



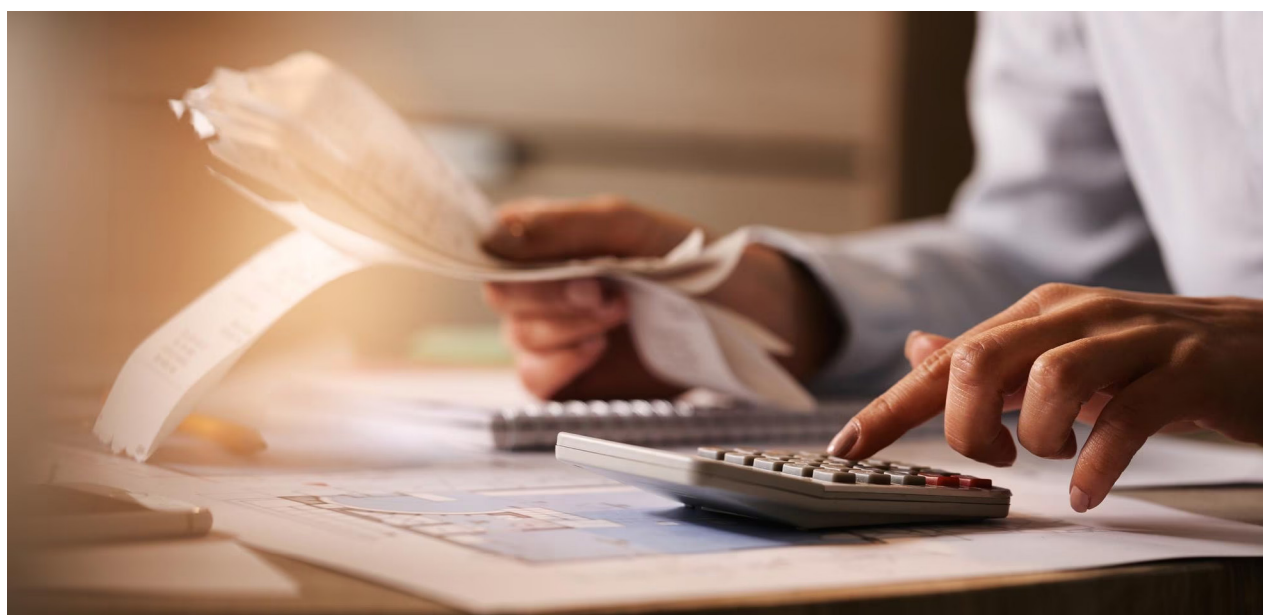
# Highlights of the December 2023 Tax Amendments

In December 2023, the Ghanaian government enacted seven tax laws, six of which amend existing laws and one that introduces a new tax.

The six laws amended are:

VAT Act, 2013 (Act 870)	Customs Act, 2015 (Act 891)
Income Tax Act, 2015 (Act 896)	Exemptions Act, 2022 (Act 1083)
Excise Duty Act, 2014 (Act 878)	Stamp Duty Act, 2005 (Act 689)

The Emissions Levy Act, 2023 (Act 1112) is a new law. We discuss the highlights of this amendment in the following paragraphs.



## » INCOME TAX AMENDMENT (NO.2) ACT, 2023 (ACT 1111)

This act sets the personal income tax rates for 2024.

**Table 1: Individual tax rates - Annual Income**

	Chargeable Income	Rate
First	5,880	Nil
Next	1,320	5%
Next	1,560	10%
Next	38,000	17.5%
Next	192,000	25%
Next	366,240	30%
Exceeding	605,000	35%

**Table 2 Individual tax rates - monthly income**

	<b>Chargeable Income</b>	<b>Rate</b>
First	490	Nil
Next	110	5%
Next	130	10%
Next	3,166.67	17.5%
Next	16,000	25%
Next	30,520	30%
Exceeding	50,416	35%



» **VALUE ADDED TAX AMENDMENT ACT, 2023 (ACT 1107)**

## **2.1 Flat rate VAT on rent**

This Act introduces a flat VAT rate of 5% on the rental of immovable properties, like offices, factories, shops, etc.

Properties rented out for long-term residential purposes are exempt from VAT but commercial short-term rental establishments like hotels, motels, guest houses, or other similar short-term residential lettings are still subject to the standard rate scheme of 15%.

Before the amendment, the rent on all non-residential immovable property was subject to VAT at the standard rate of 15%. The amendment creates a category of immovable property that is subject to a flat rate VAT of 5%.

### ***Sale of property***

The amendment also introduces Section 3 subsection (5) which provides that estate developers who build or renovate properties and then sell them are now required to apply a fixed VAT rate of 5% on the sale. An estate developer, whether it is a company or an individual, is a person involved in the business of constructing or renovating buildings and selling them.

## Restrictions on offsetting input VAT

The amendment restricts estate developers and persons renting out business properties subject to the flat rate scheme from offsetting input VAT incurred on purchases against output VAT.

For instance, when an estate developer sells a building for GHS 100,000, they are required to pay a flat VAT rate of 5% on the taxable amount.

The developer cannot offset input VAT on items purchased for the construction against the output VAT charged on the sale to the net amount payable to the GRA.

Below is a breakdown of the VAT payable for a flat-rate taxpayer:

Transaction	Amount (GHS)	Levy Rate	Levy Amount	Taxable amount	VAT Rate	VAT Payable
Sale of Building	100,000	1%	1,000	101,000	5%	5,050
Purchases	20,000	6%	1,200	21,200	15%	3,180

The developer cannot offset the input tax of GHC 3180 as he is on the flat rate scheme. The VAT payable is GHC 5,050.00.

## 2.2 Penalty for not charging VAT

An amendment to section 47 of the VAT Act imposes a 30% penalty for VAT Withholding agents who do not withhold VAT and remit to the GRA.

## 2.3 VAT Exemptions List

Here are the changes to the VAT exemptions list.

**Table 3 First Schedule of VAT Act**

Additions to the Exemptions List	Removals from the Exemptions List
<ul style="list-style-type: none"><li>Imported plants and machinery designed specifically for use in the automobile industry and kits by an automobile manufacturer or assembler.</li><li>Imported electric vehicles for public transportation.</li></ul>	<ul style="list-style-type: none"><li>Immovable properties by an Estate Developer.</li><li>Imported textbooks, exercise books, newspapers, architectural plans, drawings, and other printed materials.</li><li>Supply of haulage or the rental or hiring of passenger and other vehicles.</li><li>Non-life insurance policies</li></ul>

## 2.4 Additions to zero-rated supplies

The following were added to the list supplies taxed VAT rate of:

- Locally manufactured textiles by a local manufacturer approved by the Minister for Trade and Industry.
- Locally assembled vehicles under the Ghana Automotive Development Programme.
- Locally manufactured sanitary towels.

» **EXCISE DUTY AMENDMENT (NO.2) ACT, 2023 (Act 1108)**

Act 1108 revises the first schedule of the Excise Duty Act, 2014 (Act 878):

- Excise duty on Cider beer increased from 20% to 47.5%, aligning it with the duty on Beer, Stout, and other indigenous beer.
- Excise duty on plastics and plastic products - tariff schedule reduced from 10% to 5%.



» **EXEMPTIONS AMENDMENT ACT, 2023 (ACT 1110)**

Act 1110 amends the Exemptions Act, 2022 (Act 1083) to waive custom duties on fishing gear imported for agricultural purposes and certified by the Ministry of Fisheries and Aquaculture Development.

» **EMISSIONS LEVY ACT, 2023 (ACT 1112)**

The Emissions Levy Act imposes a tax on carbon dioxide emissions from specified sectors and internal combustion engine vehicle emissions.

**Table 4 Rates Payable for Carbon Emissions**

No.	Type of Emissions	Sectors	Rate
1.	Carbon dioxide Equivalent Emissions from Specific Sectors	1. Construction	GHS 100.00 per tonne of emission per month.
		2. Manufacturing	
		3. Mining	
		4. Oil and Gas	
		5. Electricity and Heating	

2.	Emissions from Motor Vehicles	Internal Combustion Engine Vehicles	
		1. Motorcycles and Tricycles	GHS 75.00 per annum
		2. Motor Vehicles, buses and coaches up to 3000 cc	GHS 150.00 per annum
		3. Motor Vehicles, buses, coaches above 3000 cc, Cargo Trucks and Articulated Trucks	GHS 300.00 per annum

### » CUSTOMS AMENDMENT ACT, 2023 (ACT 1106)

Act 1106 amends the Customs Act, 2015 (Act 891) as follows:

- The First Schedule incorporates 431 additional tariff descriptions into the Customs Tariff.
- It introduces a waiver of duty on raw materials intended for the local production of sanitary towels.

### » STAMP DUTY AMENDMENT ACT, 2023 (ACT 1109)

This act amends the stamp duty on the transactions below:

**Table 5 Stamp Duties**

	New rate (GHS)	Old rate (GHS)
1. Memorandum of hypothecation	18.00	0.50
2. Natural Resources: Leases or licenses		
• Mineral lease	• 896.30	• 25.00
• Offshore lease	• 896.30	• 25.00
• Timber lease	• 896.30	• 12.50
• Timber licence	• 437.40	• 5.00
• Prospecting licence	• 180.00	• 2.50
• Exclusive prospecting licence	• 80.00	• 5.00
• Quarrying licence	• 90.00	• 2.50
• Diamond digging licence	• 90.00	• 2.50
• Leases under section 12 (2) (c) of the Administration of Lands Act, 1962 (Act 123)	• 18.00	• 0.50
3. Power of Attorney or other instrument in that nature	71.70	2.00

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