



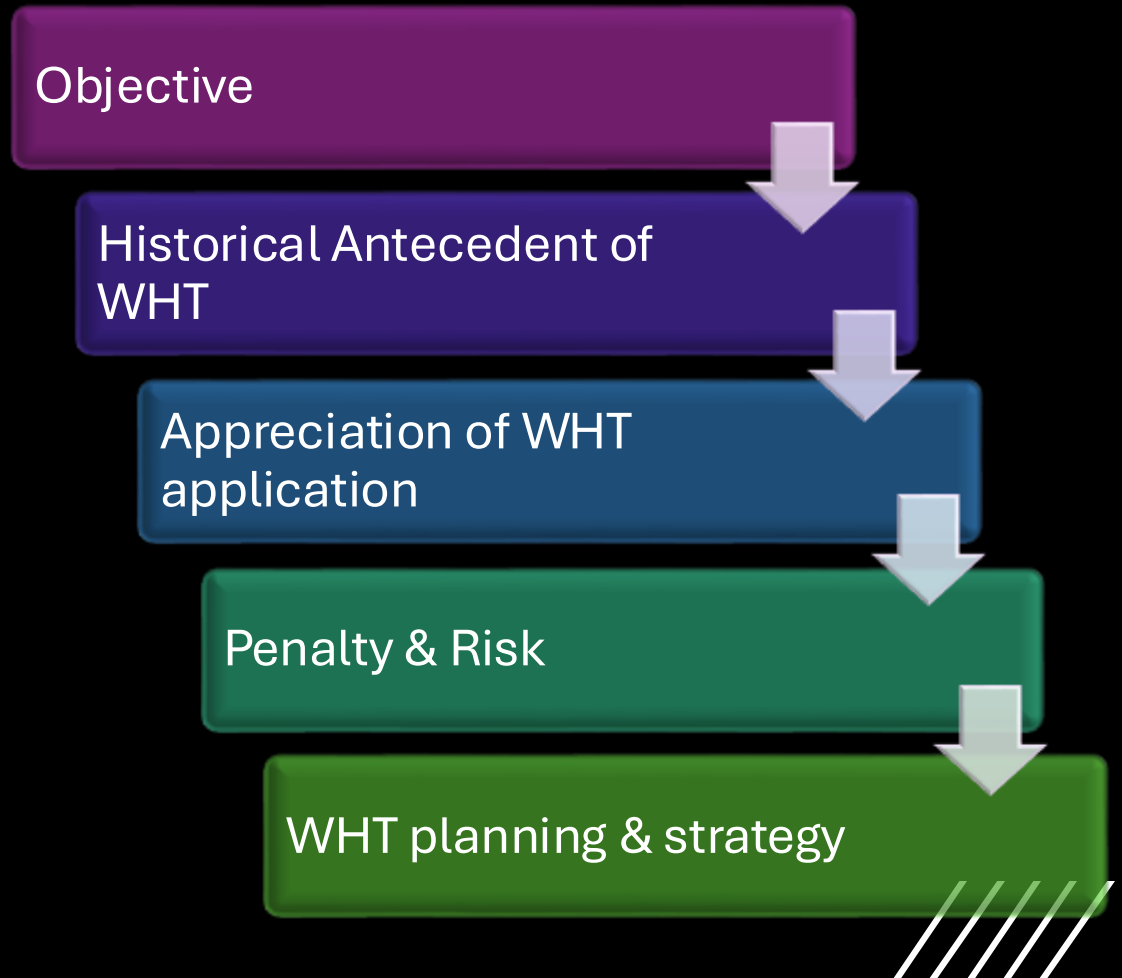
UK-Ghana Chamber of Commerce

- **WITHHOLDING TAX IN GHANA-
WHAT BUSINESSES NEED TO
KNOW**
- **Thursday 12th June 2025, 10 AM**
- **Prepared & Presented by :**
- **Charles Atuahene (PhD, M.Phil., MBA,
FCCA,CA, CIT, AMCIMG)**
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The seminar Content



UKGCC
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Introduction

- Withholding Tax (WHT) is a key mechanism in Ghana's tax system used by the government to ensure upfront revenue collection and improve tax compliance. It applies to a range of transactions, including payments for goods, services, rent, interest, and dividends.
- However, many businesses, particularly small and medium-sized enterprises (SMEs), struggle with understanding the requirements, filing processes, and implications of non-compliance.
- Failure to withhold the correct tax or remit it on time can result in penalties, interest charges, and potential legal consequences, negatively impacting business operations and financial stability. As the Ghana Revenue Authority (GRA) strengthens its enforcement mechanisms, businesses must adopt best practices to remain compliant while optimizing their tax obligations.
- This session will provide businesses with practical guidance on WHT compliance, filing procedures, and strategies to reduce tax exposure. It will also offer insights into recent policy updates, GRA enforcement trends, and key considerations for businesses operating in various sectors.

Objectives

To provide businesses with a detailed understanding of withholding tax obligations in Ghana.



To enhance awareness of the implications of non-compliance, including penalties and risks.



To offer practical strategies to ensure accurate WHT reporting and avoid penalties. Planning & strategy



Historical antecedent of WHT-Ancient and Early Uses

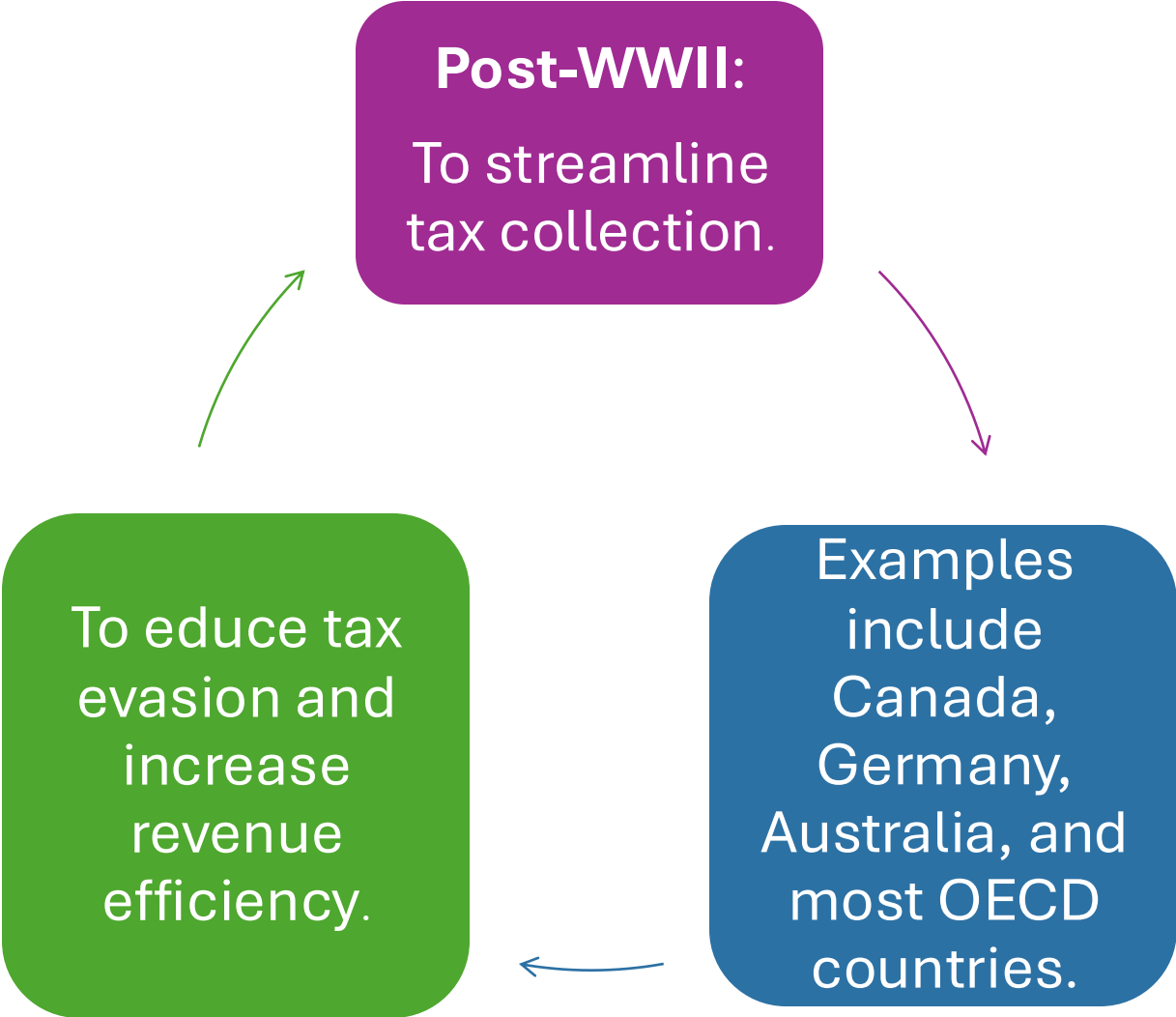
Ancient Civilizations: Forms of taxation existed in ancient Egypt, Greece, and Rome, but these were generally not withholding taxes in the modern sense. However, some taxes were collected directly by deducting a portion from harvests or wages.

England (1400s–1800s): Early forms of income taxes and duties were often collected directly. In some instances, certain payments, like interest or rents, were taxed at the source.

Modern Origins

- **United Kingdom**
- **1803-** The UK introduced income tax under Prime Minister William Pitt the Younger, initially to fund the Napoleonic Wars. While not originally based on withholding, by the 19th century, some forms of "stop deduction" were introduced for interest and dividends.
- **United States**
- **Civil War (1862)-** The first U.S. federal income tax included a form of withholding to help fund the war. This was repealed in 1872.
- **1913-** The 16th Amendment to the U.S. Constitution allowed the federal government to impose income taxes. Initially, there was no withholding.
- **1943 – Current System Introduced;**
 - Withholding was reintroduced during World War II under the **Current Tax Payment Act of 1943**.
 - Designed to make tax collection more efficient and increase compliance.

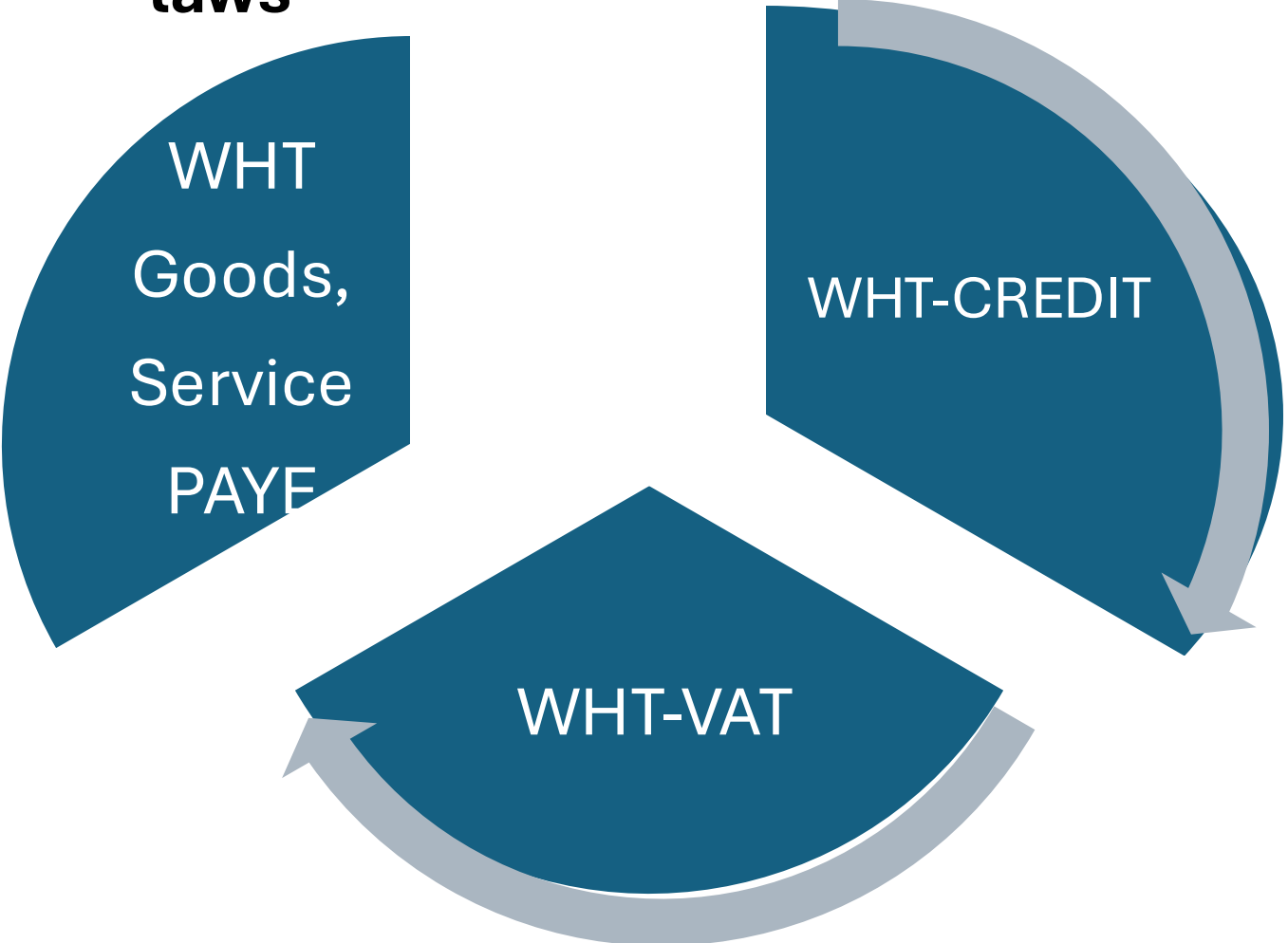
Global Adoption



Introduction of Withholding Tax System in Ghana.

- **Year Introduced-** The withholding tax (WHT) system was formally introduced in **1986** through **PNDC Law 143**, which later became part of the Internal Revenue Act.
- The goal was to **enhance revenue collection** by collecting taxes at the source, especially in the informal sector where tax compliance was historically low.
- **Internal Revenue Act, 2000 (Act 592)-** Provided a more structured legal basis for withholding taxes, including specific rates, thresholds, and obligations for withholding agents.
- **Income Tax Act, 2015 (Act 896)-** Replaced Act 592 and currently governs the withholding tax system. It streamlined and revised the tax laws to improve clarity and administration.

Withholding Tax under Domestic Tax laws



Scope of Withholding Tax in Ghana

- Contract payments
- Rent
- Interest
- Dividends
- Royalties
- Directors fees
- Commission payments
- Goods, services, works
- Non-resident persons
- DTT
- Extractions
- Telcos



Purpose and Benefits of WHT



Ensures steady revenue for government.



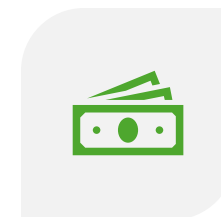
Reduces tax evasion.



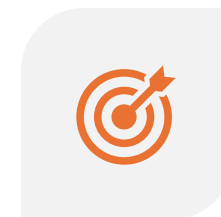
Spreads out tax payments over the year for taxpayers.



Simplifies tax collection processes.



Reduce tax administration cost



-The 3es strategy
-Expand the tax net

Recent Reforms in Ghana

- In March 2025, the Ghana's Parliament passed the Income Tax (Amendment) Bill, introducing key changes:
- **Abolition of the 10% WHT on lottery and bet winnings:** This move eliminates the tax previously imposed on earnings from betting, gaming, and other games of chance.
- **Removal of the 1.5% WHT on unprocessed gold:** Aimed at supporting small-scale miners, this change is expected to reduce gold smuggling and encourage sales through official channels.

Compliance & Obligations

- **Filing and Payment:** Withholding agents must file returns and remit withheld taxes to the Ghana Revenue Authority (GRA) by the 15th day of the month following the transaction.
- **Withholding Certificates:** GRA generate it via online platform .Tax payer must provide his/her TIN or Ghana Card number.
- Payments are effected via GRA online platform (MOMO,Banks)

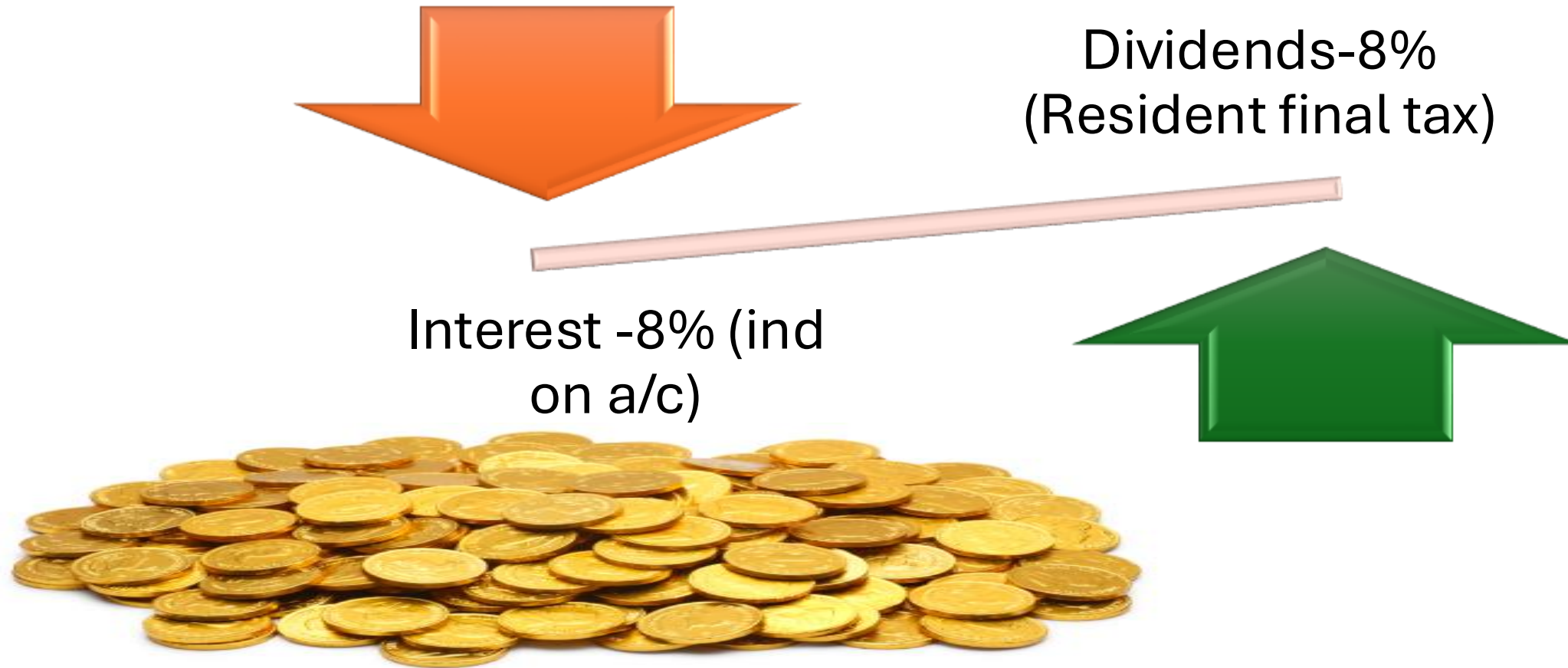
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Current Withholding Tax Rates-For Resident persons.

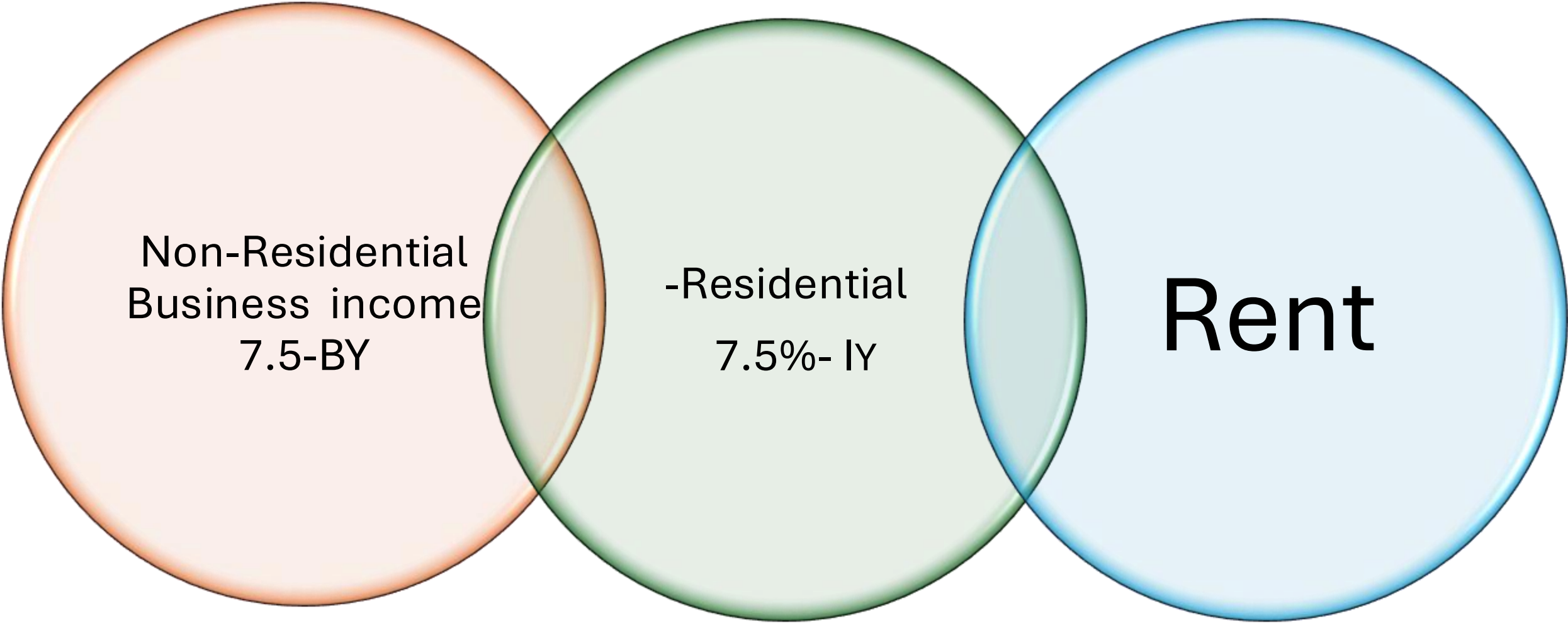


NOTE: Interest (excluding individuals and resident financial institutions)

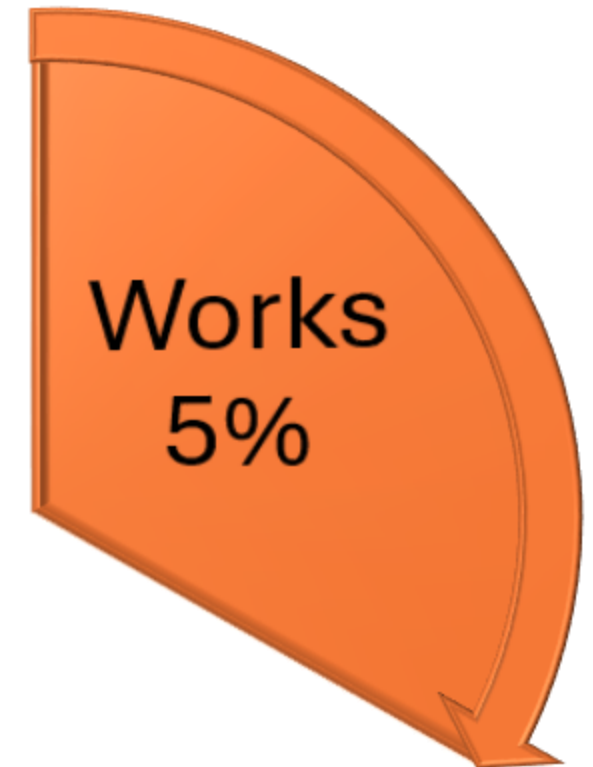
Withholding Tax Rates-For Resident



Withholding Tax -RENT



Supply of goods, works, and services (annual payments exceeding GHS 2,000)



Fees to resident individuals

- **Fees to resident individuals-**
- Invigilators, examiners, part-time teachers/lecturers, endorsement fees: 10% (final tax)
- Directors, managers, board members, trustees: 20%z
- **Commissions-**
- Insurance, sales, canvassing,: 10%
- Payments to petroleum subcontractors: 7.5%
- Royalty and natural resource payments: 15%





Resident individuals – VAT WHT

- **Withholding Certificates:** Agents are required to issue withholding tax certificates to payees, serving as proof of tax withheld.
- 7% on VAT charged .
- Authorised agents only.

For Non-Resident Persons

- Dividends: 8% (Interest income: 8% (final tax))
- Management and technical service fees: 20% (final tax)
- Services: 20% (final tax)
- Royalties, natural resource payments, rents: 15% (final tax)
- Income from telecommunication and transportation businesses: 15% (final tax)
- Payments to petroleum subcontractors: 15% (final tax)
- Repatriated branch after-tax profits: 8% (final tax)



Double Taxation Treaties

- Ghana has established a network of Double Taxation Treaties (DTTs) with various countries to prevent the double taxation of income and to facilitate cross-border trade and investment. These treaties often provide reduced withholding tax rates on dividends, interest, royalties, and technical service fees.

Double Taxation Treaties

S/N	Country	Dividends (%)	Interest (%)	Royalties (%)	Technical/Management Service Fees (%)
1	Belgium	5/15	10	10	10
2	Czech Republic	6	10	8	8
3	Denmark	5/15	8	8	8
4	France	7.5/15	10	10	10
5	Germany	5/15	10	8	8
6	Ireland	7	7	8	10
7	Italy	5/15	10	10	10



Double Taxation Treaties

S/N	Country	Dividends (%)	Interest (%)	Royalties (%)	Technical/Management Service Fees (%)
8	Malta	6	7	8	12
9	Mauritius	7	7	8	10
	Morocco	5/10	10	10	10
10	Netherlands	5/10	8	8	8
11	Norway	7/15	7	10	12
12	Qatar	5/7	7	10	10
13	Singapore	7	7	7	10
14	South Africa	5/15	5/10	10	10
15	Switzerland	5/15	10	8	8
16	United Kingdom	7.5/15	12.5	12.5	10



Double Taxation Treaties

- *Note
- The lower dividend rate typically applies when the recipient holds a significant shareholding (e.g., at least 10%) in the company paying the dividend.

Administrative Guidelines

- In March 2024, the Ghana Revenue Authority (GRA) issued the "Ghana's Double Taxation Treaty Administration Manual" to provide guidance on:-
- Eligibility criteria for treaty benefits.
- Procedures for obtaining tax relief for foreign taxes paid
- Initiating Mutual Agreement Procedures (MAP)
- Eliminating double taxation from transfer pricing
- This manual aims to assist taxpayers in navigating the processes associated with DTTs.



Credit for Non-Final withholding Tax

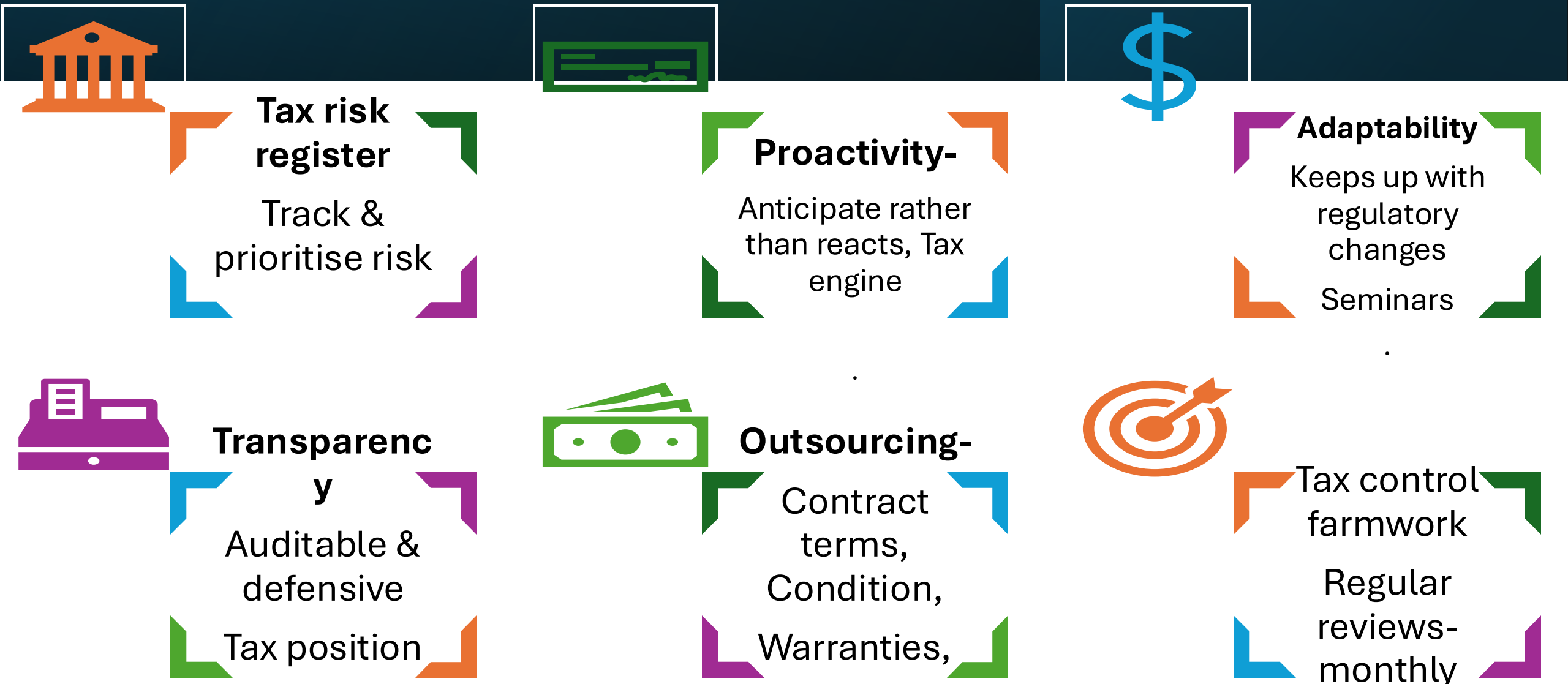
- A person on whose behalf a tax has been withheld is treated as having paid the tax and is entitled to a tax credit of the amount withheld.

Final WHT payment

- Dividends paid by a resident company;
- Rent paid by a resident individual under a lease of land or a building;
- Rent paid other than rent received in conducting a business of sale or letting;
- Payments made to non-resident persons that are subject to withholding other than payments derived through a Ghanaian permanent establishment;
- Payments made to a subcontractor under petroleum operations; and
- Payments made to a person in respect of examination, part-time teaching, supervising examination, endorsement fee among others.

PENALTIES & WHT Risk

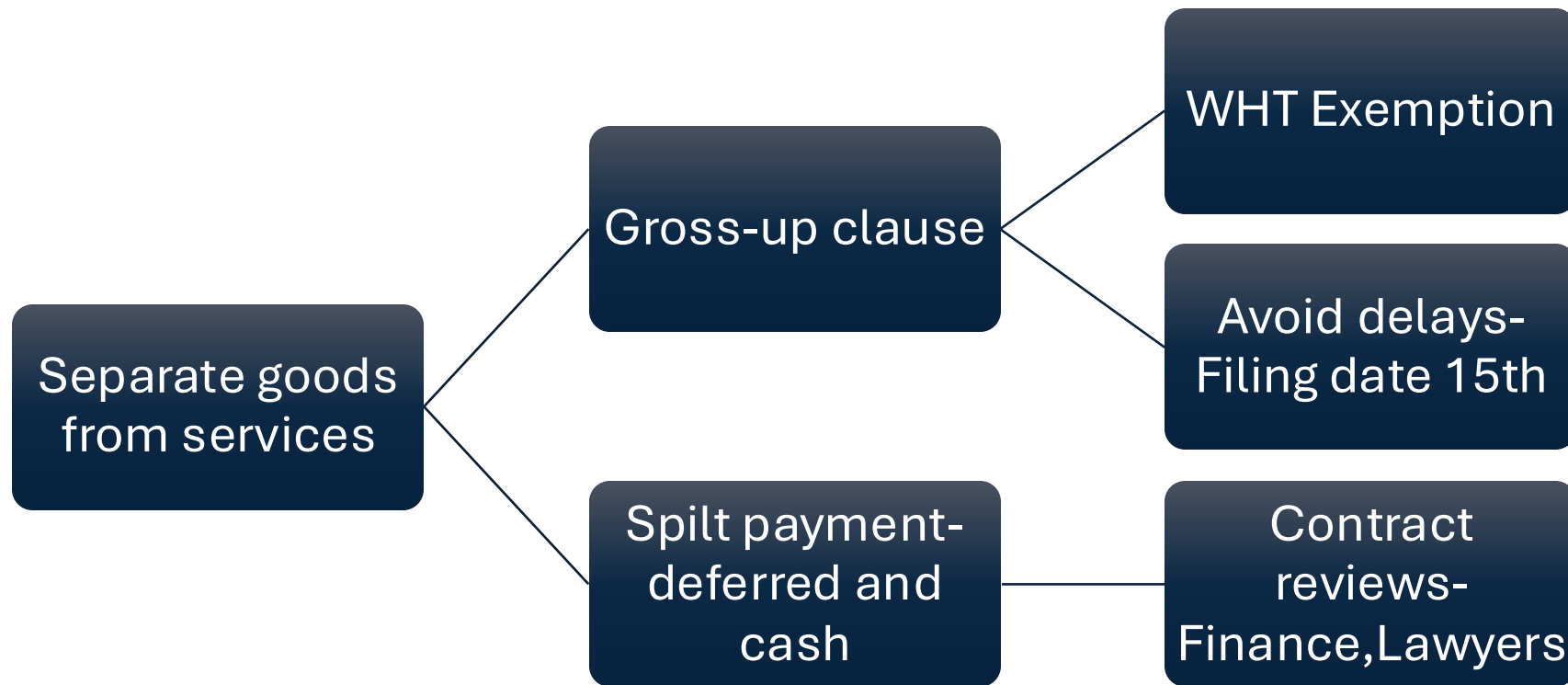
- A person would pay 500 currency points and a further penalty of 10 currency points for each day that the failure continues.
- !25% compounded interest rate on non-compliance.
- Tax audit report risk (Initial high figures, Competent level of Tax auditors)
- Tax Tribunal arbitration processes
- Litigation risk- 30% initial deposit with court.



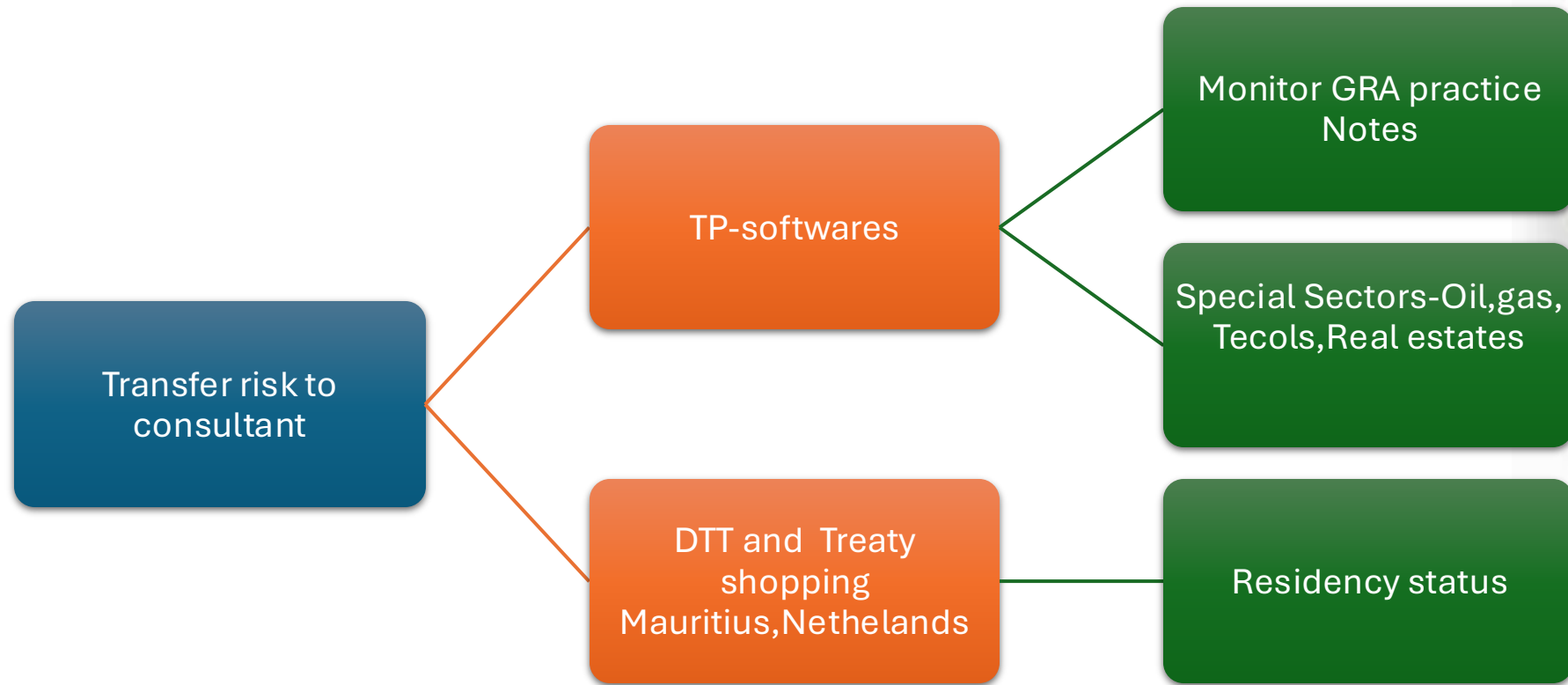
Tax Risk Matrix (TRM)

	IMPACT		
	Low	Medium	High
High Likelihood	Moderate-Monitor	High Risk-Action required	Critical Risk-Immediate attention
Medium Likelihood	Low Risk-Acceptable	Moderate-Monitor	High Risk-Action required
Low Likelihood	Negligible-Ignore	Low Risk-Acceptable	Moderate Risk-Monitor

A DOZEN WHT PLANNING AND STRATEGIES



WHT PLANNING AND STRATEGIES-2



Withholding Certificates-The Dozen Challenges- Letter points to GRA,MOF

- Where Tax- payer has no TIN or Ghana Card.
- Where does the money sit?
- When can the Tax - payer who did not have TIN get access to the tax credit?
- When there is a typo error in the TIN/Ghana card number what happens?
- One -off Foreign payments without TIN what happened?
- What is the time period to correct error in WHT payments?

Withholding Certificates-The dozen Challenges - Letter points to GRA,MOF

- Tax auditors usually sum up administrative expenses and lump up WHT demanding payment.
- The Limit of GHC2,000 for one year since 2016 is inadequate.
- Multiplicity of work on the GHC2,000 year. How do you check it?
- !25% compounded interest rate on non-compliance- Contract Act 1960 amended .Government pays simple interest. Industries to lobby to pay simple interest.
- Real-time-on update of regulatory amendments. ie betting tax etc still on GRA website.
- Small Scale Companies would have less supplicated WHT system.



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- ✓ Long Life, Durability & Reliability
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The hoes are forged from a single piece of steel, which means there are no weak welded points. To ensure the longest possible work life, all products are hardened and tempered.

APPENDIX- DOWNLOADS.

- Double tax treaty schedule attached
- Withholding Tax schedule attached
- Detail power point work in word report attached.

ENDING

• THANK YOU VERY MUCH.



References

- [Deloitte United States & PwC Tax Summaries](#)
- final tax) [PwC Tax Summaries](#)
- Ghana government 2025 budget presentation
- Income Tax Act, 2015 (Act 896) and its amendments
- [Ghana Revenue Authority \(GRA\)](#).
- adjustments [EY & PwC Tax Summaries](#)
- KPMG Tax summaries
- [VAT Act, 2013, \(Act 870\)](#)



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