GHANA INVESTMENT PROMOTION CENTRE

# GHANA INCENTIVES INVENTORY

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# INTRO

The Ghana Investment Promotion Centre (GIPC) is committed to showcasing Ghana as an influential leader for doing business in Africa. One of the ways GIPC is advancing transparency on its investment policy is through this publication of a comprehensive list of investment incentives made available to investors by the Government of Ghana. The list will be updated periodically to reflect the latest policies and data. By serving as a one-stop, centralized access point for information on incentives, the inventory aims to support GIPC's efforts in attracting and growing investment in Ghana while creating jobs and supporting businesses.

The inventory includes information on the type of incentives offered, their eligibility criteria, the relevant laws and regulations, and links to further information.

This inventory is an evolving document that we at GIPC are continuing to refine with your contribution. Please feel free to contact us at **incentives@gipcghana.com** relating to any investment incentives available in Ghana not captured in the table below or any changes you would like to suggest.

# INCOME TAX INCENTIVES

# REDUCED CORPORATE INCOME TAX (CIT) RATES FOR **A COMPANY IN HOTEL INDUSTRY**

## Brief Description
Corporate Income Tax rates are presently 25%. However, companies in the hotel industry have a chargeable income tax rate of 22 % (a reduced rate)

## Legal Reference Name
Income Tax Act, 2015 (Act 896) as amended (the ITA).

## Legal Reference (Law section/ Article)
First Schedule (Tax Schedule)

## Sector(s)
Hotel industry

## Website (Weblink)
www.gra.gov.gh

## Eligibility Criteria (Description)
Company principally engaged in the hotel industry

## Awarding Authority (Name)
Ghana Revenue Authority (GRA)

## Awarding (Additional Details)
Subject to meeting the eligibility criteria (First schedule) automatic but can write for confirmation

## Implementing Authority (Name)
Ghana Revenue Authority (GRA)

# REDUCED CORPORATE INCOME TAX (CIT) RATES FOR **COMPANY INCOME FROM THE EXPORT OF NON-TRADITIONAL GOODS**

## Brief Description

Corporate tax rates are presently 25%. However, company income from the export of non-traditional goods (meaning horticultural products, processed and raw agricultural products grown in Ghana, other than cocoa beans, wood products, other than lumber and logs, handicrafts and locally manufactured goods) have a chargeable income tax rate of 8% (a reduced rate)

## Legal Reference Name

Income Tax Act, 2015 (Act 896) as amended (the ITA).

## Legal Reference (Law section/ Article)

First Schedule (Tax Schedule)

## Sector(s)

Non-traditional goods (meaning horticultural products, processed and raw agricultural products grown in Ghana, other than cocoa beans, wood products, other than lumber and logs, handicrafts and locally manufactured goods)

## Website (Weblink)

www.gra.gov.gh

## Eligibility Criteria (Description)

Company principally engaged in exports of non-traditional goods (meaning horticultural products, processed and raw agricultural products grown in Ghana, other than cocoa beans, wood products, other than lumber and logs, handicrafts and locally manufactured goods)

## Awarding Authority (Name)

Ghana Revenue Authority (GRA)

## Awarding (Additional details)

Subject to meeting the eligibility criteria (First schedule)

## Implementing Authority (Name)

Ghana Revenue Authority (GRA)

# REDUCED CORPORATE INCOME TAX (CIT) RATES FOR FINANCIAL INSTITUTIONS GRANTING LOANS TO FARMING ENTERPRISES AND LEASING COMPANIES

## Brief Description

Corporate tax rates are presently 25%. However, the following chargeable income tax rates (a reduced rate) applies to:

•Financial institution income from loans granted to farming enterprises for use by that enterprise in the production of income is taxed at the rate of:  20%

•Financial institution income from loans granted to leasing companies for the use by that company for the funding or acquisition of assets for lease is taxed at the rate of : 20%

## Legal Reference Name

Income Tax Act, 2015 (Act 896) as amended (the ITA).

## Legal Reference (Law section/ Article)

First Schedule (Tax Schedule)

## Sector(s)

Financial Institution

## Website (Weblink)

www.gra.gov.gh

## Eligibility Criteria (Description)

Companies principally engaged in the financial industry  granting loans to farming enterprises and leasing companies

## Awarding Authority (Name)

Ghana Revenue Authority (GRA)

## Awarding (additional Details)

Subject to meeting the eligibility criteria (First schedule)

## Implementing Authority (Name)

Ghana Revenue Authority (GRA)

# REDUCED CORPORATE INCOME TAX (CIT) RATES FOR **MANUFACTURING BUSINESSES BASED ON LOCATION**

## Brief Description

Corporate tax rates are presently 25%. However, the following chargeable income tax rates applies to:

• Manufacturing business located in regional capitals (except Accra & Tema): 75% of the standard corporate tax rate amounts to: 18.75% (a reduce rate)

• Manufacturing business located in elsewhere in Ghana: 50% of the standard corporate tax rate amountsto: 12.5% (a reduce rate)

•Manufacturing business located in a free zone enclave: 0% (Only within the tax holiday period of 10 years)

• Manufacturing business located in Accra and Tema: 25%

## Legal Reference Name

Income Tax Act, 2015 (Act 896) as amended (the ITA).

## Legal Reference (Law Section/ Article)

First Schedule (Tax Schedule)

## Sector(s)

Manufacturing

## Website (Weblink)

www.gra.gov.gh

## Eligibility Criteria (Description)

Manufacturing business located in the regional capitals of the country and manufacturing business located elsewhere in the country

## Awarding Authority (Name)

Ghana Revenue Authority (GRA)

## Awarding (Additional Details)

Subject to meeting the eligibility criteria (First schedule)

## Implementing Authority (Name)

Ghana Revenue Authority (GRA)

# REDUCED CORPORATE INCOME TAX (CIT) RATES FOR **FREE ZONE ENTERPRISE/DEVELOPERS (UP TO TEN YEARS)**

## Brief Description

Corporate tax rates are presently 25%. However, the following chargeable income tax rates (reduced rate) applies:

- Free zone enterprise/developers for the first ten (10) years in operation: 0%
- Free zone enterprise/developers after 10 years in operation (on export of goods and services outside the national customs territory): 15%
- Free zone enterprise/developers after 10 years in operation (on domestic sales): 25%

## Legal Reference Name

Income Tax Act, 2015 (Act 896) as amended (the ITA).

## Legal Reference (Law section/ Article)

First Schedule (Tax Schedule)

## Sector(s)

Free zone enterprise/developer

## Website (Weblink)

www.gra.gov.gh

## Eligibility Criteria (Description)

A Free Zone developer or an enterprise granted a license under the Free Zones Act, 1995 (Act 504)

## Awarding Authority (Name)

Ghana Revenue Authority (GRA)

## Awarding (Additional details)

Subject to meeting the eligibility criteria (First schedule)

## Implementing Authority (Name)

Ghana Revenue Authority (GRA)

# REDUCED CORPORATE INCOME TAX (CIT) RATES OF A VENTURE CAPITAL FINANCING COMPANIES FOR THE FIRST 10 YEARS

## Brief Description

• Corporate tax rates are presently 25%. However, the interest or dividend paid or credited to a person on a qualifying investment in a qualifying venture capital financing company for the first 10 years has a chargeable income tax rate of 1% (a reduced rate)
• Losses from disposal of shares or any investment made during the tax exempt period may be carried forward to the post exempt period up to 5 years. Foreign investors are offered no restriction on the repatriation of profits and dividends out of Ghana -section 7 Income Tax Act, 2015 (ACT 896)

## Legal Reference Name

Income Tax Act, 2015 (Act 896) as amended (the ITA).

## Legal Reference (Law section/ Article)

First Schedule (Tax Schedule)

## Sector(s)

Venture capital financing company

## Website (Weblink)

www.gra.gov.gh

## Eligibility Criteria (Description)

Income from a venture capital financing company

## Awarding Authority (Name)

Ghana Revenue Authority (GRA)

## Awarding (Additional Details)

Subject to meeting the eligibility criteria (First schedule)

## Implementing Authority (Name)

Ghana Revenue Authority (GRA)

# REDUCED CORPORATE INCOME TAX (CIT) RATES FOR MINERAL OPERATIONS ONLY SUBJECT TO WRITTEN AGREEMENT RATIFIED BY PARLIAMENT

## Brief Description

Corporate tax rates are presently 25%. Although the chargeable income tax rate applicable to company income from mineral operations is 35%, companies that have stability or investment agreement with government pays a reduced rate as per the agreement terms

## Legal Reference Name

Income Tax Act, 2015 (Act 896) as amended (the ITA).

## Legal Reference (Law section/ Article)

First Schedule (Tax Schedule)

## Sector(s)

Mineral operations

## Website (Weblink)

www.gra.gov.gh

## Eligibility Criteria (Description)

Signed stability or investment agreement with the Government of Ghana (GOG) allowing a provision in the stability agreement to freeze and reduce the tax rate as per the agreement terms. An application is made to the Minerals Commission for a stability or investment agreement - and it is sent Parliament for approval and ratification in order for it to be binding in accordance with Article 174(2) of the Constitution (No taxation waived or varied without the prior approval of Parliament by resolution)

## Awarding Authority (Name)

Ghana Revenue Authority (GRA)

## Awarding (Additional Details)

Subject to meeting the eligibility criteria (First schedule)

## Implementing Authority (Name)

Ghana Revenue Authority (GRA)

# REDUCED CORPORATE INCOME TAX (CIT) RATES OF A COMPANIES LISTED ON THE GHANA STOCK EXCHANGE

## Brief Description
Corporate tax rates are presently 25%. However, companies listed on the Ghana Stock Exchange have a chargeable income tax rate of 22% (a reduced rate)

## Legal Reference Name
Income Tax Act, 2015 (Act 896) as amended (the ITA).

## Legal Reference (Law section/ article)
First Schedule (Tax Schedule)

## Sector(s)
Companies listed on the Ghana Stock Exchange

## Website (Weblink)
www.gra.gov.gh

## Eligibility Criteria (Description)
Companies listed on the Ghana Stock Exchange

## Awarding Authority (Name)
Ghana Revenue Authority (GRA)

## Awarding (Additional Details)
Subject to meeting the eligibility criteria (First schedule)

## Implementing Authority (Name)
Ghana Revenue Authority (GRA)

# REDUCED CORPORATE INCOME TAX (CIT) RATES FOR **AGRO PROCESSING BUSINESSES (UP TO FIVE YEARS)**

## Brief Description
Corporate tax rates are presently 25%. However, agro-processing business conducted wholly in the country for the first 5 years have a chargeable income tax rate of 1% (a reduced rate)

## Legal Reference Name
Income Tax Act, 2015 (Act 896) as amended (the ITA).

## Legal Reference (Law section/ Article)
First Schedule (Tax Schedule)

## Sector(s)
Agro-processing

## Website (Weblink)
www.gra.gov.gh

## Eligibility Criteria (Description)
Agro-processing business within five years of operation

## Awarding Authority (Name)
Ghana Revenue Authority (GRA)

## Awarding (Additional Details)
Subject to meeting the eligibility criteria (First schedule)

## Implementing Authority (Name)
Ghana Revenue Authority (GRA)

# REDUCED CORPORATE INCOME TAX (CIT) RATES OF A COCOA BY-PRODUCT BUSINESSES (UP TO FIVE YEARS)

## Brief Description
Corporate tax rates are presently 25%. However, cocoa by-product business conducted wholly in the country for the first 5 years have a chargeable income tax rate of 1% (a reduced rate)

## Legal Reference name
Income Tax Act, 2015 (Act 896) as amended (the ITA).

## Legal Reference (Law section/ Article)
First Schedule (Tax Schedule)

## Sector(s)
Cocoa- by product

## Website (Weblink)
www.gra.gov.gh

## Eligibility Criteria (Description)
Cocoa by-product businesses within five years of operation

## Awarding Authority (Name)
Ghana Revenue Authority (GRA)

## Awarding (Additional Details)
Subject to meeting the eligibility criteria (First schedule)

## Implementing Authority (Name)
Ghana Revenue Authority (GRA)

# REDUCED CORPORATE INCOME TAX (CIT) RATES OF A RURAL BANKING BUSINESSES (UP TO TEN YEARS)

## Brief Description
Corporate tax rates are presently 25%. However, rural banking business for the first 10 years have a chargeable income tax rate of 1% (a reduced rate).

## Legal Reference Name
Income Tax Act, 2015 (Act 896) as amended (the ITA).

## Legal Reference (Law section/ Article)
First Schedule (Tax Schedule)

## Sector(s)
Rural banking

## Website (Weblink)
www.gra.gov.gh

## Eligibility Criteria (Description)
Rural banking businesses within ten years of operation

## Awarding Authority (Name)
Ghana Revenue Authority (GRA)

## Awarding (Additional Details)
Subject to meeting the eligibility criteria (First schedule)

## Implementing Authority (Name)
Ghana Revenue Authority (GRA)

# REDUCED CORPORATE INCOME TAX (CIT) RATES FOR **TREE CROP FARMING (UP TO FIVE YEARS)**

## Brief Description

Corporate tax rates are presently 25%. However, tree crop farming for the first 5 years have a chargeable income tax rate of 1% (a reduced rate).

## Legal Reference Name

Income Tax Act, 2015 (Act 896) as amended (the ITA).

## Legal Reference (Law section/ Article)

Sixth Schedule (Tax Schedule)

## Sector(s)

Tree crop farming

## Website (Weblink)

www.gra.gov.gh

## Eligibility Criteria (Description)

Tree crop farming businesses within five years of operation

## Awarding Authority (Name)

Ghana Revenue Authority (GRA)

## Awarding (Additional Details)

Subject to meeting the eligibility criteria (First schedule)

## Implementing Authority (Name)

Ghana Revenue Authority (GRA)

# REDUCED CORPORATE INCOME TAX (CIT) RATES OF A CASH CROPS OR LIVESTOCK (EXCLUDING CATTLE) (UP TO FIVE YEARS)

## Brief Description

Corporate tax rates are presently 25%. However, a chargeable income  tax rate of 1% applies for cash crops(“include cassava, maize, pineapple, rice, and yam; “cocoa by-product business” means a business that uses on a commercial basis cocoa by-products using as its main raw material substandard cocoa beans, cocoa husks and other cocoa waste”) or livestock (excluding cattle) for the first 5 years

## Legal Reference Name

Income Tax Act, 2015 (Act 896) as amended (the ITA).

## Legal Reference (Law section/ Article)

Sixth Schedule (Tax Schedule)

## Sector(s)

Cash crops or livestock (excluding cattle)

## Website (Weblink)

www.gra.gov.gh

## Eligibility Criteria (Description)

Cash crops or livestock (excluding cattle) within five years of operation

## Awarding Authority (Name)

Ghana Revenue Authority (GRA)

## Awarding (Additional Details)

Subject to meeting the eligibility criteria (First schedule)

## Implementing Authority (Name)

Ghana Revenue Authority (GRA)

# REDUCED CORPORATE INCOME TAX (CIT) RATES FOR **WASTE PROCESSING BUSINESSES (UP TO SEVEN YEARS)**

## Brief Description

Corporate tax rates are presently 25%. However, waste processing business for the first 7 years have a chargeable income tax rate of 1% (a reduced rate)

## Legal Reference Name

Income Tax Act, 2015 (Act 896) as amended (the ITA).

## Legal Reference (Law section/ Article)

First Schedule (Tax Schedule)

## Sector(s)

Waste processing

## Website (Weblink)

www.gra.gov.gh

## Eligibility Criteria (Description)

Waste processing businesses within seven years of operation

## Awarding Authority (Name)

Ghana Revenue Authority (GRA)

## Awarding (Additional Details)

Subject to meeting the eligibility criteria (First schedule)

## Implementing Authority (Name)

Ghana Revenue Authority (GRA)

# REDUCED CORPORATE INCOME TAX (CIT) RATES OF A LOW COST AFFORDABLE RESIDENTIAL PREMISES (UP TO FIVE YEARS

## Brief Description

Corporate tax rates are presently 25%. However, income derived from letting for sale of low cost affordable residential premises approved by Minister for Works and Housing for the first 5 years have a chargeable income tax rate of 1% (a reduced rate)

## Legal Reference Name

Income Tax Act, 2015 (Act 896) as amended (the ITA).

## Legal Reference (Law section/ Article)

First Schedule (Tax Schedule)

## Sector(s)

Low cost affordable residential premises

## Website (Weblink)

www.gra.gov.gh

## Eligibility Criteria (Description)

Low cost affordable residential premises approved by Minister for Works and Housing within five years of operation

## Awarding Authority (Name)

Ghana Revenue Authority (GRA)

## Awarding (Additional Details)

Subject to meeting the eligibility criteria (First schedule)

## Implementing Authority (Name)

Ghana Revenue Authority (GRA)

# REDUCED CORPORATE INCOME TAX (CIT) RATES FOR VARIOUS TYPES OF TRUSTS THAT ARE EXEMPT (MUTUAL FUNDS AND APPROVED UNIT TRUST

## Brief Description

Corporate tax rates are presently 25%. Although the chargeable income tax rate of trusts is 25%, the following chargeable income tax rates applies to other trusts:

• The Income of an approved unit trust schemes and mutual funds is exempt (refer to Income Tax Amendment Act 2017 (Act 956))

• Interest or dividend paid to a member or a holder of an approved unit trust or mutual fund is exempt (amended from 1% in Act 907- the Income Tax Amendment Act 2016)

• The Income of an approved Real Estate Investment Trust is Exempt from tax.

## Legal Reference Name

Income Tax Act, 2015 (Act 896) as amended (the ITA).

## Legal Reference (Law section/ Article)

Sixth Schedule (Tax Schedule)

## Sector(s)

Specific trusts- various types of trusts that are exempt (mutual funds and approved unit trust)

## Website (Weblink)

www.gra.gov.gh

## Eligibility Criteria (Description)

Various types of trusts that are exempt (mutual funds and approved unit trust)

## Awarding Authority (Name)

Ghana Revenue Authority (GRA)

## Awarding (Additional Details)

Subject to meeting the eligibility criteria (First schedule)

## Implementing Authority (Name)

Ghana Revenue Authority (GRA)

# REDUCED CORPORATE INCOME TAX (CIT) RATES APPLICABLE TO **CHARGEABLE INCOME FOR NON-RESIDENT INDIVIDUALS**

## Brief Description

25% chargeable income  tax rates applies to non-resident individuals  (compared with resident individuals who are charged 35% a year on chargeable income exceeding GHc 120,000 a year) (Income Tax Amendment Act, 2018 Act 973)

## Brief Description (Additional Details)

•The chargeable income of non-resident individuals is taxed at a flat rate of 25%
• An individual is generally non- resident for tax purposes if that individual is present in Ghana for an aggregate period of  182 days or less in any 12-month period that commences or ends during the year
•  Non-resident persons are taxed on income which has a source in Ghana, while resident persons are taxed on their worldwide income
•Income has a source in Ghana if it accrues in or is derived from Ghana

## Legal Reference Name

Income Tax Act, 2015 (Act 896) as amended Table176

## Legal Reference (Law section/ Article)

First Schedule  (Tax Schedule)

## Sector(s)

Non- resident individuals

## Website (Weblink)

www.gra.gov.gh

## Eligibility Criteria (Description)

•Non-resident individuals individual  present in Ghana for an aggregate period of  182 days or less in any 12-month period that commences or ends during the year and are taxed on income which has a source in Ghana

## Awarding Authority (Name)

Ghana Revenue Authority (GRA)

## Awarding (Additional Details)

Subject to meeting the eligibility criteria (First schedule)

## Implementing Authority (Name)

Ghana Revenue Authority (GRA)

# FREE ZONE DEVELOPERS/ ENTERPRISES BENEFITS

## Brief Description

• Companies registered to operate as free zone developers/ enterprises do not pay CIT for the first ten years of operation.

• After the ten year corporate tax holiday has expired, the CIT rate on export outside the domestic market is 15% while income earned from sales in the domestic market is taxed at 25%.

• The Free Zone Act provides that the President may, on the recommendation of the Board, declare any area of land or building as a free zone; and any airport, river port, seaport or lake, port as a free port.

• Only corporate bodies registered under the Companies Code or the Incorporated Private Partnerships Act and licensed to do may develop and/or manage a free zone or carry on a trade, business or industry within a free zone.

## Brief Description (Additional Details)

"•The Free Zone Act does not make specific reference to the status of existing enterprises in an area declared a free zone, but the effect of the law and the practice is that these enterprises must be converted into free zone enterprises by registering with the Board.

• Free zone enterprise/developers after 10 years in operation (on export of goods and services): 15%

• Free zone enterprise/developers after 10 years in operation (on domestic sales): 25%

• Free zone enterprises are guaranteed unconditional transfer through authorized dealer banks in freely convertible currency of dividends or net profits attributable to the investment, payments in respect of loan servicing where a foreign loan has been obtained, fees and charges in respect of any technology transfer agreement registered under the Act and the remittance of proceeds (net of all taxes and other obligations) in the event of sale or liquidation of the enterprise or any interest attributable to the investment.

• Free Zone Act contain identical provisions dealing with the protection of investments, expropriation and dispute settlement. Both Acts provide that no enterprise shall be nationalized or expropriated by Government and that no person who owns, whether wholly or in part, the capital of an enterprise, shall be compelled by law to concede his or her interest in the capital to any other person. "

## Legal Reference Name

Free Zone Act 1995 (Act 504)

## Legal Reference (Law section/ article)

Section 7 (1) and Section 28

## Sector(s)

Free Zone enterprises

## Website (Weblink)

http://www.gfzb.gov.gh/pdf/Free Zones Act.pdf

## Eligibility Criteria (Description)

• No person shall carry on a trade, business or industry within a free zone unless it is registered under the Companies Code 1963 (Act 179); or the Private Partnership Act 1962 (Act 152) and is the holder of a license authorizing the carrying on of that trade, business or industry under the Free Zone Act may develop and/or manage a free zone or carry on a trade, business or industry within a free zone.

•On the recommendation of the Board, any area of land or building, airport, river port, seaport or lake may be declared as a free zone;

•The Board is required to respond to applications within 28 working days

• Only corporate bodies registered under the Companies Code or the Incorporated Private Partnerships Act and licensed to do so may develop and/or manage a free zone or carry on a trade, business or industry within a free zone.

## Awarding Authority (Name)

Free Zone Board

## Awarding (Additional details)

In granting a license, the Board may attach such conditions as it considers appropriate relating to skills, job opportunities and degree of export orientation.

## Implementing Authority (Name)

Free Zone Board /Ghana Revenue Authority(GRA)

# RELIEF FROM DOUBLE TAXATION FOR FOREIGN INVESTORS AND EMPLOYEES WHERE APPLICABLE

## Brief Description

Note 1: Ghana uses the instrumentality of Double Taxation Agreements (DTA) to rationalize the tax obligations of investors who come from global tax sourced jurisdictions with a view of saving the concerned investors from the incidence of double taxation by both their home governments and the host country. These DTAs are expected to enhance cross border trade and business activities between residents of the contracting states by avoiding double taxation and preventing fiscal/tax evasion. These DTAs cover income taxes, including gains from the realization of capital assets.

Once ratified by Parliament, the terms of the DTAs will become effective. Ghana is committed to entering into DTAs with interested countries with the ultimate objective of freeing investment capital and thereby securing the investment capital from being eroded by the effects of taxation. Ghana has executed and Ratified DTAs (Between The Republic of Ghana and Other Countries)

Other Country to the Agreement for the Avoidance of Double Taxation with:

1. Belgium : 17th October, 2008
2. Denmark: 10th November, 2015
3. France: 1st April, 1997
4. Germany: 14th December, 2007
5. Italy: 5th July, 2006
6. Netherlands: 12th November, 2008
7. South Africa : 23rd April, 2007
8. Switzerland: 30th December, 2009
9. United Kingdom: 10th August, 1994

Ghana has also signed DTA with the underlisted four countries that will be in force in 2019. Morocco, Singapore, CZECH Republic and Mauritius

## Brief Description (Additional Details)

"Note 2: Since 2017, the following are executed and unratified DTAs (Between The Republic of Ghana and Other Countries signed (Not Entered Into Force through ratification by the government of Ghana):

1. Mauritius
2. Morocco
3. Singapore
4. Czech Republic
5. Iran
6. Ireland

Note 3: The government of Ghana is pursuing DTAs with various countries, including Sweden, Syria, the United Arab Emirates, and the United States.

## Legal Reference Name
Ghana Investment Promotion Centre Act (GIPC Act) ,2013 (Act 865)

## Legal Reference (Law section/ Article)
Section 3 Ghana Investment Promotion Centre Act (GIPC Act) ,2013 (Act 865)

## Sector(s)
Investors in various sectors of the Ghanaian economy

## Website (Weblink)
http://www.gipcghana.com/invest-in-ghana/doing-business-in-ghana/laws-regulation.html

## Eligibility Criteria (Description)
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.

## Awarding Authority (Name)
Ghana Revenue Authority (GRA)

## Awarding (Additional Details)
Automatic subject to basic eligibility criteria

## Implementing Authority (Name)
Ghana Revenue Authority

# CUSTOMS INCENTIVES

# REDUCED EXCISE DUTY FOR **INCREASING THE USE OF LOCAL RAW MATERIAL RELATING TO MALT DRINKS, STOUT BEER AND CIDER BEER**

## Brief Description

• The Excise Duty (Amendment) (No.2) Act, 2015 (the “Amendment No.2”) has amended the list of goods liable to excise duty and has increased the rate of duty payable on excisable goods.

• In the production of malt drinks where the quantity of local material that is used in the production is less than 50% of the total raw materials, an excise duty of 17.5% of the ex-factory price will be paid.

• Where the quantum of local raw materials used is between 50% and 70%, an excise duty of 10% of the ex-factory price will be paid.

• When the quantum of local raw materials is above 70% of the local materials used, an excise duty of 7.5% of the ex-factory price will be paid. In the production of beer stout other than indigenous beer.

• Where the local materials used in the production is less than 50%, an excise duty at the rate of 47.5% of the ex-factory price will be paid.

• Where the local material used is between 50-70%, an excise duty at the rate of 32.5% of the ex-factory price will be paid. Where the local material used is above 70%, an excise duty at the rate of 10% of the ex-factory price will be paid.

• Under the Amendment No.2, Cider beer has been included and the rate of duty payable is 17.5% of the ex-factory price.

## Legal Reference Name

The Excise Duty (Amendment) Act 2015

## Sector(s)

Malt drinks, stout beer and cider beer

## Website (Weblink)

http://apps.who.int/fctc/implementation/database/sites/implementation/files/documents/reports/ghana_2016_annex5_tariff_interpretation_order_2016.pdf

## Eligibility Criteria (Description)

Eligible sector/Sub-sector of investment

## Awarding Authority (Name)

Ghana Revenue Authority (GRA)

## Awarding (Additional Details)

Subject to meeting the eligibility criteria

## Implementing Authority (Name)

Ghana Revenue Authority (GRA)

# IMPORT DUTY EXEMPTIONS OF 5% FOR MINING COMPANIES FOR 253 MINING EQUIPMENT AND MACHINERY

## Brief Description

•Power of Minister to grant mineral rights: The Minister of Lands and Natural Resources on behalf of the President and on the recommendation of the Commission may negotiate, grant, revoke, suspend or renew mineral rights in accordance with the Minerals and Mining Act

•The GRA together with the Ghana Chamber of Mines review and update mining list periodically

## Brief Description (Additional Details)

Mining companies registered with the Minerals commission may be exempt on importation of mining equipment and machinery as contained in the mining list.

## Legal Reference Name

Minerals and Mining Act , 2006 Act 703

## Legal Reference (Law section/ Article)

Section 5 Minerals and Mining Act , 2006 Act 703

## Website (Weblink)

https://resourcegovernance.org/sites/default/files/Minerals%20and%20Mining%20Act%20

## Eligibility Criteria (Description)

Registration at the Ghana Chamber of Mines and the reduced rate being sought must be on the 2011 mining list

## Awarding Authority (Name)

Ghana Chamber of Mines

## Awarding (Additional details)

Automatic subject to basic eligibility criteria

## Implementing Authority (Name)

Ghana Chamber of Mines

# IMPORT DUTY EXEMPTIONS OF 5% FOR THE FORESTRY SECTOR DEVELOPERS HAVE A CONCESSIONS ON IMPORT DUTIES

## Brief Description

Developers in forestry plantations enjoy concessions on import duties on machinery and equipment including special income tax concessions relating to forestry and wildlife development.

## Brief Description (Additional Details)

An investor who desires benefit and incentives may submit an application for exemption of import duties, VAT or excise duties on the plant, machinery, equipment or parts thereof to the Commission which shall submit it to the appropriate tax authority with its endorsement or otherwise.

## Legal Reference Name

Timber Resources Management (Amendment) Act, 2002 (Act 617)

## Legal Reference (Law section/ Article)

Section 44 Timber Resources Management (Amendment) Act, 2002 (Act 617)

## Sector

Forestry

## Website (Weblink)

http://www.fcghana.org

## Awarding Authority (Name)

Ministry of Lands, Forestry & Mines

## Awarding (Additional Details)

Ministry of Lands, Forestry & Mines

## Implementing Authority (Name)

Ministry of Lands, Forestry & Mines

# EXEMPTION FROM **CUSTOMS IMPORT DUTIES FOR PLANT, MACHINERY, EQUIPMENT'S AND PARTS**

## Brief Description

Note 1: Under the GIPC Act 2013(Act 865), there is an exemption of import duties or excise duties for plant, machinery , equipment or parts. The Act in section 26(1), also defers to the Internal Revenue Act, 2000 (Act 592), the VAT Act 1998(Act 546) and supported by relevant chapters in the Harmonized System; ECOWAS Common External Tariff (CET) and other schedules. "Any other law" currently applies to: Value Added Tax Act, 2013 (ACT 870) ,Income Tax act, 2015 (Act 896) the Customs Act, 2015 (Act 891)and any other enactments (as amended).

Note 2: Industrial and agricultural plant, machinery or equipment or parts imported for investment purposes may be zero rated under the HS Code or exempt under the third schedule of the HS Code.

• An enterprise whose plant, machinery or equipment and parts are not zero rated under the Customs Act 2015 (Act 891) may submit an application for exemption from import duties and related charges on the plant, machinery or equipment or parts of the plant, machinery or equipment to the GIPC Centre for onward submission to the Minister for Finance. Customs duty exemptions exists for agricultural plants and machinery

The 5-band tariff structure of the ECOWAS Common External Tariff (CET) is as follows:

- Essential commodities: 0%
-Essential commodities, raw materials, capital goods: 5%
- Intermediate products: 10%
- Consumer goods: 20%
- Specific goods for economic development: 35%

The Customs Act, 2015 (Act 891) (the Customs Act) was amended to give effect to the Harmonized System; ECOWAS Common External Tariff and Other Schedules (Act 905)

## Brief Description

• All exemptions administered by the GIPC are based on the GIPC Act

• The Customs Act, 2015 (Act 891):The Customs Act is a new legislation which consolidates all laws on the imposition of customs duties and provisions on customs operations into a single legislation and provides for other related matters.

• The Customs Act empowers the Customs Division of the Ghana Revenue Authority to conduct customs controls which will include random checks based on risk management

with the objective of identifying and evaluating risks and to develop counter-measures.
• Exemptions are based on the Harmonized System; ECOWAS Common External Tariff (CET) and other schedules -The Third Schedule covers exemptions in three parts:
-Part A: Import exemptions for the Ghana government, privileged persons, organization and institutions.
-Part B: General Exemptions

## Legal Reference Name

Note 1: Ghana Investment Promotion Centre Act (GIPC) Act ,2013 (Act 865)
Note 2:Customs Act, 2015 (Act 891) (the Customs Act) /ECOWAS Harmonized System Common External Tariff (CET)

## Legal Reference (Law section/ Article)

Note 1: Section 26 (1) (2) and (3) & (4). Note 2: Harmonized System (HS) Code Third Schedule

## Sector(s)

Investments in sectors listed under section 26 of the GIPCA 2013 (Act 865): plant, machinery or equipment

## Eligibility Criteria (Description)

• An enterprise whose plant, machinery, equipment or parts of the plant, machinery or equipment are not zero-rated under the Customs Act, 2015 (Act 891) (the Customs Act) / Harmonized System; ECOWAS Common External Tariff and Other Schedules (Act 905) may submit an application for exemption from import duties and related charges on the plant, machinery or equipment or the parts of the plant, machinery or equipment to the GIPC centre for onward submission to the Minister responsible for Finance.
•The Centre shall before submitting a request for exemption to the Minister responsible for Finance, determine whether the request will facilitate changes in technology and promote the specialized use of machinery, equipment or other items necessary for the establishment and operation of the enterprise (Section 26 (3) of the GIPC Act)

## Website (Weblink)

http://www.gipcghana.com

## Awarding Authority (Name)

GIPC and Ministry of Finance

## Awarding (Additional Details)

GIPC and Ministry of Finance

## Implementing Authority (Name)

GIPC

# FINANCIAL INCENTIVES

# STRATEGIC MAJOR INVESTMENT PROJECTS (CURRENTLY OVER $50 MILLION) WHERE INVESTORS MAY BE GRANTED CONCESSIONS ON IMPORT DUTIES AND OTHER DEVELOPMENT COST

## Brief Description

• For the purpose of promoting identified strategic or major investments, the GIPC Board in consultation with the appropriate government agencies as the Board may determine and with approval of the President, negotiate specific incentive
• Under the GIPC Act, "strategic investment" means an investment in a priority area determined by the Board.
• The qualifying threshold by value of investment for strategic/major investment is a minimum of US$50 million (subject to change). The GIPC Board may negotiate special incentive packages with the approval of the President in order to promote identified strategic or major investments.
• Investors may be granted concessions on import duties and other development cost on the advise of relevant sector Minister and recommendation of the Minister of Finance in line with Article 174 (2) of the Constitution of Ghana (Parliament, through resolution has the power to waive or vary a tax imposed by any Act of Ghana)

## Brief Description (Additional Details)

"•The eligibility of projects that qualify as strategic/major investments for the purpose of enjoying the applicable benefits and incentives under section 26(4) of the GIPC Act 2013, (Act 865):
• The investment must be in the following priority areas as determined from time to time by the development policy of the Government of Ghana: energy, infrastructure, roads, railways, ports, property development, agriculture/agri-business, manufacturing, oil and gas services, tourism services, ICT, education, financial
• It should however be noted that the grant of tax exemptions or waivers is granted by parliamentary approval in accordance with Article 174 of the Constitution. However, in practice The President has granted incentives and usually consults with the Ministry of Finance before choosing to grant a strategic investment incentives.

## Legal Reference Name

Ghana Investment Promotion Centre Act (GIPCA) ,2013 (Act 865) / The Constitution of Ghana 1992

## Legal Reference (Law section/ Article)

section 26 (4) / Article 174 (2)

## Sector

Priority sectors: Energy, infrastructure, roads, railways, ports, property development, agriculture/agri-business, manufacturing, oil and gas services, tourism services, ICT, education, financial

## Website (Weblink)

www.gipcghana.com/press-and-media/downloads/promotional-materials/1-special-incentives-for-strategic-investments-2017/file.html

## Eligibility criteria (Description)

"The enterprise should have been registered with the centre in accordance with sections 24 and 25 of Act 865 and be eligible for all the benefits as stated under section 26 of the GIPC Act.

## Awarding Authority (Name)

GIPC

## Awarding (Additional Details)

An application addressed to the CEO of the GIPC Centre, requesting for Approval for Strategic/ major Investment Status, stating the incentive package being sought from the government

• On submission of the application with the required documents, the Centre consults with a Strategic Consultation Committee which consist of appropriate state agencies to evaluate the project.

•The Strategic Consultation Committee forwards its recommendations to the Board of the GIPC for their review and approval.

• The Board then recommends incentives to the Presidency for final approval.

## Implementing Authority (Name)

GIPC

## "LOSS CARRY FORWARD IN THE FARMING, MINING, AGRO-PROCESSING, TOURISM, INFORMATION AND COMMUNICATION TECHNOLOGY (ICT) OR MANUFAC-TURING BUSINESSES AND PETROLEUM SECTOR"

### Brief Description

•Tax losses can be carried forward for five years for priority sectors and three years for other sectors . The priority sectors currently are farming, petroleum, mining, agro-processing, tourism, information and communication technology (ICT) or manufacturing buvsinesses

•Negotiated allowances under Development Agreements

•Companies with Development and stability agreements will carry forward losses as indicated in those agreements

### Brief Description (Additional Details)

In instances where there is a fiscal stability clause in their Petroleum Agreement with respect to section 135 of the ITA special provisions such indefinite carry forward of losses may apply to key players. The Petroleum Income Tax Act, 1987 (PITA) repealed by the new ITA provides that Contractors may carry losses forward indefinitely. The ITA however limits this period to 5 years. Contractors who operate under the PITA per their PAs may carry their losses forward indefinitely. Furthermore, in relation to venture capital incentives, losses from disposal of shares or any investment made during the tax exempt period may be carried forward to the post exempt period up to 5 years.

### Legal Reference Name

Income Tax Act, 2015 (ACT 896) /

### Legal Reference (Law section/ Article)

section 17 Income Tax Act, 2015 (ACT 896)

## Sector(s)

“Farming, petroleum, mining, agro-processing,
tourism, information and communication technology (ICT) or manufacturing businesses (manufacturing business for this purpose is defined as manufacturing mainly for export -in practice, exporting more than 50% of outputs).

## Website (Weblink)

www.gra.gov.gh

## Awarding Authority (Name)

Ghana Revenue Authority (GRA)

## Awarding (Additional Details)

Automatic subject to basic eligibility criteria

## Implementing Authority (Name)

Ghana Revenue Authority (GRA)

# EXEMPT CATEGORIES AND REDUCED TAX RATES APPLICABLE TO VAT (VALUE ADDED TAX) AND NHIS (NATIONAL HEALTH INSURANCE LEVY) PAYMENTS

## Brief Description

• Reduced tax rate: The reduction to a flat rate of 3% applies on certain supplies with respect to wholesale or retail goods at shops, not at the time of importation. (The Value Added Tax (Amendment) Act, 2017, (Act 948))
• Except for supplies considered to be zero rated and supplies subject to a flat rate of 3% (for a wholesaler or a retailer of goods), the standard rate of VAT (Value Added Tax) is 12.5% and the NHIL (National Health Insurance Levy) rate is 2.5%
• Supplies that are specifically exempt are agricultural input ,water, excluding bottled or packaged water; electricity within specified limits; textbooks, approved supplementary readers, newspapers, atlases, charts, maps and music; education services; laboratory and library equipment; medical services and medical supplies; certain pharmaceuticals, active ingredients and selected inputs; domestic transportation; machinery and parts of machinery, crude oil and hydrocarbon products; accommodation in a dwelling, or land for agricultural use and civil engineering public works; goods specifically designed for the disabled; and financial services.

## Brief Description (Additional Details)

"• Value Added Tax (VAT) is a tax applied on the value added to goods and services at each stage in the production and distribution chain. It forms part of the final price the consumer pays for goods or services. A National Health Insurance Levy charged at the rate of 2.5% calculated on: each supply of goods and services made or provided in Ghana, each importation of goods, and supply of an imported service, unless otherwise exempted in the NHIL Act or under the Regulations. The levy is payable at the time the goods and services are supplied or imported.
• The Value Added Tax (Amendment) Act, 2017, (Act 948)) states that a taxable person who is a retailer or wholesaler is required to account for VAT and NHIL and at the rate of 3% calculated on the value of the taxable supply.

## Legal Reference Name

Value Added Tax Act, 2013 (Act 87'),National Health Insurance Act, 2012 (Act 852)

## Legal Reference (Law section/ article)

Section 6 of the Value Added Tax Act, 2013 (Act 870) as amended by VAT (amendment) Act, 2017 (Act 948) / section 41 and section 47 of the National Health Insurance Act, 2012 (Act 852)

## Sector(s)

1. Agricultural inputs;
2. Water, excluding bottled or packaged water;
3. Electricity within specified limits;
4. Textbooks, approved supplementary readers, newspapers, atlases, charts, maps and music;
5. Education services;
6. Laboratory and library equipment;
7. Medical services and medical supplies; Certain pharmaceuticals, active ingredients and selected inputs;
8. Domestic transportation;
9. Machinery and parts of machinery;
10. Crude oil and hydrocarbon products;
11. Accommodation in a dwelling, or land for agricultural use and civil engineering public works;
12. Goods specifically designed for the disabled; and
13. Financial services.

"

## Website (Weblink)

https://gra.gov.gh/wp-content/uploads/2018/11/vat_act_870.pdf

## Eligibility Criteria (Description)

Exempt/ Reduced tax rate sector

## Awarding Authority (Name)

Ghana Revenue Authority (GRA)

## Implementing Authority (Name)

Ghana Revenue Authority (GRA)

# INCENTIVES FOR YOUNG ENTREPRENEURS

## Brief Description

"•The income of a young entrepreneur from the business of:
a. manufacturing
b. information and Communications Technology
c. Agro Processing
d. Energy production
e. Waste Processing
f. Tourism and creative arts
g. Horticulture and medicinal plants
shall be exempt from tax for a period of five years.

The tax rate applicable for the five year period after the initial concession period shall be as follows:

1 Accra and Tema 15%
2. Other regional capitals outside the three Northern Regions 12.5%
3. Outside other regional 10%
4 The three Northern Regional 5%
The young entrepreneur may carry forward loss for 5 years"

## Brief Description (Additional Details)

Flagship policy initiative of the government of Ghana with the primary objective of providing an integrated national support for start-ups and small businesses. National Entrepreneurship and Innovation Plan (NEIP) primarily focuses on providing business development services; start-up incubators and funding for young businesses to enable them grow and become successful.

## Legal Reference Name

National Entrepreneurship and Innovation Plan (NEIP)

## Website (Weblink)

http://neip.gov.gh/#!/up

## Eligibility criteria (Description)

(i)Young entrepreneur (under the age of 35) years old in the business of :

a. manufacturing

b. information and Communications Technology

c. Agro Processing

d. Energy production

e. Waste Processing

f. Tourism and creative arts

g. Horticulture and medicinal plants and (ii) part of the National Entrepreneurship and Innovation Plan (NEIP)

## Awarding Authority (Name)

The National Entrepreneurship and Innovation Plan (NEIP) a. manufacturing

## Implementing Authority (Name)

The National Entrepreneurship and Innovation Plan (NEIP)

# ONE DISTRICT, ONE FACTORY (1D1F)

ONE OF THE MANY NATIONAL POLICIES WHICH THE GOVERNMENT OF GHANA (GOG) IS IMPLEMENTING THAT IS A FORM OF INCENTIVE

## Brief Description

The one district one factory provides direct financial support and incentives such as support in securing a litigation free land, access to utilities depending on individual negotiated incentives

## Brief Description (Additional Details)

This is part of the Ghana Shared Growth Development Agenda II (GSGDA II) relating to policy objectives that are relevant to the Ministry of Trade and Industry (MOTI): improving Private Sector Productivity and Competitiveness Domestically & Globally, attract Private Capital from both Domestic and International Sources, pursue and Expand Market Access, Promote and Enabling Environment and Effective Regulatory Framework for Corporate Management, Improve Competitiveness and Efficiency of MSME, Ensure rapid Industrialization driven by strong linkages to Agriculture and other Natural Resource Endowments

## Website (Weblink)

http://www.mofep.gov.gh/sites/default/files/pbb-estimates/2017/2017-PBB-MOTI.pdf

## Eligibility Criteria (Description)

Exempt/ Reduced tax rate sector

## Awarding Authority (Name)

Ministry of Trade and Industry (MOTI)

## Awarding Authority (Details)

Contact the Ministry of Trade and Industry (MOTI)

## Implementing Authority (Name)

Ministry of Trade and Industry (MOTI)

## INDUSTRIAL PARKS, SPECIAL ECONOMIC ZONE, BUSINESS RESOURCE CENTERS AND PARTNERSHIP EXCHANGES FOR SMES AND LARGE ENTERPRISES-

ONE OF THE MANY NATIONAL POLICIES WHICH THE GOVERNMENT OF GHANA (GOG) IS IMPLEMENTING THAT IS A FORM OF INCENTIVE

### Brief Description

• The establishment of Industrial Parks and Special Economic Zones in each region of the country relieve investors of the stress of securing land to kick start their businesses.
• To better support the private sector, government is building business resource centers in almost all the districts in Ghana.
• Businesses will save money by accessing the services of all the state institutions with one central point instead of travelling all the way to the capital; or accessing a business development service from these outlets instead of paying for them (these services of course will not be limited to training on records keeping but assistance in actually preparing records or in some cases preparing a business plan)
• Under the industrial subcontracting and partnership exchange SMEs and Large enterprises will be assisted to partner with each other for free

### Brief Description (Additional Details)

This is part of the Ghana Shared Growth Development Agenda II (GSGDA II) relating to policy objectives that are relevant to the Ministry of Trade and Industry (MOTI): improving Private Sector Productivity and Competitiveness Domestically & Globally, attract Private Capital from both Domestic and International Sources, pursue and Expand Market Access, Promote and Enabling Environment and Effective Regulatory Framework for Corporate Management, Improve Competitiveness and Efficiency of MSME, Ensure rapid Industrialization driven by strong linkages to Agriculture and other Natural Resource Endowments

### Website (Weblink)

http://www.mofep.gov.gh/sites/default/files/pbb-estimates/2017/2017-PBB-MOTI.pdf

### Awarding Authority (Name)

Ministry of Trade and Industry (MOTI)

### Awarding Authority (Details)

Contact the Ministry of Trade and Industry (MOTI)

### Implementing Authority (Name)

Ministry of Trade and Industry (MOTI)

# REDUCTION OF THE SPECIAL PETROLEUM TAX IMPOSED ON SUPPLY OF SPECIFIED PETROLEUM PRODUCTS BY LICENSED OIL MARKETING COMPANIES TO 13%

## Brief Description

The rate of Special Petroleum Tax has been reduced from 15% to 13% and is to be calculated on the ex-deposit price of petroleum products listed in the schedule of the Special Petroleum Tax Act, 2014, Act 879 (as amended) for petrol; diesel; liquefied petroleum gas; natural petroleum gas; and kerosene

## Legal Reference Name

Special Petroleum Tax (Amendment) Act 2018

## Legal Reference (Law section/ Article)

Note 1: Section 26 (1) (2) and (3) & (4). Note 2: Harmonized System (HS) Code Third Schedule

## Sector(s)

Petrol; diesel; liquefied petroleum gas; natural petroleum gas and kerosene

## Website (Weblink)

http://www.npa.gov.gh/

## Eligibility Criteria (Description)

Company principally engaged in petrol; diesel; liquefied petroleum gas; natural petroleum gas and kerosene

## Awarding Authority (Name)

GRA

## Awarding (Additional Details)

The tax is administered by the GRA and should be remitted by  the last working day of the month following the month of the transaction.

## Implementing Authority (Name)

Ghana Revenue Authority (GRA)

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