



UKGCC WEBINAR
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ENSURING COMPLIANCE WITH THE FREE ZONES ACT, 1995 (ACT 504)

A GUIDE FOR BUSINESSES



UKGCC
Creating networks, connecting businesses

This is a great platform to connect & educate potential British Investors on compliance with the Free Zones Act.



Ghana Free Zones program is governed by an Act of Parliament – Free Zone Act 1995 (Act 504)

- 1 Enable the establishment of free zones in Ghana
- 2 To promote economic development
- 3 To regulate Free Zones activities

Other operational details are indicated in the Free Zone Regulations (1996) L.I. 1618.



These two legislative documents stipulate the obligations of free zone enterprises

Scope of my presentation...



One

Brief on the free zones program

Two

Compliance at pre-application Phase

Compliance during the application processing Phase

Three

Compliance during the operational phase as a free zone enterprise

Four



**Brief on the
Free Zones
Programme**

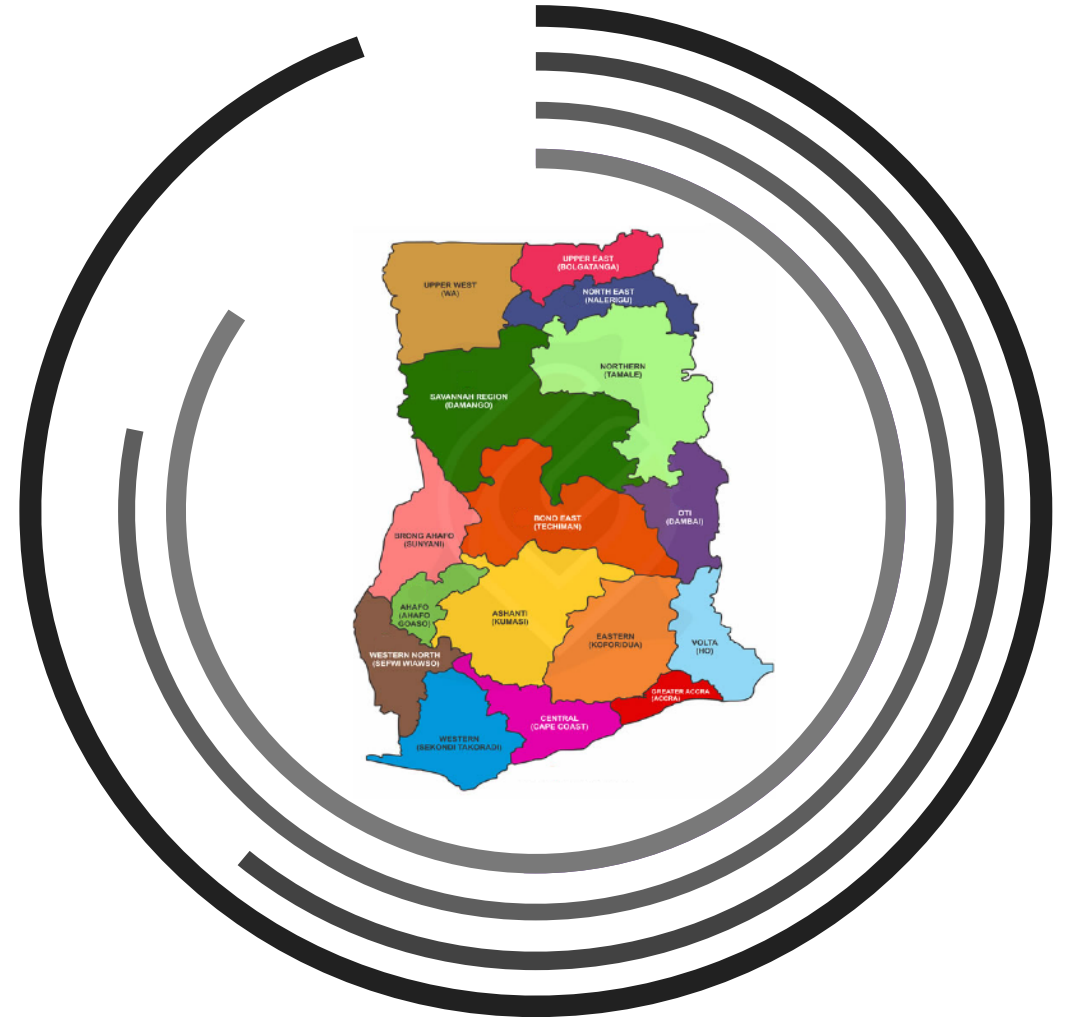


Ghana's Free Zone has been designed to promote the processing of goods and services for export

The whole of Ghana is accessible to potential investors. Investors have the flexibility of locating in an Export Processing Zone

The Ghana Free Zones Programme is a government supported program which is private sector driven

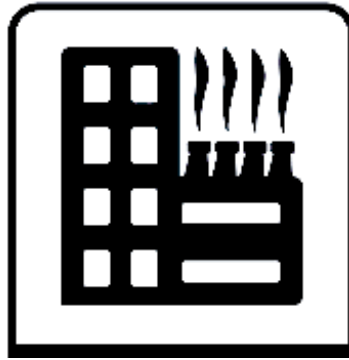
The aim of the program is to promote the processing and manufacturing of goods mainly for export.





Deep dive into
the four areas of
investment

DEVELOPERS



Investors are required to develop industrial estates for lease or sale to other free zone investors for manufacturing, service or commercial/ warehousing activities.

MANUFACTURING



Where investors are required to add value to raw materials or production of goods mainly for export. This includes Agro processing, textile, Mining, Petroleum Sector and manufacturing, among others



Deep Dive into
the four briars
areas

SERVICES



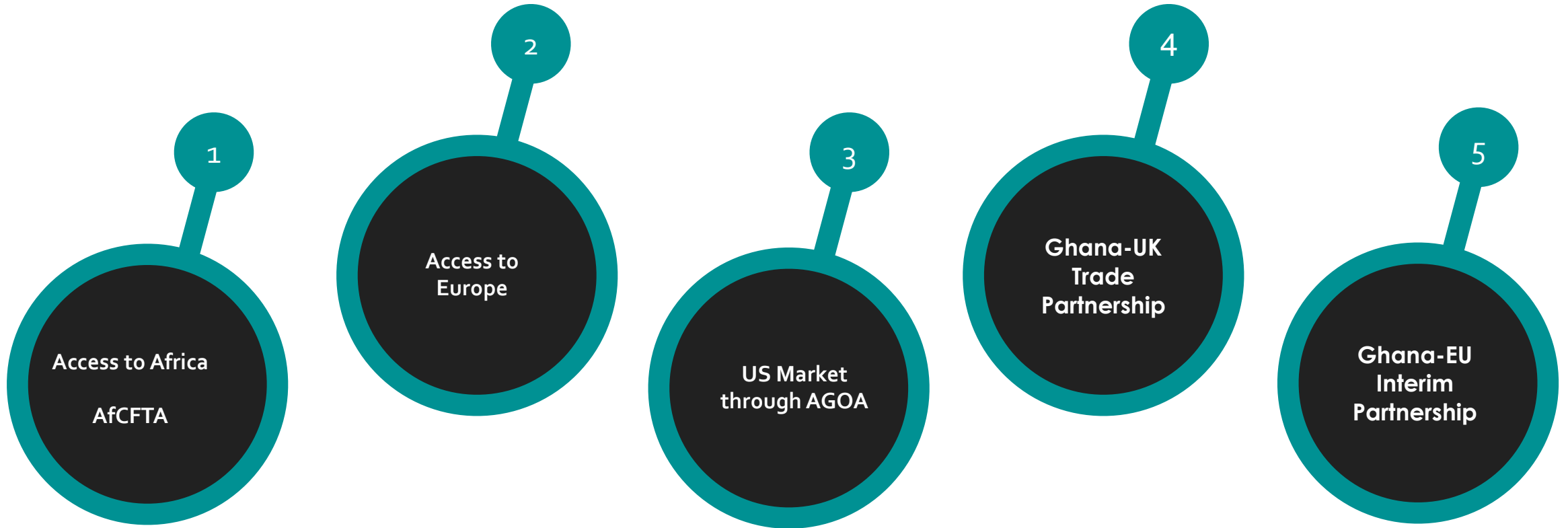
Investors can undertake technology based services for clients outside Ghana. Areas for investments within this sub-sector include Business Process Outsourcing and software development.

COMMERCIAL



Investors are allowed to bring in goods in bulk, break bulk and mix for re-export to other destinations. Transit good however would not qualify for preferential treatment under AfCFTA

GHANA GIVES YOU MORE



COVID

The Covid-19 pandemic has shown that businesses need to diversify their locations to survive such global disruption and Ghana can be your base in Africa.

**Compliance at
Pre-Application
Phase**



Undertake a feasibility study and draft a business plan

Identify potential clients in their export markets

Acquire/Commence the acquisition of land or warehouse

Apply for Environmental Impact Assessment

Incorporate a company with the Registrar Generals Department

Obtain a GFZA Application Form at US\$200.00

**Compliance
During the
Application
Processing
Phase**



Business Plan

Copy of certificate of
incorporation

Copy of certificate to
commence business

Copy of certificate to commence
business

Copy of Companies' Code

Evidence of possession or lease of
real estate property or intent to
acquire such property

Environmental Protection
Agency Permit

Evidence of Funding/Capital
Transfer

Any other relevant document
acquire such property

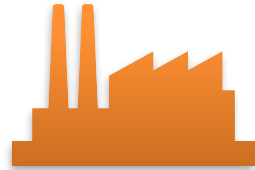
APPROVAL WINDOW

The application so submitted goes through a process and the GFZA is expected to notify the applicant of the status of the application for license within 28 working days of receipt of complete application.

LICENSE



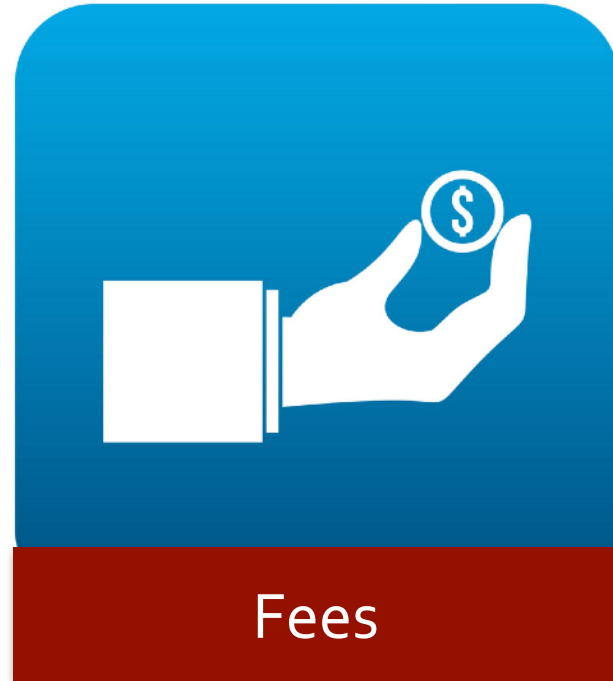
Successful applicants are to commence activities within six (6) months of approval



If it is a brown field investment without machinery, then the installation of machinery should commence within six (6) months.



If it is a brownfield investment with machinery i.e. acquisition of an existing company, then actual production should commence within six (6) months.



Manufacturing
\$3,000

Service
\$3,000

Commercial
\$10,000

Developers
\$5,000

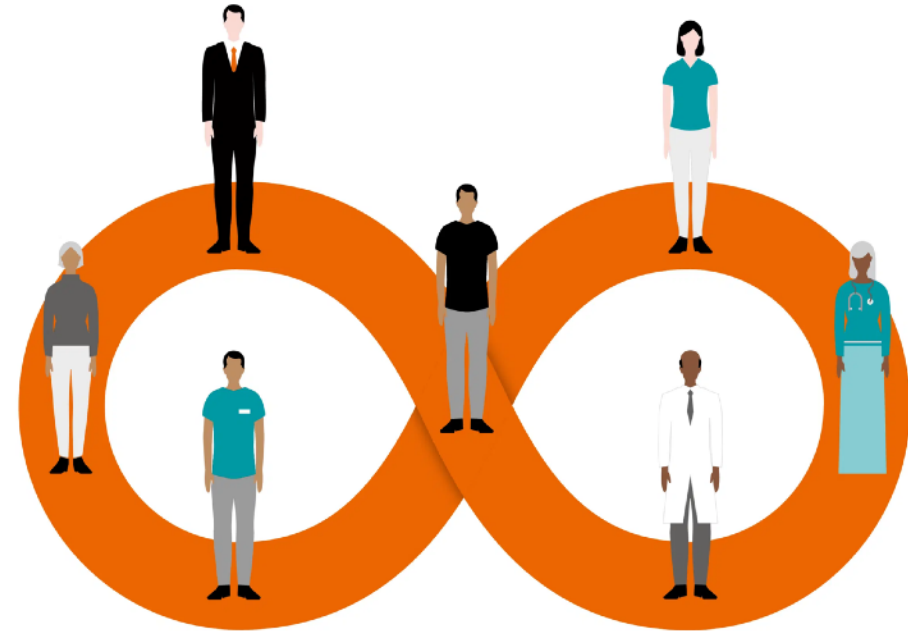


Sales & Distribution

Minimum
70%
Export

30% Local
Distribution

**Compliance
During the
Operational
Phase as a
Free Zone
Enterprise**





MONETARY INCENTIVES

Import & Export

100% exemption from payment of **direct and indirect duties and levies** on all **imports for production** and exports from free zones.

Income Tax

100% exemption from payment of **income tax** on profits for 10 years which will not exceed **fifteen percent (15%) thereafter**.

Withholding Tax

100% exemption from payment of **withholding taxes** from dividends arising out of free zones investments.

Double Taxation

Relief from **double taxation** for foreign investors and employees where Ghana has a double taxation agreement



**NON
MONETARY
INCENTIVES**

BUREAUCRATIC RELIEFS

**Relief from various Bureaucratic
restrictions and statutory requirements**

LICENSE

No Import Licensing Requirements

CUSTOMS

Minimal customs formalities

DIVIDEND

**No restrictions on repatriation
of dividends or net profit**

FOREIGN LOAN SERVICING

**No restrictions on payments for
foreign loan servicing**

AND MORE

Additional Facts to note ...

1

No unauthorized operation is permitted. 30 days notice required

3

Compliance with Factories, Offices and Shops Acts 1970 (Act 328) and EPA Regulations.

5

Payment of annual license renewal fees as determined by the Board. Currently the renewal fees are

2

Submission of quarterly returns and annual financial statement to the Authority

4

Submission of annual financial statement to the Ghana Revenue Authority

6

Application for work and residence permits for expatriates through the Authority with the appropriate fees. Currently the fees are:



Developer - \$ 4,000

Manufacturing - \$ 2,500

Service - \$ 3,000

Commercial - \$ 5,000



Year 1 & 2 (\$450.00 p/y per expat)

Year 3 & 4 - (\$800.00 p/y per expat)

Year 5+ - (\$1,500 p/y per expat)

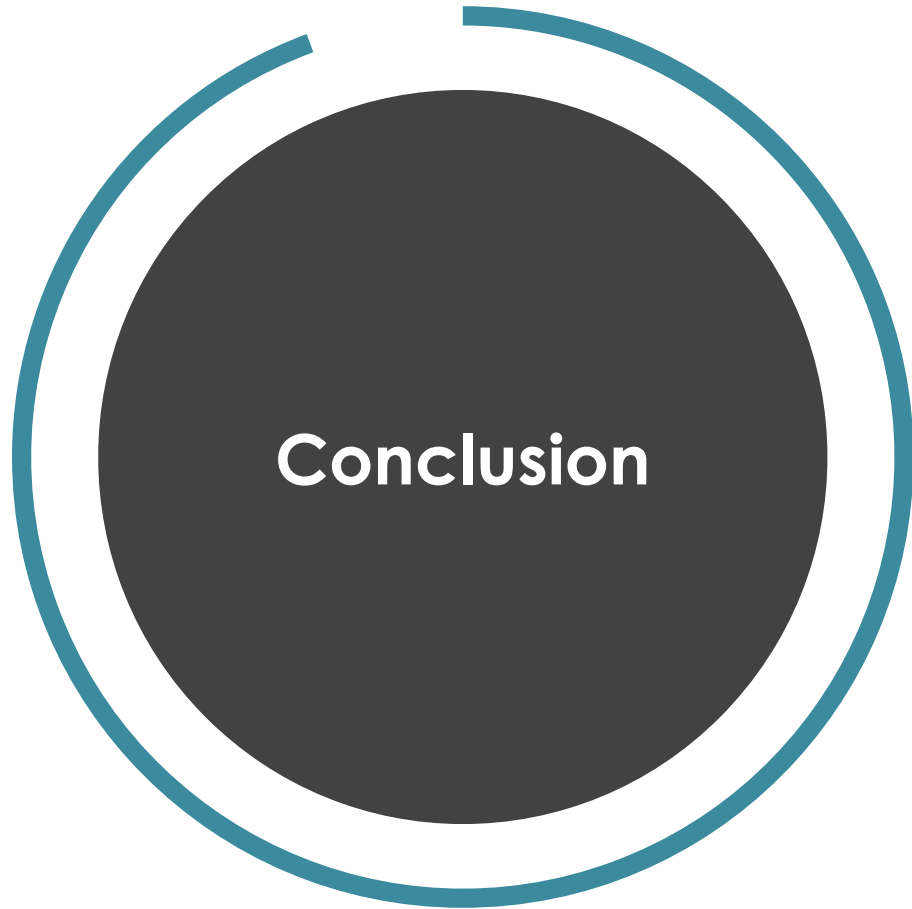
OTHER DOCUMENTS

There are other documents required such as appointment letter, educational certificates and police report for first time applicants.



**IMPORTANT
POINTS
TO NOTE**

- Wages must be above minimum wage
- Application of ILO Convention (which Ghana is signatory to)
- Utilization of at least 1% of total wage and salary bill towards training of Ghanaian staff
- Consignment of all goods to the licensed Free Zone Enterprise and Customs documents relating to the importation should bear the license number of the Free Zone Enterprise.
- No removal of goods from a Free Zone unless a declaration has been made on the relevant GFZA Forms through the GFZA to the Customs Division.
- Keeping of records and accounts of all activities as approved by the GFZA and preserved for at least three years.
- Records should be made available at all times at the request of a Customs Officer.
- Goods can be exported into the National Customs Territory for further processing (temporary removal) with the approval of the GFZA and preserved for at least three months before returning to the free zone enterprise.
- Goods given free of charge are subject to applicable taxes and form part of the 30% local sales.
- Notification of termination of activities six (6) months before actual termination.

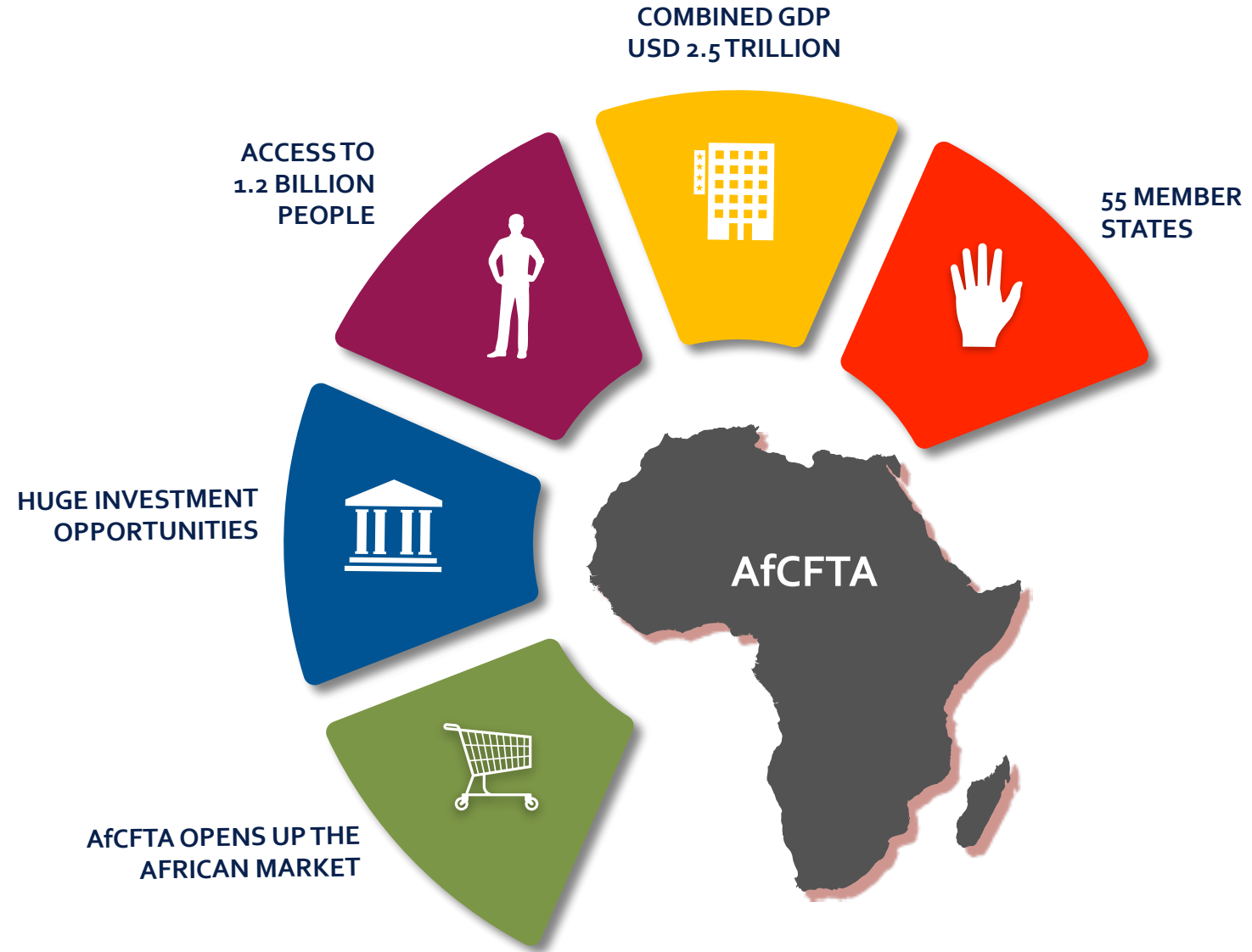




I would like to state that throughout the process from pre-application to operating as a free zone enterprise, the GFZA guides investors and assist in applying for documents form other agencies.

Once a company decides to locate as a free zone enterprise and approaches the Authority, we work with you throughout the life of the company.

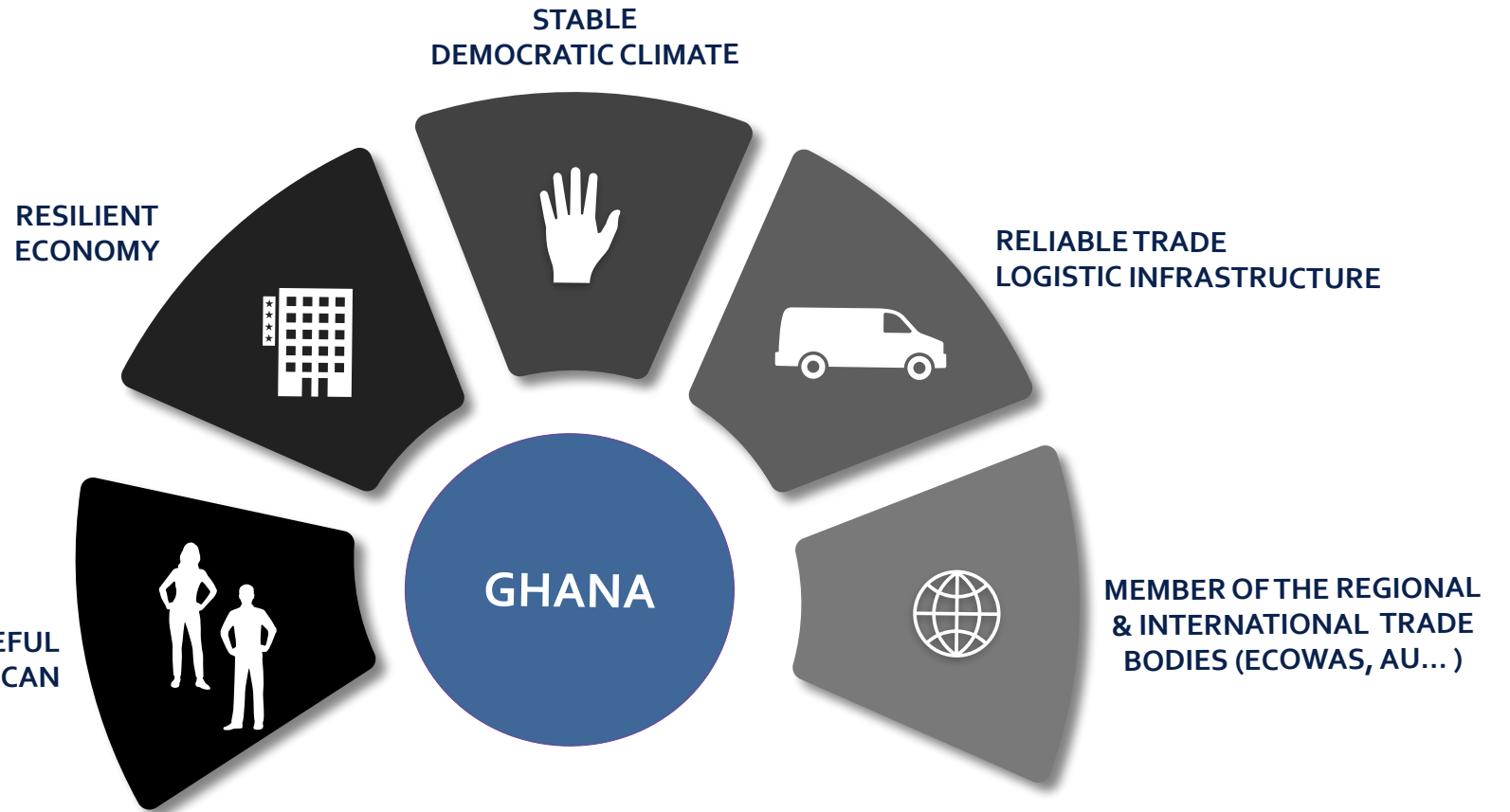
Africa awaits your investment and it presents you with a wide range of opportunities ...



.... and Ghana is ready to host you as the central point and access to Africa and the Rest of the world



2nd MOST PEACEFUL COUNTRY IN AFRICA



Thank You



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