

EY Reference Guide to the New VAT Act, 2025 (Act 1151)

January 2026



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Executive summary

01



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Ghana's Parliament enacts several indirect tax-related laws, effective 1 January 2026

- ▶ *Ghana's Parliament has enacted several laws, which introduces significant changes to indirect taxation, effective from 1 January 2026, aimed at enhancing tax compliance and administration.*
- ▶ *The value-added tax (VAT) rate has been unified at 15%, while the previous flat rates for certain supplies have been abolished, requiring businesses to adjust their pricing and compliance approaches accordingly. The levies that go with the VAT remain at the aggregate rate of 5%.*
- ▶ *New administrative measures include stricter penalties for VAT nonregistration, increasing the administrative burden on businesses, and emphasizing the need for timely compliance.*
- ▶ *New substantive measures include changes in the scope of taxable activity, taxable supply, exempt supplies, zero-rated supplies, and relief supplies.*
- ▶ *Affected entities should consider the implications of these changes on their operations, ensure their systems are updated to reflect the new VAT Act, and prepare for increased scrutiny from Ghana Revenue Authority.*

1.0 Executive summary

The Value Added Tax (VAT) Act, 2025 (Act 1151), National Health Insurance (Amendment) Act and Ghana Education Trust Fund (Amendment) Act have been enacted as part of the implementation of the Government of Ghana's (GoGs) VAT reform as per the 2026 Budget read by the Minister of Finance.

Due to the extensive length of this Alert, highlights of Ghana's key Indirect Tax Reforms (effective 1 January 2026) are listed here.

Abolishing cascading effect of some taxes

- ▶ The cascading effect of Ghana Education Trust Fund Levy (GETFund Levy), National Health Insurance Levy (NHIL) and Tourism Levy for qualifying domestic taxable supplies
- ▶ GETFund Levy and NHIL now deductible as input VAT
- ▶ The cascading effect of the GETFund Levy and NHIL appears to subsist for import of goods into the country
- ▶ The taxable value is presently the same for VAT, NHIL and GETFund Levy
- ▶ Covid-19 Levy abolished
- ▶ Notwithstanding the above, the cascading effect of Communications Service Tax and Excise Duty remains

VAT and levies structure

- ▶ Unified VAT rate: 15% on all taxable supplies (removal of 3% and 5% flat rates)
- ▶ NHIL and GetFund remains 2.5% each on all taxable supplies
- ▶ Expanded taxable activities includes natural resource exploration and export of nontraditional products (except cocoa, coffee, shea butter)

Registration rules

- ▶ Services: Mandatory registration required as turnover threshold is abolished unless otherwise permitted by the Commissioner-General (CG) of the Ghana Revenue Authority (GRA)
- ▶ Goods: Increased registration threshold from annual turnover of 200,000 Ghanaian cedis (GHS200k) to GHS750k
- ▶ Public entertainment promoters: Must register 48 hours before event (GHS10k threshold removed)

Compliance and enforcement - stricter penalties

- ▶ VAT nonregistration: Administrative penalty exposure increased to three times the unpaid tax (minimum) - previously two times (maximum)
- ▶ Upfront payment for unregistered importers: Administrative penalty increased from 12.5% to 20% of customs value, in addition to penalty for nonregistration
- ▶ Tax evasion: Maximum fine of three times the tax evaded and minimum of two times, and/or imprisonment for two to five years - previously, maximum penalty of three times the tax evaded and/or five years imprisonment

Reliefs and refund scheme

- ▶ Specific refund opportunity dispensation for qualifying relief suppliers in lieu of immediate or automatic VAT relief for entities listed in Third Schedule of the VAT Act

Reward scheme

- ▶ New reward scheme to be organized by GRA using invoice numbers from tax invoices or sales receipts issued to participants

Use of Fiscal Electronic Device (FED)

- ▶ Mandatory use of FED for issuing fiscal receipts to be implemented in 2026 in key sectors of the economy
- ▶ Electronic filing of VAT returns for FED users permissible





Selected sector specific changes

02



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- ▶ **Mining:** Relief from VAT now granted in respect of supply of goods and services in connection with reconnaissance or prospecting by holder of a valid reconnaissance license or prospecting license; Sector Minister of Finance signaled in 2026 budget statement that VAT on these supplies will be abolished (i.e., treated as exempt supply), but VAT Act instead treats them as relief supplies
- ▶ **Transportation and logistics:** Scope of zero-rated supply of services now specifically includes freight and insurance for export of goods as well as stevedoring, port operation services, and shipping line charges related to transit and transshipment
- ▶ **Manufacturing:** Extension of eligibility for zero-rated supplies for locally manufactured textiles as approved by Sector Minister for Trade, Agribusiness and Industry for periods up to 31 December 2028
 - CG can exercise discretion to grant manufacturers of locally manufactured textiles and sanitary towels a refund of excess credit
 - Zero-rated treatment for supply of locally assembled vehicles under Ghana Automotive Development Programme now abolished
- ▶ **Betting and gaming:** No longer listed under exempt supplies; betting and gaming businesses should assess extent to which the exclusion of their supplies from the First Schedule as exempt supplies make their supplies taxable or otherwise
- ▶ **Financial Services:** Management fees for management of private equity, venture capital and mutual funds no longer listed under exempt supplies, exposing affected transactions to VAT. Digital service has been expanded to include virtual and digital assets management services





Section by section analysis

03



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3.0 Introduction

► **Ghana Education Trust Fund (Amendment) Act, 2025**

Section 3A of Ghana Education Trust Fund Act, 2000 (Act 581) has been amended to delete the provision that makes GETFund Levy nondeductible as input VAT. This means that the GETFund Levy may now be claimed in the VAT input-output mechanism.

► **National Health Insurance (Amendment) Act, 2025**

The National Health Insurance (NHI) Act, 2005 (Act 852) has been amended to delete the provision that makes NHIL nondeductible as input VAT. This means that NHIL may now be claimed in the VAT input-output mechanism.

► **Value Added Tax Act, 2025 (Act 1151)**

The Value Added Tax Act, 2025 (Act 1151) ("VAT Act") has repealed and replaced the VAT Act, 2013 (Act 870) together with all its amendments, consolidating the law on VAT in one place. According to the memorandum to the VAT Bill laid before Parliament, the consolidation was key to improving clarity, consistency and legal certainty. This was particularly important because Act 870 had undergone several amendments that had resulted in the fragmentation of the legislative framework regulating VAT, thereby increasing its complexity. The following paragraphs summarize the key changes regarding the VAT Act. The summaries discuss each section of the VAT Act, highlighting how it differs from Act 870. For the purpose of these summaries, wherever VAT applies, NHIL and GETFund also applies.

3.1 Section by section analysis

Section 1 - Imposition of VAT; Section 2 - Persons liable to pay the tax

There were no material changes to the contents of these sections relative to Act 870.

Section 3 - Rate of tax

The flat-rate supply of 3% by qualifying retailers, as well as VAT on the supply of qualifying immovable property at a flat rate of 5%, have been removed.

EY Point of View

The flat-rate scheme operators are also now required to charge VAT at 15%.

This has unified the VAT regime and simplifies the compliance processes.

Section 4 - Taxable person

There has been no material change to the contents of this section relative to Act 870.

Section 5 - Taxable activity

This section has been amended to introduce exploration of natural resources and export of nontraditional products other than cocoa beans, coffee and shea butter as taxable activities.

EY Point of View

Taxable persons engaged in these activities must register for VAT and charge VAT on their supplies when the registration threshold is met.



Section by section analysis (cont'd)

Section 6 – Persons required to register

The registration requirement has been separated into taxable supply of services and taxable supply of goods. For taxable supply of services, the registration for VAT must be made within 30 days of commencement of the taxable activity.

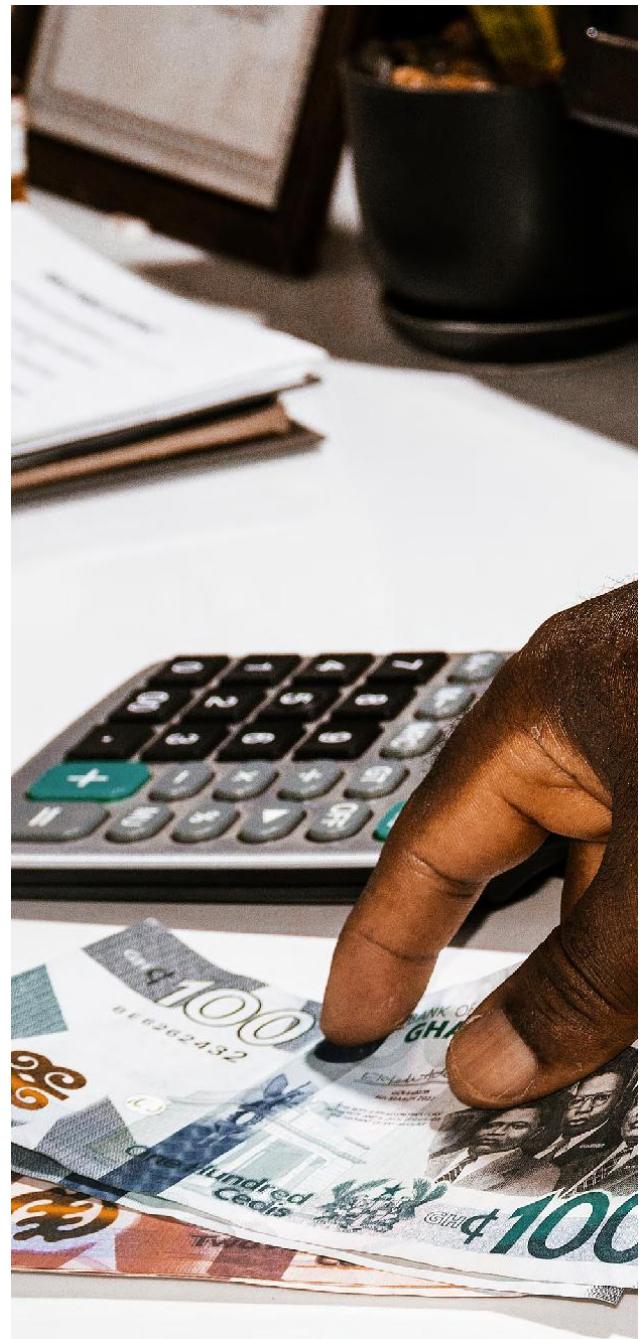
EY Point of view

There is no revenue threshold, as the trigger point is simply a taxable person engaging in a taxable activity in respect of a taxable supply.

For the supply of goods, a taxable person is required to register when it makes (or is expected to make) taxable supplies of at least GHS750k during the year, or proportionate part thereof in a monthly or quarterly period, as the case may be.

EY Point of View

Failure to include a de minimis threshold for supply of services could create implementation challenges for the GRA if no guidance is provided for how to practically make this provision workable, especially in the informal sector of the economy. For example, if small and medium enterprises are brought into the VAT “net”, it may defeat the purpose of the simplification agenda under the modification income taxation scheme because the scheme uses turnover threshold to earmark compliance. Thus, it could have been helpful to have maintained the turnover threshold for supply of services with necessary modification to align with the modified income taxation scheme.



Section 7 – Exceptions regarding thresholds and period for registration

This section was previously section 11 under Act 870.

The amendment has excluded from the law the registration requirement by a national, regional, local or other authority or body that carries on any taxable activity.

EY Point of View

The implication is that the general rule regarding registrations under section 6 will apply to these persons.

Further, the initial threshold of at least GHS 10,000 for registration of promoter of public entertainment has been removed.

EY Point of View

Public entertainers must register within forty-eight hours before the commencement of the public entertainment regardless of the revenue anticipated from the event.

Section by section analysis (cont'd)



Section 8 - Period for becoming a taxable person; Section 9 - Notice of registration; Section 10 - Certificate of registration; Section 11 - Notice of registration or cancellation in respect of turnover; Section 12 - Designation of taxable persons in respect of groups and distinct divisions; Section 13 - Voluntary registration

Some of these sections were captured under different sections under Act 870. However, there were no material changes to the contents of these sections relative to Act 870.

Section 14 - Compulsory registration

This section has been amended to include subsection b to allow the CG to compulsorily register a person when the CG considers it necessary to do so for VAT purposes.

EY Point of View

The implication is that, in addition to the CG's power to compulsorily register a person who fails to register when that person becomes registrable, the CG has been given a general power to compulsorily register a person in other circumstances as considered necessary. The basis or condition(s) that will trigger the exercise of the necessary discretionary power was not specifically stated in law. Although the CG has issued practice guidelines on this new Act, guidelines numbered GRA/AG/25/002, the CG did not specify what criteria would justify the compulsory registration outside persons who are required to register but fail so to do. Publication of guidelines to implement subsection b will be important to provide certainty for all qualifying stakeholders.

Section 15 - Unregistered, non-resident persons who provide telecommunication services or electronic commerce

This section was previously section 16 of Act 870.

This amendment omits the definition provided for "digital services" from the body of the section and introduces it under the interpretation section of the VAT Act. Further, a definition for "tax registered agent" has now been introduced in the context of section 15 as "a representative of a non-resident person who provides telecommunication services or electronic commerce in the country who is registered for the Tax."

Additionally, digital services were broadened to cover distance maintenance of programs or equipment, supply of software or software updates, virtual asset management services and digital asset management services. Further, online gaming was excluded from the definition.

EY Point of View

Following the enactment of Virtual Asset Service Providers Act, 2025, the introduction of taxation of digital or virtual assets in the VAT Act provides the necessary clarity regarding the extent to which these virtual transactions are taxable.

Section 16 - Sanctions for the failure to register

The sanction for noncompliance has been increased from maximum exposure of two times the amount of tax payable on taxable supplies to minimum of three times the tax payable.

EY Point of View

Persons who fail to register when they become registrable are faced with stiffer sanctions under the VAT Act, as the CG has the leeway to penalize recalcitrant taxpayers using the minimum threshold. In this regard, no maximum limit seems to apply to the CG's ability to sanction; future amendments by Parliament of Ghana could require the CG to be fair and reasonable or place limit on his powers.

Section by section analysis (cont'd)

Section 17 - Upfront payment by unregistered importer

This section was previously section 15A of Act 870. The amendment has increased the upfront payment of VAT by an unregistered person from 12.5% to 20% of the customs value of the taxable goods.

EY Point of View

It is worthy of note that this new rate of 20% does not align what is provided for in section 3 of the VAT Act (15%), despite that the tax reform was aimed at avoiding distortions in law. Parliament could have introduced the 5% into the respective GETFund Act (2.5%) and NHI Act (2.5%) to achieve the same aggregate rate of 20%.

Section 18 - Register of taxable persons; Section 19 - Notice of change in business

These sections were captured under different sections under Act 870. However, there were no material changes to the contents of these sections under the VAT Act relative to Act 870.

Section 20 - Notice of change in business

This section was previously section 19 of Act 870.

Section 19(1)(d), which read as "has no fixed place of business or abode," has been deleted.

EY Point of View

The import of this amendment is that a person remains registrable for VAT even if they do not have a fixed place of business or abode from which they operate or run their business.

This has become particularly relevant due to the current digital world and online business, which does not necessarily operate from a specified bricks and mortar location.

Section 21 - Supply of goods

The contents of this section were previously part of the section 20 of Act 870, which covered the supply of both goods and services.

EY Point of View

This section has been introduced to specifically address what constitutes the supply of goods for VAT purposes. There were no material changes to the contents of this section under the VAT Act relative to Act 870.

Section 22 - Supply of services

The contents of this section were previously part of the section 20 of Act 870. This section has been introduced to specifically address what constitutes the supply of services for VAT purposes. The definition of what constitutes supply of services has been expanded to include the grant, assignment or surrender of any right. Thus, the law clarifies that any taxable person who engages in transactions relating to assignment and leasing of property, etc., generates taxable supply and the person becomes exposed to registration.

Section 23 - Repossession of goods as supply of goods; Section 24 - Lay-away agreement as supply of services; Section 25 - Separate supply; Section 26 - Activities that do not constitute supply of goods or services; Section 27 - Effect of denial of input tax

These sections were captured under different sections under Act 870. However, there were no material changes to the contents of these sections under the VAT Act.

Section 28 - Payment of deposit and receipt of claim as supply of goods or services

This section was previously section 26 of Act 870. There has been no material change to the contents of this section.

Section 29 - Disposition of taxable activity

This section was previously section 28 of Act 870. The only material change to the contents of this section is the introduction of this language in subsection (1)(a) of "the disposition of a taxable activity, including a disposition of a part of a taxable activity capable of being operated separately, by a taxable person is a supply of goods under subsection (3) of section 21."

EY Point of View

The amendment consolidates some of the provisions of Regulation 8 of the VAT Regulations, 2016 (LI. 2243) into the VAT Act.

Section by section analysis (cont'd)

Section 30 – Phone cards, prepaid airtime and other prepayments as supply of services; Section 31 – Mixed supplies; Section 32 – Supply by agent or auctioneer; Section 33 – Taxable supply

Some of these sections were captured under different sections respectively under Act 870. However, there were no material changes to the content of these sections.

Section 34 – Payment of tax on importation of goods or services

There has been no material change to the contents of this section save changes in reference from "the Customs, Excise and Preventive Service (Management) Act, 1993 (P.N.D.C. Law 330)" to "the provisions of the Customs Act 2015, (Act 891)." Similarly, the reference to section 53 of Act 870 has been changed to section 61 of the VAT Act. The contents of section 53 of Act 870 and section 61 of the VAT Act are the same.

Section 35 – Exempt supply; Section 36 – Zero-rated supply

There were no material changes to the contents of these sections.

Section 37 – Exempt import

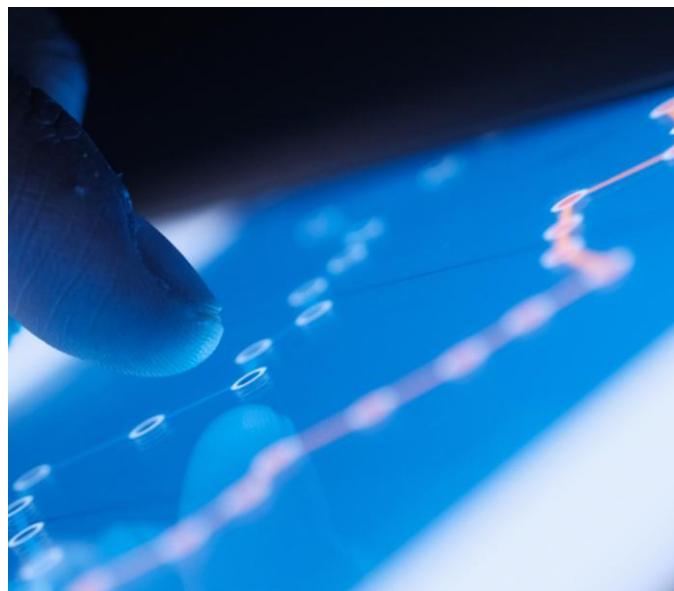
The only material change to the contents of this section is the replacement of "the Customs Tarriff Schedule" with "Part C of the Third Schedule of the Harmonised Commodity Description and Coding System."

EY Point of View

The reference to what will be deemed as exempt for VAT purposes under the Customs Act must be made in reference to the Third Schedule of the Harmonised Commodity Description and Coding System.

Section 38 – Relief from tax

The only material changes to the contents of this section clarify the persons and matters affected by the relief introduced in subsection 1, which previously was gleaned from the Third Schedule to the Act.



Section 39 – Time of supply

The wording of section 39(1) has been changed slightly to be more specific. Adding the phrase "made under this Act" means that only VAT Regulations (and no other regulations) can define what constitutes time of supply.

EY Point of View

To avoid ambiguity, the Regulations as seen in Act 870 is now specified to mean a regulation that is made under the VAT Act. Similar drafting changes were made in other parts of the VAT Act.

Further, the restriction ensures strict reliance on specific laws in the construction of time of supply and related matters.

Additionally, the concluding wording of section 39(2) has been updated to include "sales receipt."

EY Point of View

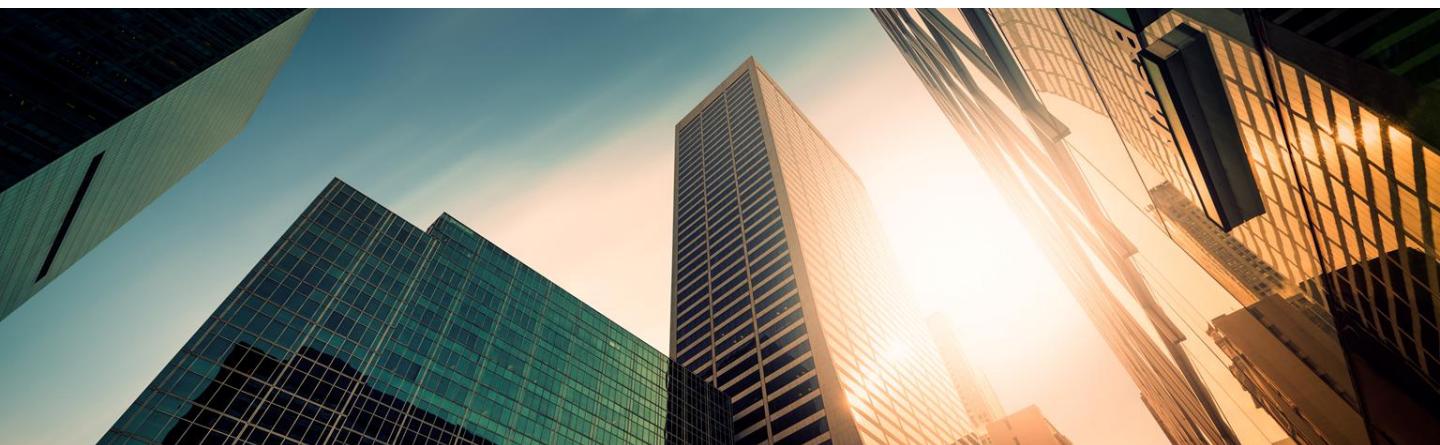
It provides the needed clarity that "sales receipt" is recognized in transactions falling under the said section.

Also, section 39(11) has been revised from "a supply of goods made through a coin-operated machine" to "a supply of goods made through a cash-operated or token-operated machine."

EY Point of View

Token has now been defined in the interpretation section and is broader in scope to capture digital and physical instruments, etc.

Section by section analysis (cont'd)



Section 40 – Time of import

There has been an amendment to section 40(2) to provide that "an import of services occurs at the time determined by the application of section 39 to the import on the basis that the import is a supply of services." Under Act 870, this subsection makes reference to section 19 instead of section 39.

EY Point of View

This is a correction of an error that existed in the Act 870, as the section 19 of Act 870, which addressed cancellation of registration, did not have a connection to section 40(2) of Act 870.

Section 41 – Place of supply of goods

This section was previously captured as part of section 42 of Act 870. The contents as it relates to place of supply of goods remains the same under this section of the VAT Act.

Section 42 – Place of supply of services

This section was captured as part of section 42 of Act 870. The contents as it relates to place of supply of services remains the same under this section of the VAT Act. The only material change relates to the power granted the CG under newly inserted section 42(11) to develop guidelines on the activities that amount to the use of a service by a recipient under section 42(2).

Section 43 – Issue of tax invoice or sales receipt

This section was previously section 41 of Act 870.

New section 43(9) provides that "a person satisfies the requirement under subsections (1) and (5), if that person issues a fiscal receipt in accordance with the Taxation (Use of Fiscal Electronic Device) Act, 2018 (Act 966)."

EY Point of View

The introduction is part of the plans of the GRA to implement Act 966 in 2026; by necessary implication, a VAT-registered person who issues a fiscal receipt using a FED would be deemed to have complied with the issuance of tax invoice or sales receipt requirements.

The GRA has indicated it plans to implement a reward scheme to promote VAT compliance.

EY Point of View

The scheme is to encourage buyers to collect their tax invoices or sales receipts.

Lastly, the administrative penalty for noncompliance with the VAT invoicing requirements has been moved to section 66 of the VAT Act .

EY Point of View

The change is part of the simplification process of the tax law.

Section by section analysis (cont'd)

Section 44 - Value of taxable supply

This section was previously section 43 of Act 870.

The value of taxable supply is now defined to exclude not only VAT, but also the GETFund Levy, NHIL and tourism levy.

EY Point of View

The implication is that in determining the VAT on the supply of goods or services, the value to be considered is the monetary consideration or the open market value of the supply in case the supply is not wholly for monetary consideration. The effect of this change eliminates the cascading impact of the levies. Nonetheless, communications service tax and excise duty remains exposed to cascading effect as it forms part of the determination of the value of the taxable supply where applicable.

Section 45 - Taxable value for determining the tax on imported goods and services

This section was previously section 44 of Act 870. The only material change to the contents of this section is the replacement of reference in section 45(1) from "section 29 to 35 of the Customs, Excise and Preventive Service (Management) Act, 1993 (P.N.D.C.L. 330)" to "sections 67 to 68 of the Customs Act, 2015 (Act 891)."

EY Point of View

Conspicuously missing in the provision is that the value of taxable imports should exclude NHIL and GETFund. By necessary implication, the cascading effect for NHIL and GETFund may still be at play at the ports.

Section 46 - Adjustments

This section was previously section 45 of Act 870. There has been no material change to the contents of this section.

Section 47 - Adjustments on account of bad debts

This section was previously section 46 of Act 870. Section 47(4) has been introduced to provide for specific circumstances under which a debt under subsection (3) shall be considered irrecoverable by the CG. The taxable person must prove to the satisfaction of the CG that actions have been taken to recover the amount, and that the actions have exhaustively proven futile and that the accounting entries required have been made in respect of the write-off.

EY Point of View

The change in law helps provide clarity to taxpayers on the substantive and procedural requirements to meet to claim a bad-debt deduction.

Section 48 - Tax payable for tax period

This section was previously section 47 of Act 870. There has been no material change to the contents of this section.

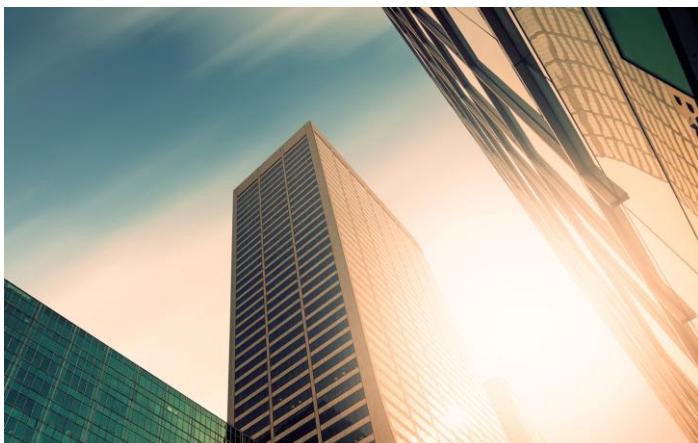
Section 49 - Deductible input tax

This section was previously part of section 48 of Act 870.

Section 49(5) has been newly introduced. This amendment requires a taxable person who is issued a FED fiscal receipt to provide their Taxpayer Identification Number (TIN) to the registered VAT vendor when making a purchase from the vendor. This is to enable the person issued with the fiscal receipt to claim the input VAT in respect of that purchase.

EY Point of View

The implication is that VAT-registered businesses must supply their TIN to vendors using the FED when transacting with them; otherwise they may not be entitled to claim input tax in respect of those supplies.



Section by section analysis (cont'd)

Section 50 - Qualification for deductible input tax

This section was previously part of section 48 of Act 870. There has been no material change to the contents of this section as it relates to qualification for deductible input tax.

creation of some transactions as relief supplies may be impaired because of the administrative business cost of the refund process and time value of money, etc. That said, the adverse effect will be less on qualifying relief manufacturers that sell to the local market with reasonable standard VAT output relative to zero-rated output.

Section 51 - Other conditions for deductible input tax

This section was previously part of section 48 of Act 870. There were no material changes to the contents of this section.

Section 54 - Time for payment of refund; Section 55 - Appointment of VAT withholding agent

These sections were captured under different sections under Act 870. However, there were no material changes to the contents of these sections under the VAT Act.

Section 52 - Deductible input tax for mixed taxable and exempt supply

This section was section 49 of Act 870. There has been no material change to the contents of this section.

Section 56 - Duties of a VAT withholding agent

This section was previously section 47B of Act 870. The only material change to the contents of this section is the introduction of subsection 2. The new subsection provides that once the VAT withholding agent has withheld the tax and paid it to the CG, the tax is considered to have been paid to the withholdee for the purposes of any claim made by the withholdee for payment of the amount withheld.

Section 53 - Refund or credit for excess tax paid

This section was previously section 50 of Act 870. There has been an introduction of paragraphs (c) & (d) of subsection 1. Under paragraph(c), persons engaged in the supply of locally manufactured textiles and sanitary towels, which are zero-rated, have an opportunity to obtain a refund of excess credit for which the CG can exercise the discretion to grant.

EY Point of View

The practice under Act 870 had been similar to the new provision.

Under paragraph (d), the CG may, upon receipt of an application for a refund, refund the excess credit attributable to that person where the person qualifies for relief under section 38.

Section 57 - Scope of VAT withholding agent

This section was previously sections 47C, 47D and 47E of Act 870. There has been no material change to the contents of this section.

EY Point of View

The implication is that persons who are relieved from VAT may apply for a refund of the VAT they have paid, where applicable, instead of automatic relief exemption. Prior to this, the general practice had been that persons who are relieved from VAT do not make cash payments for the VAT in the first place, so no refund arises. With this amendment, if fully enforced, it creates a scenario where the relieved person may have to make payment for the VAT on their relief purchases and claim a refund thereafter. This regime may create huge refund hurdle for affected taxpayers considering the administrative burden embedded in VAT refund processes. In the end, the benefit for the

Section 58 - Exemption from withholding tax

This section is newly introduced under the VAT Act as it was not part of Act 870. Under this section, the CG is empowered, upon receipt of an application, to exempt a person in writing from VAT withholding tax (WHT VAT) based on the person's satisfactory tax record. Prior to this amendment, WHT VAT was applicable on all payments made by the VAT withholding agent, if VAT applied to the transaction in respect of which the payment is made. With this amendment, persons may now be granted exemption from the application of WHT VAT once they satisfy the CG that they have kept satisfactory tax records.

Section by section analysis (cont'd)

EY Point of View

Prior to this amendment, WHT VAT was applicable on all payments made by the VAT withholding agent, if VAT applied to the transaction in respect of which the payment is made. With this amendment, persons may now be granted exemption from the application of WHT VAT once they satisfy the CG that they have kept satisfactory tax records.

This provides an opportunity for taxpayers to manage their cashflow as they may obtain the exemption from WHT VAT, thereby freeing cash that would have otherwise been withheld.

Section 59 - Submission of tax return

This section was previously part of section 52 of Act 870. The only material change to the contents of this section as it relates to submission of tax returns is that subsection 3 of the VAT Act has been introduced to allow a taxable person who is required to use a FED, to file a tax return electronically using the FED.

Sections 60 - Date of payment of Tax; Section

61 - Payment of tax on import of services;

Section 62 - Assessment of tax;

Section 63 - Correction of tax return;

Section 64 - Recovery of tax due

These sections were captured under different sections under Act 870. However, there were no material changes to the contents of these sections under the VAT Act.

Section 65 - Recovery from recipient of a supply

This section was previously section 56 of Act 870. Subsection 1(c) has been introduced to broaden the recovery net from recipients of supplies beyond exempt and zero-rated supplies to include relief supplies. The law states that "where, in respect of a taxable supply by a taxable person, the taxable person has, as a consequence of a fraudulent action or misrepresentation by the recipient of the supply, incorrectly treated the supply as a relief supply, the CG may raise an assessment on the recipient for the amount of unpaid tax, along with any interest or penalty that has become payable" (emphasis added).

EY Point of View

The implication of this provision is that recipients

of relief supplies who engage in fraudulent actions or misrepresentations may also be held liable for unpaid taxes, thereby reinforcing accountability and compliance within the tax system.

Section 66 - Failure to issue tax invoice

This section was previously section 58 and part of section 41 of Act 870. There has been no material change to the contents of this section save the introduction of subsection 2 to cover administrative penalty which hitherto was in section 41 of Act 870.

Section 67 - Evasion of tax

This section was previously section 59 of Act 870. The only material change to the contents of this section is a revision to the penalty for evading tax. The new provision reads that the penalty for evading tax is "not less than twice the amount of the tax being evaded and not more than thrice the amount of the tax being evaded, or to a term of imprisonment of not less than two years and not more than five years or to both," replacing the previous wording of "not more than three times the tax being evaded or to a term of imprisonment of not more than 5 years or both."

EY Point of View

This amendment introduces a lower limit of at least twice the amount of tax being evaded and establishes a minimum term of imprisonment of at least two years. This introduces stricter punitive measures for noncompliance.

Sections 68 - Tax-inclusive pricing;

Section 69 - Declaration of representative;

Section 70 - Person acting in a representative capacity; Section 71 - Regulations

These sections were captured under different sections under Act 870. However, there were no material changes to the contents of these sections under the VAT Act.

Section 72 - Interpretation

This section was previously section 65 of Act 870. There have been material changes to the contents of this section.

It is, however, worthy of mention that the definition for (i) 'civil engineering public works' has now been introduced and means "the construction, maintenance ...

Section by section analysis (cont'd)

repair or renovation of a building, structure, surface or system including site preparation, excavation, erection, ... decoration and finishing, and any incidental service provided in connection with the construction, maintenance, reconstruction, demolition, repair or renovation ... of a building, structure, surface or system such as schools, roads, ... and hospitals, for public use and paid for with public funds"; (ii) "conveyance" means a ship, an aircraft or a vehicle; (iii) "digital services" has been revised to include distance maintenance of programmes or equipment, supply of software or software updates, virtual asset management services and digital asset management services (iv)"import of services" has been revised to include a supply a supply of services to a resident person by a free zone developer (FZD) or a free zone enterprise (FZE); etc.

Section 73 - Repeal and savings

This section repeals Act 870 together with all its amendments to date. Despite the repeal, all regulations, bylaws, notices, orders, directions, appointments and any other acts lawfully enacted under Act 870 (as amended) remain in force, to the extent that they are not inconsistent with the provisions of the VAT Act, until they are reviewed, canceled or terminated.

Furthermore, offenses committed, penalties imposed or proceedings commenced under Act 870 and its amendments shall not be affected by the repeal.

EY Point of View

The obligations that have already been incurred or remedy in respect of a right already accrued before the coming into force of the VAT Act will not be extinguished or forfeited, etc.

Section 74 - Transitional provisions

The section clarifies that subject Exemptions Act, 2022 (Act 1038), any exemption or zero-rating granted outside the VAT Act or its regulations will not take effect for purposes of the VAT Act until a corresponding amendment is formally incorporated into the VAT Act.

The laws repealed under section 73 will continue to apply for all years of assessment that commenced before 1 January 2026.

FIRST SCHEDULE - EXEMPT SUPPLIES

There have been some changes to this Schedule. The amendment has deleted from exempt supplies lottery, gaming and betting, etc. as well as management fees for management of private equity, venture capital and mutual funds.

EY Point of View

Persons engaged in the business of gaming and betting should assess the extent to which the exclusion of their supplies from the First Schedule make their supplies taxable or otherwise.

On the other hand, the supply of electricity is now fully exempted, whereas under Act 870, it was exempted for electricity supplied to a dwelling up to a maximum consumption level specified for block charges for lifeline units.

SECOND SCHEDULE - ZERO-RATED SUPPLIES

There have been some changes to this schedule. An extension is provided until 31 December 2028 for a zero rating on the supply of textiles locally produced by a manufacturer approved by the Minister responsible for Trade, Agribusiness and Industry.

Also, the sunset clause with respect to zero rating of locally assembled vehicles under the Ghana Automotive Development Programme was not extended.

EY Point of View

The implication is that affected suppliers will now have to charge VAT at the standard rate.

Further, the scope of zero-rated supply of services has been expanded to specifically include the supply of:

- ▶ Freight and insurance directly attributable to the export of goods
- ▶ Stevedoring related to transit and transshipment
- ▶ Port operation services related to transit and transshipment
- ▶ Shipping-line charges related to transit and transshipment

Lastly, "supply of services to the extent that the services are consumed elsewhere than in the country" was deleted as zero-rated supply.

Section by Section Analysis (cont'd)

EY Point of View

The exclusion of supply of services consumed elsewhere from the Second Schedule may not necessarily mean that such transactions are standard-rated. There are other provisions that suggests zero-rating for which reason MNCs are advised to procure the necessary guidance from their advisors

THIRD SCHEDULE - RELIEF SUPPLIES

There have been some changes to this schedule. First, the validity period of the register on approved tax-registered manufacturers to be published by the CG is to recur every six months, instead of every 12 months.

EY Point of View

The change places significant administrative hurdle on affected manufacturers.

Second, the supply of goods or services in connection with reconnaissance or prospecting by a holder of a reconnaissance license or prospecting license issued in accordance with the Minerals and Mining Act, 2006 (Act 703) and who is registered with the GRA is now relieved from VAT.

EY Point of View

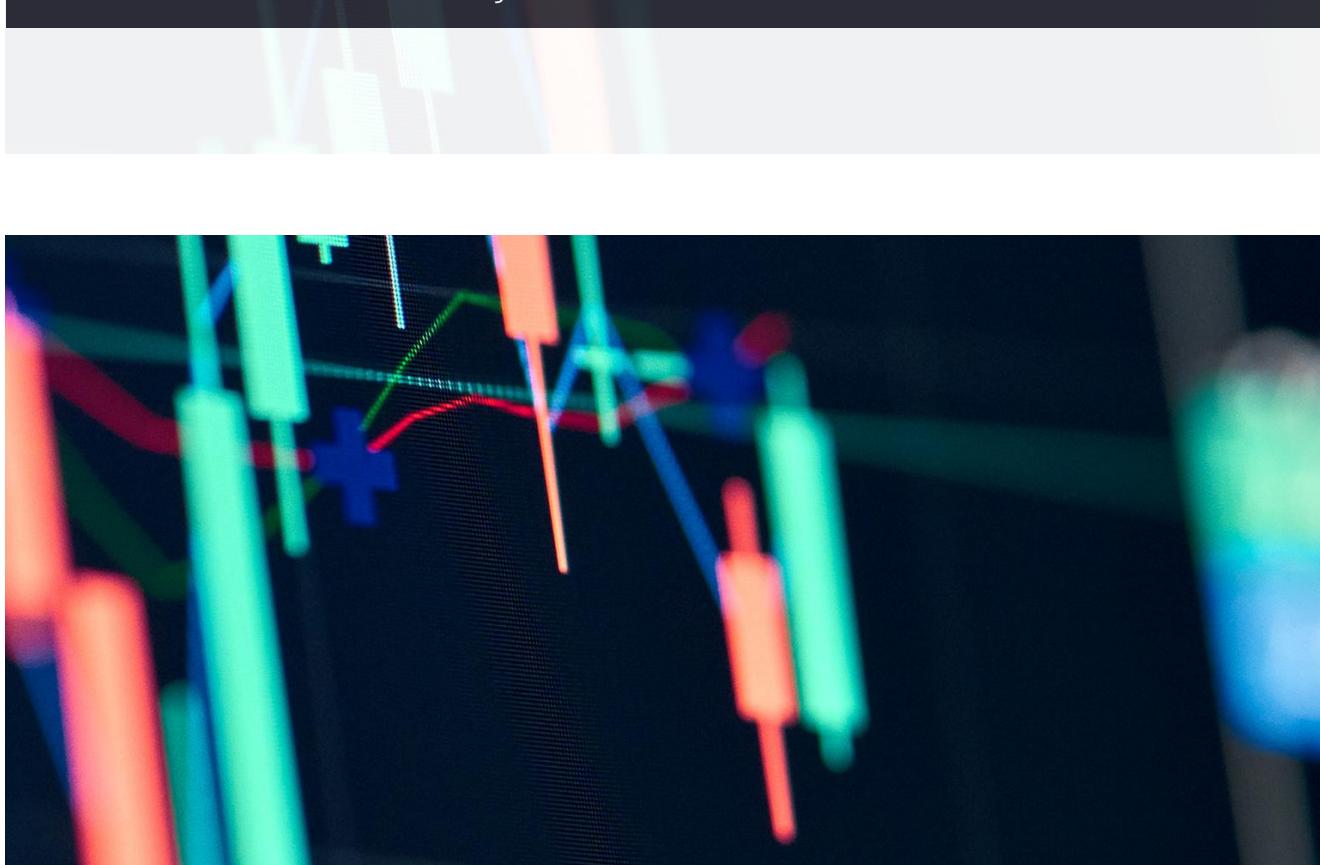
Although the Sector Minister of Finance signaled in the 2026 budget statement that VAT on these supplies would be abolished (i.e., treated as exempt supply from VAT), the VAT Act treated them as relief supplies instead.

FOURTH SCHEDULE - TAX DEBIT NOTE

There have been no material changes to this schedule.

FIFTH SCHEDULE - APPORTIONMENT OF INPUT TAX

There have been no material changes to this schedule.





MNC implications

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4.0 Implications for multinational companies (MNCs)

The above legislative changes have significant implications for MNCs operating in or trading with Ghana. The unification of the VAT rate at 15%, the input deduction for the aggregate levies of 5%, and abolition of flat-rate schemes require immediate recalibration of pricing strategies, contract terms, and margin models. For import-heavy businesses, the potential cascading effect of levies at the ports – despite domestic deductibility – will increase landed costs, making supply chain planning and transfer pricing adjustments critical.

Registration rules now pose a major compliance risk for taxable supply of services. For such supplies, the removal of turnover thresholds means any entity providing taxable services in Ghana must register for VAT, regardless of revenue size. This affects consulting, SaaS, and other service-driven MNCs, etc.

Further, non-resident digital suppliers face expanded obligations as the definition of digital services now includes software updates and virtual asset management, requiring VAT registration in Ghana. Failure to register attracts severe penalties – at least three times the unpaid tax – alongside stricter sanctions for evasion, underscoring the need for proactive compliance governance.

Cashflow management is another key concern. Relief supplies for affected mining and manufacturing companies, that may be required to operate under a “pay then claim” refund regime rather than upfront exemption, may create working capital strain and administrative complexity. Affected MNCs may implement robust refund tracking and explore VAT withholding exemptions to mitigate liquidity pressure.

In sum, the tax reforms reshape Ghana’s VAT landscape for global businesses. MNCs that act swiftly to update systems, review registration obligations, and redesign tax strategies will safeguard compliance and profitability. Those that delay risk financial exposure, operational disruption, and reputational damage in a market that is tightening enforcement.



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