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## **POSITION PAPER**

# **UKGCC/PWC QUARTERLY TAX DIALOGUE SERIES 2 – WITHHOLDING TAX IN GHANA: WHAT BUSINESSES NEED TO KNOW – JUNE 2025**

*12<sup>th</sup> June 2025*

## INTRODUCTION

The UK-Ghana Chamber of Commerce and PwC Ghana, hosted its second 2025 Quarterly Tax Dialogue Series on **27 June 2025**, focusing on **Withholding Tax (WHT)**. Discussions addressed compliance obligations, recent policy considerations, and practical challenges faced by businesses.

## KEY INSIGHTS AND POLICY CONSIDERATIONS

### • Review of WHT Thresholds

- Current thresholds: GHS 2,000 annually for goods (3%), services (7.5%), and works (5%).
- Ministry of Finance signalled willingness to review thresholds and other nominal figures in the Income Tax Act.

### • Compliance and Enforcement

- WHT agents must file returns by the 15th of the following month
- Non-compliance triggers the following penalties: A penalty of GHS 500 and an additional penalty of GHS 10 per day.
- The GRA is strengthening enforcement and providing guidance through a **practice note** available on its website.

### • Exemptions and Reliefs

- Exemptions apply to certain transactions, e.g., insurance premiums paid to registered insurers and sale of trading stock between parties.
- The Commissioner General may grant exemptions for specific contracts or institutions with satisfactory tax records.

### • Business Challenges

- SMEs and large corporations alike face administrative burdens, such as tracking cumulative payments to multiple suppliers.
- Complexity of WHT application risks unintentional non-compliance, leading to financial and reputational costs.

## RECOMMENDATIONS

### • Threshold Adjustment with Simplified Application

- Under the current law, thresholds apply per contract on an annual basis, and multiple contracts with a single supplier for similar transactions may be aggregated and treated as one contract. To simplify compliance, we recommend that thresholds be applied on a per-contract basis without aggregation, so that each contract with a supplier is assessed independently.

### • Enhance Public Education and Support

- Expand taxpayer outreach via digital platforms and sector-specific workshops to clarify WHT rules and exemptions.

### • Digital Tracking Systems

- Promote use of automated systems to monitor cumulative payments, reducing the risk of errors.

## CONCLUSION

Withholding Tax remains a critical tool for revenue mobilisation and compliance in Ghana's tax framework. However, its effectiveness depends on a balance between enforcement and practical application. The UKGCC supports reforms that simplify compliance, reduce administrative burdens, and maintain fairness for all taxpayers while fostering ongoing dialogue with the Ministry of Finance and the GRA.



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**T. 233 (030) 221 3200**

**W. [www.ukgcc.com.gh](http://www.ukgcc.com.gh)**

**E. [tradeservices@ukgcc.com.gh](mailto:tradeservices@ukgcc.com.gh)**

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