

UK-GHANA CHAMBER OF COMMERCE

Position Paper: Strategic Engagement on Ghana's 2025 National Budget and Its Tax Implications for the Private Sector

1. Introduction

Ghana's 2025 Budget targets over GHS 190 billion in tax revenue, representing 70% of government spending. While this aligns with IMF-led fiscal reforms, businesses face mounting tax burdens, policy uncertainty, and operational challenges. This paper reflects concerns raised at the UKGCC Business Advisory Services Sector Committee meeting and offers private-sector-informed recommendations.

2. Budget Overview

- **Total Revenue Target:** GHS 225bn
- **Tax Revenue:** GHS 190bn
- **Expenditure:** GHS 280bn
- **Tax Refunds:** 3% of spending

- **Tax Breakdown:**
- Income/Property Taxes – 35%
- Goods & Services (VAT) – 26%
- Trade Taxes – 9%

Emphasis is on formal sector taxation, with policy details pending parliamentary approval.

3. Key Private Sector Concerns

- **Overreliance on Formal Sector:** Compliance burden falls on a few while the informal sector remains untaxed.
- **Regressive Indirect Taxes:** Increased VAT raises consumer costs and hurts low-margin sectors.
- **24-Hour Economy Ambiguity:** Businesses need clarity on implementation, sector targets, labour laws, and costs.
- **Administrative Inefficiencies:** Manual processes and frequent audits hinder compliance and efficiency.
- **Policy Uncertainty:** Vague timelines for tax changes impede investment planning.
- **High Interest Rates:** Credit remains costly. Businesses call for macroeconomic stability to ease borrowing.

4. Recommendations

- **Broaden Tax Base:** Formalize informal sector through digital IDs, incentives, and simplified compliance.
- **Balance Tax Structure:** Reduce dependency on VAT; diversify revenue streams.
- **Clarify 24-Hour Economy Plan:** Outline target sectors, infrastructure needs, legal reforms, and incentives.
- **Institutionalise Engagement:** Ensure regular dialogue between MoF, GRA, and the private sector.
- **Ease Access to Credit:** Cut government borrowing, align fiscal/monetary policy, and review reference rates.

5. Conclusion

Effective tax policy must balance revenue goals with business sustainability. UKGCC urges continued collaboration between public and private sectors to drive inclusive economic growth and investor confidence.