

Tax Flash Alert



April 2021

On 12 March 2021, the Minister for Parliamentary Affairs and Leader of Government Business, presented the 2021 Budget Statement and Economic Policy to Parliament which included some key Tax Revenue proposals to sustain Government of Ghana's fiscal outlook of maintaining an overall Gross Domestic Product (GDP) growth rate of 5.0% for the 2021 fiscal year.

As a means of ensuring that the proposed revenue measures are implemented, the Ministry of Finance presented bills to Parliament which have been passed into law and received Presidential assent on 31 March 2021 to begin the implementation of the revenue proposals.

This flash alert provides an overview of the respective enactments passed:

01 Energy Sector Levies (Amendment) Act, 2021 (Act 1064)



Act 1064 provides for an Energy Sector Recovery Levy (ESRL) and Sanitation and Pollution Levy (SPL) to be imposed on specified petroleum products. The details are as follows:

Levy	Rate
• ESRL -	 20 Ghana pesewas per litre on Petrol and Diesel
	 18 Ghana pesewas per kg of Liquefied Petroleum Gas (LPG)
• SPL -	 10 Ghana pesewas per litre on Petrol and Diesel

02

Penalty and Interest Waiver Act, 2021 (Act 1065)

Act 1065 offers waiver of penalties and interests on accumulated tax arrears up to 31 December 2020 for persons who make arrangements with the Ghana Revenue Authority (GRA) for payment of the principal tax by 31 December 2021.

Thus, with the passage of Act 1065, when a person pays or makes the necessary arrangements to settle all outstanding tax or files outstanding tax returns up to 31 December 2020, the Commissioner-General (C-G) will not recover any assessed penalty or interest relating to the relevant period. The person will also not be liable to prosecution or any other enforcement action with respect to the tax due for the relevant period.

To qualify for this waiver, a person will be required to write an application in a form and manner prescribed by the C-G together with the tax returns by 30 September 2021 to the C-G.

The C-G is expected to provide its decision on the acceptance or otherwise of the application to the applicant within 30 days.

03

Income Tax (Amendment) Act, 2021 (Act 1066)

Act 1066 provides for a rebate for selected industrial sectors, suspend quarterly instalments payments by specified self-employed persons and owners of commercial vehicles.

A

30%

Tax Rebate for Selected Sectors

A tax rebate of 30% is granted on the estimated chargeable income for the second, third and fourth quarters of 2021 of the following sectors per the classification provided in the International Standard Industrial Classification of All Economic Activities (ISIC Rev. 4.1):

- Accommodation and Food;
- Education;
- Travel and Tours; and
- Arts and Entertainment.

B

Suspension of quarterly Income Tax Instalment Payment

The second, third and fourth quarters income tax instalment payments for 2021 is suspended for the following persons:

Category A, B and C self-employed persons listed in the Third Schedule to the Income Tax Regulations, 2016 (L.I. 2244); and

An owner of a Taxi/Private Taxi (of class A2) and Trotro (of classes A4, B3, B4, B5) as specified in the Second Schedule of L.I. 2244

A person may benefit from any of the above concession, if registered with the GRA and has met the conditions below:

- has made instalment payments for the first quarter of 2021; and
- continues to discharge any other obligation specified in an enactment administered by the C-G

04

Financial Sector Recovery Levy Act, 2021 (Act 1067)

Act 1067 introduces the imposition of a 5% Financial Sector Recovery Levy (FSRL) on the profit before tax of Banks other than a Rural Bank or Community Bank irrespective of any tax holiday or an exemption from a direct or an indirect tax to the Bank.

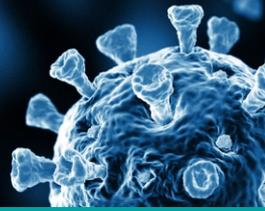
Banks affected by this levy will be required to self-assess the levy payable and pay to the C-G on or before the last day of each quarter. However, for the 2021 year of assessment, the FSRL is payable in three (3) instalments on or before the last day of June, September, and December 2021.

The FSRL may be subject to review by the Minister of Finance at the end of the 2024 year of assessment.

It is important to note that, the levy is not an allowable deduction in ascertaining the chargeable income for the applicable Banks.

05

COVID-19 Health Recovery Levy Act, 2021 (Act 1068)



Act 1068 imposes a 1% special levy known as the COVID-19 Health Recovery Levy chargeable on the supply of goods and services made in Ghana other than exempt goods and services and import of goods or import of services other than exempt imports.

The levy is applicable to both Value Added Tax (VAT) Standard Rate and Flat Rate Scheme suppliers.

The levy will operate in the same line as the existing Ghana Education Trust Fund (GETFund) Levy and National Health Insurance Levy (NHIL), hence not subject to input tax deduction.

06

Outstanding Tax Initiatives in the 2021 Budget



Permanent tax-exemption of capital gains on listed securities

A proposed permanent tax exemption on capital gains on listed securities to encourage investors to participate in Ghana's capital market and make it market more competitive. The current legislation grants exemption up to 31 December 2021. We, therefore, envisage the passage of the proposed legislation before the current dispensation elapses.



Provision of administrative guidelines for the taxation of e-services

Government intends to review current legislation to strengthen relevant laws and provide additional regulations and administrative guidelines for the taxation of e-services.

Appointment of the executive secretary and members of the Independent Tax Appeals Board

Following the coming into force of the Revenue Administration (Amendment) Act, 2020 (Act 1029) which sought to establish an Independent Tax Appeals Board and enhance the existing voluntary disclosure procedures, Government intends to appoint Executive Secretary and members of the Appeals Board by the first half of 2021.



Provision of guidelines and practice notes on the new transfer pricing regulations

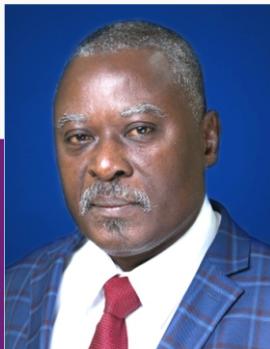
The Ghana Revenue Authority intends to provide guidelines on the implementation of the new Transfer Pricing Regulations, 2020 (L.I. 2412).



Re-lay of Tax Exemption Bill in Parliament

To check abuses and strengthen the exemptions regime, Government intends to re-lay the Tax Exemption Bill which has gone through several stakeholder consultations and revisions in Parliament.

We will provide updates as and when these outstanding initiatives become effective.



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