which exceeds GH¢50.00 is required to pay tax at the rate of 5% of excess over GH¢50.00

2. (a) A taxable gift is any of the following assets situated in Ghana

i. building of a permanent or temporary nature

ii. land

iii. shares, bonds and other securities

iv. money including foreign currency

v. business and business assets and

vi. part of, or any right or interest in, to, or over any of the assets in (i– v)

(b). An asset or benefit situated in Ghana or outside received by a person resident in Ghana.

(c) An asset whether situated in Ghana or outside received by a person resident in Ghana as a gift, where the asset has been credited in an account, has been invested, accumulated or capitalized in the name of or on behalf of or at the direction of that person.

(d) Any monetary consideration or consideration in any other form aimed at ensuring the performance of an act or an omission which goes to the benefit of a resident person.

3. The following do not attract the gift tax

a) Any gift received under a Will or upon Intestacy

b) A gift received from a spouse, child, parent, sister, brother, aunt, uncle, nephew or niece

c) A gift received by a religious body in so far as the gift would go to the benefit of the public or a section of the public

d) A gift for charitable purposes

4. A person who receives a taxable gift has an obligation to furnish the Commissioner with the following information within 30 days

i) The description and location of the taxable gift

ii) The total value of the gift, how it is calculated and tax payable with respect to that gift

iii) The full name and address of the donor of the gift

iv) Any other information required by the Commissioner

The tax due on the gift should then by remitted to the Commissioner (or her representatives)

Double Taxation

1. A situation may arise where a person is subjected to two different tax regimes in two (or more) states with respect to the same subject matter for the same period.

2. To avoid such an unpleasant occurrence some countries enter into agreements with other countries so that their citizens who are resident and earning income in some other countries become protected.

3. A Double Taxation Agreement is an agreement which regulates the tax treatment of income or capital gains in situations where the same taxpayer is subject to tax in two states with respect to the same income or capital gains.

4. Ghana has entered into Double Taxation Agreements with the following countries:

    - Britain
    - France
    - Italy
    - Germany
    - South Africa
    - Belgium