According to the Free Zones Act 1995 (ACT 504), companies operating from a free zones enclave are required to utilise at least 1% of their total wage and salary bill towards training Ghanaian staff.

Some companies, however, are failing to comply.

During a recent webinar on "Ensuring compliance with the Free Zones Act", Dr. Michael Oquaye Jnr, the CEO of the Ghana Free Zones Authority (GFZA), remarked that, "This is a very important requirement. However, we've noticed that most of the companies are not sticking to it, and so we are going to devise a way where, with every salary that is paid, 1% would be put aside in a monitored revenue and we will make sure that money is used for training because when we've left it for others to handle, we've not been able to see any progress with regard to that. So we are going to go ahead and monitor that closely..."

The GFZA is a private sector- driven, government-supported programme which aims to promote the processing and manufacturing of goods and services.

The Programme focuses on 4 areas of investment: Developers (where investors are required to develop industrial estates for lease or sale to other free zone investors); Manufacturing (where investors are required to add value to raw materials mainly for export); Services (where investors can undertake technology-based services for clients outside Ghana); and Commercial (where investors are allowed to bring in goods in bulk for re-export to other destinations).

Complying with the Free Zones Act

The Act - enacted in 1995, and together with the Free Zone Regulations (1996) L.I. 1618, stipulates the obligations of free zone enterprises.

Dr. Oquaye, urged investors interested in operating from a free zones enclave, to first undertake a feasibility study and draft a business plan; acquire/commence the acquisition of land or warehouse; and obtain a GFZA application form at USD 200.00.

During the application processing phase, the Authority assesses documents accrued from the activities previously indicated, in addition to certificates of incorporation and to commence business; Environmental Protection Agency permits, and other relevant documents before approval.

Successful applicants are required to commence activities within 6 months of approval, as well as pay initial license fees between USD 3,000.00 and USD 10,000.00 depending on the area of focus.

Monetary and Non-monetary Incentives

According to Dr. Oquaye, free zone companies can enjoy monetary and non-monetary incentives. Monetary incentives include 100% exemption from payment of direct and indirect duties and levies on all imports; 100% exemption from payment of income tax on profits for 10 years; and relief from double taxation. Non-monetary incentives include minimal customs formalities; relief from various bureaucratic restrictions and statutory requirements, and no import licensing requirements, among a host of others.

Urging investors to set up in Ghana, Dr. Oquaye said, “The COVID-19 pandemic has shown that businesses need to diversify their locations to survive such global disruption and Ghana can be your base in Africa by providing access to Africa through AfCFTA, Europe through the Ghana-EU Interim Partnership, the US through AGOA, and the UK through the Ghana-UK Trade Partnership”.

The webinar, the 4th in UKGCC’s Mandatory Regulatory Compliance for Businesses in Ghana moderated by Theophilus Tawiah, also discussed a range of issues such as plans to automate the Authority’s license application process; the Authority’s tolling system installed at free zones enclaves; renewal of licenses; plans to have companies commit to eco-friendly operating procedures; and the free zones’ contribution to Ghana’s GDP since its inception.