

Ghana enacts various tax amendments

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The Parliament of Ghana enacted the following laws during December 2019:

- ▶ *Special Import Levy (Amendment) Act, 2019, Act 1004*
- ▶ *Value Added Tax (Amendment) Act, 2019, Act 1005*
- ▶ *Income Tax (Amendment) Act, 2019, Act 1007*
- ▶ *National Fiscal Stabilisation Levy (Amendment) Act, 2019, Act 1011*

The *SILA Act* was assented to by the President on 27 December 2019 while the remaining Acts were assented to on 28 December 2019. These Acts were gazetted on 30 December 2019. None of the Acts provides a commencement date. Consequently, the Acts came into force on 30 December 2019, the date they were gazetted.

This Alert outlines the key provisions of these laws.

A. *Special Import Levy (Amendment) Act, 2019, Act 1004 (SILA Act)*

The *Special Import Levy Act, 2013, Act 861* has been amended by the extension of the period of application of the Levy and to provide for related matters.

1. The Special Import Levy (SIL) has been extended for another five years and therefore applies for the years 2013 to 2024.
2. "Kits" has been defined under Section 6 of Act 861 to mean knocked down components for the manufacture of automobiles.
3. The First Schedule of the *Principal Act (Act 861)* has been amended by the insertion of the following:

"13	<i>Kits imported by automobile manufacturers or assemblers registered under the Ghana Automotive Manufacturing Development Programme.</i>
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By implication, the law now exempts the importation of knocked down components of automobiles by manufacturers or assemblers registered under the Ghana Automotive Manufacturing Development Programme.

B. Value Added Tax (Amendment) Act, 2019, Act 1005 (VATA Act)

1. The supply of the following goods and services has been exempted from value-added tax (VAT):
 - i. Importation of plant and machinery designed specifically for use in the automobile industry by an automobile manufacturer or assembler who is registered under the Ghana Automotive Manufacturing Development Programme.
 - ii. Importation of kits by an automobile manufacturer or assembler who is registered under the Ghana Automotive Manufacturing Development Programme.
 - iii. Management fees charged by a local fund manager for management of a licensed private equity fund, a venture capital fund or a mutual fund.

C. The Income Tax (Amendment) Act, 2019, Act 1007 (ITAA)

The ITAA revises the tax rates on the chargeable income for a resident individual, increases the personal reliefs for a resident individual and provides for a tax holiday for automobile manufacturers and assemblers.

1. Paragraph 1 of the First Schedule to the *Income Tax Act, 2015, Act 896* (as amended) has been revised as follows:
 - Annual Income Tax Rates applicable to Resident Individuals

Chargeable income (GHS)	Rate (%)	Tax (GHS)	Cumulative chargeable income (GHS)	Cumulative tax (GHS)
First 3,828	Nil	–	3,828	–
Next 1,200	5	60	5,028	60
Next 1,440	10	144	6,468	204
Next 36,000	17.5	6,300	42,468	6,504
Next 197,532	25	49,383	240,000	55,887
Exceeding 240,000	30			

2. The personal (individual) reliefs provided under the *Fifth Schedule of the Income Tax Act, 2015, Act 896* (as amended) have been revised as follows:

Relief	Prior	Revised (New)
Dependant spouse or at least two dependant children	GHS 200	GHS 1,200
Disability	25% of the assessable income of the disabled individual	No change
Old age (60 years and above)	GHS 200	GHS 1,500
Child education	GHS 200	GHS 600
Dependent relative other than a child or spouse aged 60 years or above	GHS 100	GHS 1,000
Training allowance	GHS 400	GHS 2,000

3. The Sixth Schedule of the *Income Tax Act, 2015, Act 896* (as amended) has been revised by the insertion of a new paragraph (after Paragraph 11) which deals with the tax holiday available to registered manufacturers and assemblers of automobiles under the Ghana Automotive Manufacturing Development Programme. The concessions provided are aimed at boosting investment in the automotive sector in Ghana particularly for the assembly and manufacture of semi-knocked down and complete-knocked down vehicles.

According to the amendment, registered manufacturers and assemblers of automobiles are entitled to the following tax holiday:

- i. In the case of the manufacture or assembly of semi-knocked down vehicles, the income is exempt from tax for a period of three years from the date of commencement of the manufacturing or assembling business; and
- ii. In the case of the manufacture or assembly of complete-knocked down vehicles, the income is exempt from tax for a period of 10 years from the date of commencement of the manufacturing or assembling business.

The concession is calculated on cumulative basis. A manufacturer or assembler who starts with semi-knocked down vehicles and converts to complete-knocked down vehicles is not entitled to a concessionary period greater than an aggregate of 10 years.

It is expected that the Ghana Revenue Authority will issue further guidance to clarify how these concessions are to be taken.

D. National Fiscal Stabilisation Levy (Amendment) Act, 2019, Act 1011 (NSFLA Act)

The *NSFLA Act* extends the date of expiration of the *National Fiscal Stabilisation Levy Act, 2013, Act 862*.

1. The National Fiscal Stabilisation Levy (NFSL) has been extended for another five years and is, therefore, payable on profits before tax for the years 2013 to 2024. The NFSL applies to banks (excluding rural and community banks), non-bank financial institutions, insurance companies, breweries, inspection and valuation companies, companies providing mining support services, telecommunication companies liable to pay communication service tax under Act 754, shipping lines, maritime and airport terminals.
2. The rate of the Levy remains at 5% and is payable quarterly to the Ghana Revenue Authority.

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