

GHANA TAX NEWS FLASH

Ghana Revenue Authority announces discontinuation of VAT Relief Purchase Order arrangement for upstream petroleum operators

November 2026

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01

Executive summary

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Ghana Revenue Authority announces discontinuation of VAT Relief Purchase Order arrangement for upstream petroleum operators



- *On 22 September 2026, the Ghana Revenue Authority (GRA) announced the discontinuation of the Value-Added Tax (VAT) Relief Purchase Order (VRPO) mechanism for upstream petroleum operators, effective 1 November 2026, and directed operators to pay VAT on qualifying purchases and subsequently apply for refunds through the VAT refund mechanism.*

- *The GRA extended the existing VRPO arrangement to 31 October 2026 to facilitate a smooth transition and to allow stakeholders adequate time to prepare for the new administrative framework.*

- *Upstream petroleum operators have been required to submit detailed information on their major suppliers from January 2025 to date within 14 days of receiving the notice letter to support advance verification processes and expedite the handling of future VAT refund claims.*

- *The directive will likely have significant cash-flow and cost implications for upstream petroleum operators, particularly given that petroleum agreements (PAs) often exempt them from paying VAT on qualifying expenses, even though supplies made to them are otherwise taxable.*



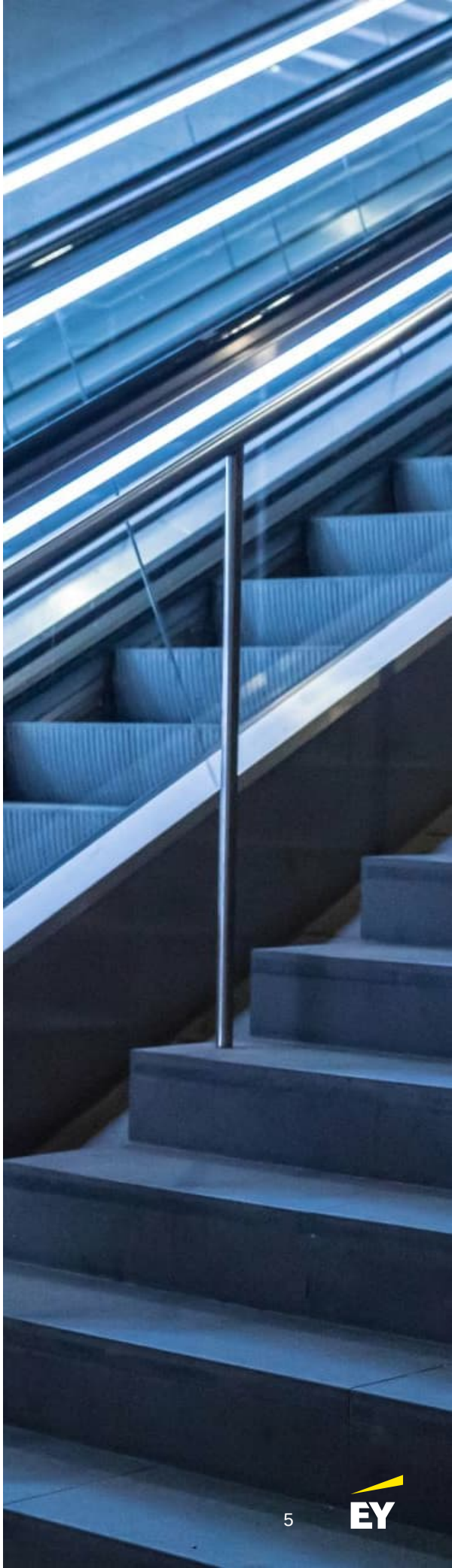
1.0 Executive summary

The Ghana Revenue Authority (GRA) announced on 22 September 2026 that the current Value-Added Tax (VAT) Relief Purchase Order (VRPO) arrangement for upstream petroleum operators will be discontinued effective 1 November 2026, following an extension of the existing arrangement from 30 September 2026 to 31 October 2026. According to the GRA, the transition from the existing VRPO arrangement to the refund-based arrangement is expected to take effect from 1 November 2026. Unless the GRA formally announces a revised timeline, 1 November 2026 remains the announced implementation date; the possibility of further taxpayer engagement should not be interpreted as a confirmed postponement. Affected operators should therefore prepare for the transition while engaging directly with the GRA to seek written clarification on implementation arrangements, refund procedures and any subsequent changes.

Under the new framework, operators will be required to pay VAT on qualifying purchases and subsequently apply for VAT refunds.

To support the transition, the GRA has requested that each operator submit information on their major suppliers from January 2025 to date within 14 days of receipt of the publication on the discontinuance of the VRPO system. This is intended to strengthen the administration, monitoring and verification of VAT reliefs, while enhancing visibility over suppliers and underlying transactions.

The GRA clarified that the discontinuation of the current VRPO regime does not affect underlying VAT reliefs but only changes the mechanism through which such reliefs are administered. However, the directive has significant cash-flow and cost implications for petroleum operators.





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Detailed Discussion

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2.0 Detailed Discussion

What changes would the directive make, if implemented as announced?

Currently, petroleum operators are permitted to obtain VAT relief at the point of purchase by utilizing VRPOs, thereby relieving them of having to pay cash for VAT on qualifying transactions.

In contrast, under the GRA's new proposed VAT reliefs arrangement, petroleum operators will be required to pay the applicable VAT on qualifying purchases in the ordinary course of business and subsequently recover the VAT through a refund process. The new arrangement will affect purchases of goods and services that would otherwise have administratively been relieved from VAT. This will ultimately affect the cashflow of petroleum operators, considering the significant level of transactions and values involved in petroleum operations. Suppliers to upstream petroleum operators will continue to charge VAT on qualifying transactions under the standard VAT regime, and petroleum operators will now be required to pay their suppliers cash for the VAT and subsequently initiate a refund process to claim the VAT paid.

What information does the directive require operators to provide the GRA?

To facilitate the implementation of the new arrangement, each upstream petroleum operator must provide the GRA with information in respect of its major suppliers for the period January 2025 to date. The information required includes the:

- Name of supplier
- Taxpayer Identification Number (TIN)
- Nature or type of goods or services supplied
- Total value of purchases or supplies during the period
- VAT charged during the period
- Total VAT paid in respect of the purchases
- Number and dates of relevant VAT invoices
- Contract or purchase order reference, where applicable
- Contact details of the supplier

According to the GRA, the information will support advance verification exercises, supplier profiling and transaction reviews, all of which are intended to facilitate the efficient processing of VAT refund applications once the new regime takes effect.

Detailed Discussion Cont'd

What does the directive require of affected operators under the new arrangement?

When the VRPO mechanism is discontinued, operators will be required to ensure that VAT is paid on qualifying purchases and that adequate records are maintained to support subsequent refund applications. Affected operators will be expected to maintain robust documentation demonstrating the nature of the underlying transactions, the legitimacy of the VAT incurred and the link between the expenditure and qualifying petroleum operations.

The GRA has emphasized in the directive that VAT refund claims should be supported by complete and accurate documentation such as valid VAT invoices, contracts and agreements, purchase orders, proof of payment, customs documentation (where relevant) and any additional supporting records required under applicable laws.





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EY Point of View

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3.0 EY Point of View

In our opinion, the administration of VAT relief for upstream petroleum operators should be modernised without requiring operators to fund VAT on qualifying purchases upfront and subsequently recover those amounts through a refund process.

Where upstream petroleum operators remain entitled to VAT relief under a PA, the effectiveness of the administrative framework should be assessed not only by the level of oversight available to the GRA, but also by the extent to which the framework preserves the practical benefit of that relief. Improvements in verification, transparency and control need not necessarily require the replacement of relief at the point of purchase with a refund-based arrangement.

A technology-enabled framework incorporating pre-transaction verification and enhanced GRA oversight of suppliers and qualifying transactions could strengthen the administration of the relief while reducing the cash-flow burden that refund-based arrangement regime may impose on upstream petroleum operators.

One such framework could involve digitising the existing VRPO process through the Integrated Tax Administration System (ITAS), which the GRA already utilises. ITAS could be configured to generate VRPOs once the GRA has verified the required supporting documentation, thereby enhancing administrative oversight while preserving access to relief at the point of purchase.

This technology-enabled approach could provide a more balanced basis for reform, particularly given the scale and capital-intensive nature of upstream petroleum operations. It could also preserve the intended economic benefit of the VAT relief for upstream petroleum operators while providing the GRA with appropriate safeguards to verify qualifying transactions and protect the integrity of the relief.





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Implications and Next steps

EY

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4.0 Implications and Next Steps

Business implications if the VRPO regime is discontinued

Upstream petroleum contractor

The discontinuation of the VRPO regime would likely have significant operational, financial and compliance implications for upstream petroleum operators. While the substantive VAT exemption available under applicable PAs would remain unchanged, operators would be required to pay VAT upfront and subsequently recover the VAT through the refund mechanism administered by the GRA. Thus, from a cash-flow perspective, operators would experience increased working capital requirements, particularly for operators undertaking substantial procurement activities or large capital expenditure projects.

The new arrangement could also increase compliance and documentation requirement, as operators will need to maintain robust records to support refund applications. Businesses may therefore need to review and strengthen their existing finance, procurement and tax compliance processes to accurately prepare and efficiently support refund claims during GRA verification exercises.

In addition, the GRA's request for historical supplier information and its stated objective of enhancing supplier profiling and transaction verification seem to suggest increased scrutiny of procurement transactions within the upstream petroleum sector. As a result, operators may need to reassess supplier data management processes and make sure that supplier information and transaction records are complete, accurate and readily available.

The effectiveness of the new framework will also depend on the efficiency of the VAT refund process. Accordingly, delays in the processing of refund claims could have financial and operational implications for affected businesses.



Implications and Next Steps Cont'd

Business implications if the VRPO regime is discontinued (cont'd)

Subcontractors

For subcontractors, supplying goods and services to upstream petroleum contractors, the discontinuation of the VRPO arrangement would mean that VAT on qualifying supplies would still be charged and collected in the ordinary course rather than relieved through the VRPO mechanism. Subcontractors will, therefore, be required to issue the appropriate VAT invoices and account for the VAT charged.

The new arrangement could ease some of the administrative challenges associated with the VRPO process. Subcontractors would no longer have to rely on upstream petroleum contractors obtaining and providing VRPOs to support the VAT relief applied to qualifying supplies. This may reduce delays associated with obtaining VRPOs and the related challenges that arises during GRA tax audits where the relevant VRPO is unavailable or obtained late.

However, from a cash-flow perspective, should the implementation proceed, subcontractors may experience cash-flow pressures under the new arrangement, particularly if there is a timing difference between remitting VAT to the GRA and collecting the VAT charged to upstream petroleum contractors. This may be more significant if operators have extended payment terms or delays arise in settling invoices. Subcontractors may therefore need to assess the impact of the new arrangement on their working capital and closely monitor the collection of VAT from upstream petroleum contractors.

Also, the GRA's increased focus on supplier profiling and transaction verification could increase scrutiny on transactions between subcontractors and upstream petroleum contractors. Subcontractors should, therefore, make sure that their VAT invoices, proof of payment and other transaction records are complete, accurate and consistent with the underlying supplies made to operators.

Subcontractors should be sure that information maintained in their records is consistent with information that upstream petroleum contractors submit to the GRA, particularly in relation to the nature and value of supplies, VAT charged, VAT paid and the details of the relevant VAT invoices. Accordingly, subcontractors would need to strengthen their invoicing, record-keeping and reconciliation processes so that transactions with upstream petroleum contractors can be readily supported during GRA verification exercises.

Next Steps

Upstream petroleum operators should consider engaging with the GRA to comment on the proposal, particularly with regard to the cash-flow issues arising from the directive.

Although the GRA has indicated that measures will be implemented to expedite the processing of refund claims, it is not yet clear how this would be accomplished, particularly when refund amounts earmarked for refund dispensation appear inadequate. It could be helpful for the GRA to prioritize digital tools that improve tax administration and efficiency under the circumstances.

For the time being, while there maybe pushback on the implementation of the directive, petroleum operators should still assess the financial, operational and compliance implications of the transition from the VRPO arrangement to the VAT refund mechanism.

In particular, petroleum operators should, depending on their particular circumstances, consider:

- Reviewing existing procurement, accounts payable and tax compliance processes to prepare to support the new refund-based framework
- Assessing the completeness and accessibility of supporting documentation required for VAT refund applications
- Compiling and submitting the requested supplier information to the GRA within the prescribed timeline.
- Strengthening internal controls relating to transaction recording, document retention and supplier verification
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- Strengthening internal controls relating to transaction recording, document retention and supplier verification
- Developing procedures for tracking VAT incurred on qualifying purchases and monitoring the status of refund claims
- Engaging proactively with the GRA on any implementation issues and seek clarification where necessary regarding refund procedures and documentation requirements while pushing for alignment with the letter of the PA granting the VAT reliefs.

Implications and Next Steps Cont'd

Petroleum subcontractors should continue to watch for revision to the publication of the implementation directive from the GRA to assess whether their supplies to operators may be treated administratively as standard-rated or relief supplies. This would affect net VAT position of petroleum subcontractors.

Petroleum upstream businesses should continue to monitor further guidance from the GRA regarding the administration of the refund mechanism and seek the services of tax consultant where necessary

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