

# Regulatory Alert



## Ghana Passes Penalty and Interest Waiver Act

The Parliament of Ghana has passed the Penalty and Interest Waiver Act, 2021, Act 1065 to provide a waiver for penalty and interest on accumulated tax arrears. The main focus of the Act is to provide a relief for taxpayers who have accumulated tax liability up to December 2020 to be able to file their returns and make payments on or before 31 December 2021. This is to help ease the burden on taxpayers in the midst of Covid-19.

The Penalty and Interest Waiver Act, 2021, Act 1065 was assented to by the President of the Republic of Ghana on 31 March 2021 and came into force on the same day.

In this Alert, we highlight the key points below:

### Penalty and Interest Waiver

- Taxpayers will not suffer the penalty and interest on non-filing of returns for outstanding years up to 31 December 2020, where the returns are filed on or before 31 December 2021.
- The taxpayers will not be prosecuted or no other enforcement action will be taken against the taxpayers with respect to tax liabilities due in the relevant period.

### Conditions for Waiver of Penalty and Interest

The waiver would be applicable where:

- The taxpayer submits or amends the returns containing full disclosure of tax liabilities relating to the relevant years and pays or makes the necessary arrangements to pay all resulting taxes on or before 30 September 2021 or;
- The taxpayer pays or makes arrangements to pay assessed and outstanding tax liabilities.

### Scope of the Waiver

The waiver is applicable to persons who:

- Have not registered with the GRA previously.
- Have registered but have not submitted returns, are in arrears of submission of returns or are in arrears for payment of taxes.
- A taxpayer shall not enjoy the benefits of this Act where all taxes due from 1 January 2021 have not been paid.
- The waiver is not applicable to taxes due from 1 January 2021.

## Application for Waiver

A taxpayer who qualifies for the waiver shall from 1 April 2021 to 30 September 202

- Apply to the Commissioner-General in writing or any manner determined, and
- Submit to the Commissioner-General returns relating to the relevant years.

## Consideration of Application for Waiver

The Commissioner-General shall within 30 days after receipt of the application:

- Serve the taxpayer notice of its decision on the application.
- Specify reasons for refusal where the application is not granted.

## Complaint and Determination of Complaint

An applicant who is dissatisfied with the decision shall within 30 days after receipt of the decision:

- Lodge a written complaint with the Commissioner-General.
- If dissatisfied with the determination of the Commissioner-General on the complaint, the applicant may pursue the matter in court.

## Terms of Payment

The Commissioner-General may grant terms for the payment of the assessed amount or outstanding arrears.

## Takeaway

- » Taxpayers must take advantage of the relief of the waiver to voluntarily disclose and correct any errors noted in tax obligations to avoid future penalties and interest after 31 December 2021.
- » GRA has given indications of regular tax audits, taxpayers should therefore be proactive and engage the services of tax experts to help them with the assessment of their outstanding taxes and the subsequent application for the waiver.
- » The penalty and interest waiver applies to failure to comply with tax obligations. Taxpayers should take advantage to help them reduce their future obligation.
- » Tax professionals and finance officers responsible for tax compliance are required to be candid to file their outstanding returns and make payments.
- » The Government has given a clear indication of pursuing aggressively on Tax Audit by the GRA. Internal arrangements of GRA confirms this position. It is advisable for taxpayers to take pragmatic steps to avoid noncompliance which would eventually be uncovered through the Audit.

- » Taxpayers are advised to conduct Tax Health Checks to self-identify tax exposures and take corrective measures such as self-declaration to benefit from interest and penalties waiver regime under this Act.

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If you have any questions on the matters referred to in this Alert, please do not hesitate to contact the authors below.

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