

## Ghana 2023 Budget Highlights

Restoring and Sustaining  
Macroeconomic  
Stability and Resilience  
through Inclusive Growth  
& Value Addition

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### Summary Indicators

| Indicators                                      | 2022 Target (Revised) | 2022 Actual (September) | 2023 Target (Projected) |
|---|-----------------------|-------------------------|-------------------------|
| GDP Growth                                      | 3.7%                  | 3.5%*                   | 2.8%                    |
| Inflation (End of Year)                         | 28.5%                 | 37.2%                   | 18.9%                   |
| Fiscal Deficit                                  | 6.6%                  | 7.4%                    | 7.7%                    |
| Gross International Reserves (Months of Import) | 3.5                   | 2.9                     | 3.3                     |

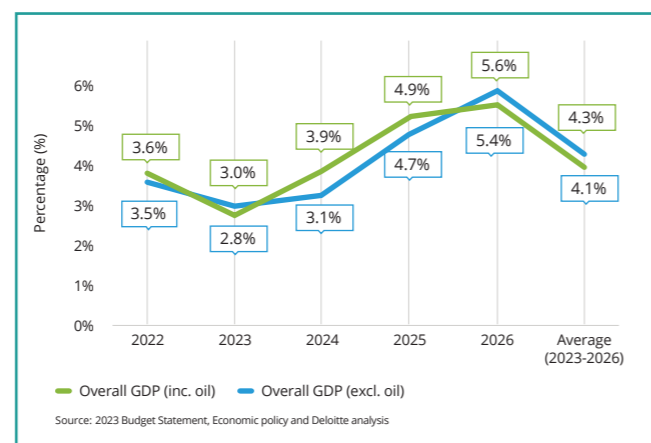
\*Actual results as at June 2022

Source: 2023 Budget Statement and Economic Policy

### GDP Growth

- Overall GDP for Ghana is projected to grow by 2.8% in 2023, down from 3.7% in 2022.
- The projected GDP growth of 2.8% is higher than the projected global GDP growth of 1.6% in 2023
- Non oil GDP growth is estimated at 3.0% in 2023.
- Overall, GDP growth is expected to average 4.3% per annum over the period 2023- 2026.

#### GDP Growth Forecast (2022-2026)



### Exchange Rate

- Compared to 2021, the local currency has rapidly depreciated against its major trading currencies in 2022.
- The rapid depreciation of the local currency has resulted mainly from foreign exchange supply constraints amidst rising demand as Government has been unable to access the Eurobond market in 2022.

#### Exchange Rate development – Year to date Sept.

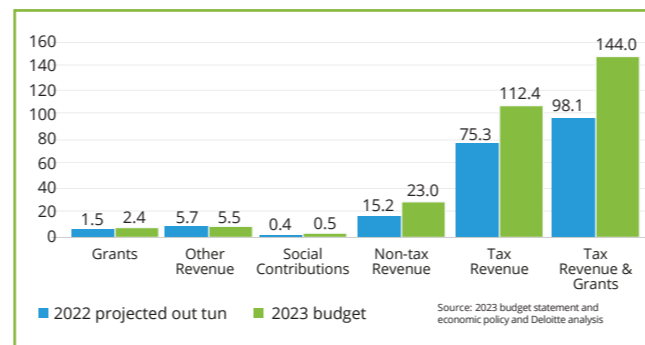
| Description | 2021    | 2022    |
|-------------|---------|---------|
| Cedi/dollar | ↓ 1.79% | ↓ 53.8% |
| Cedi/pound  | ↓ 0.80% | ↓ 45.7% |
| Cedi/euro   | ↑ 3.16% | ↓ 46.9% |

↑ Appreciation of the cedi      ↓ Depreciation of the cedi

Source: 2022 Budget Statement and Economic Policy

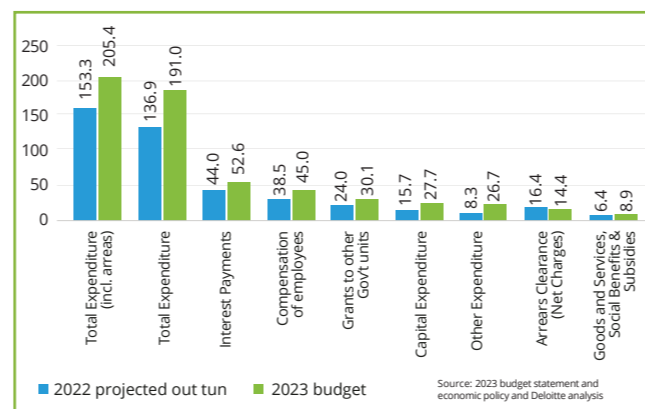
### Revenue

2022 projected outturn vs  
2023 budgeted revenue (GHS Billion)



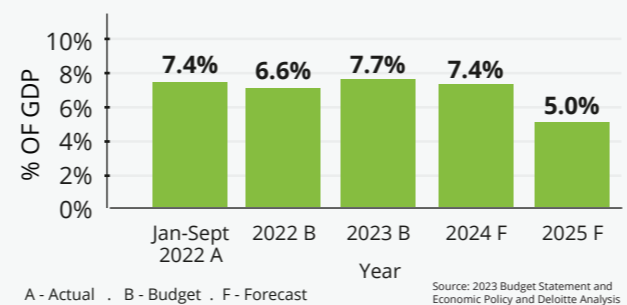
### Expenditure

2022 projected outturn vs  
2023 budgeted revenue (GHS Billion)



### Budget Deficit

Budget Deficit as a % of GDP



### Useful Insights

- Total Revenue & Grants for 2023 is projected at GHS 144 billion compared to a projected outturn of GHS 98 billion in 2022 representing a 47% increase.
- Tax Revenue will constitute 78% of 2023 budgeted revenue as compared to 77% in the 2022 projected outturns.
- Total Expenditure for 2023 is projected at GHS 205 billion compared to a projected outturn of GHS 153 billion in 2022 representing a 34% increase.
- Interest Payment will constitute 25% of 2023 budgeted revenue as compared to 28% in the 2022 projected outturns.
- The Government of Ghana ("GoG" or "Government") in the first three quarters of 2022 recorded a cash deficit of GHS 44 billion (7.4% of GDP) against a revised target of GHS 36.7bn (6.2% of GDP).
- Budget deficit is expected to decrease to 6.6% by end of 2022, down from 7.4% as at Sep 2022 and is projected to increase to 7.7% by end of 2023. GoG projects to achieve a budget deficit of 5% by 2025 which will be in line with the Fiscal Responsibility threshold.

### Public Debt

As at the end of September 2022, total public debt stood at GHS 467.4 billion, representing a growth of 32.7% from the previous year's GHS 352.1 billion as of December 2021.

In the same period, gross public debt to GDP declined marginally to at 75.9%, from 76.7% as of December 2021.

#### Public Debt to GDP ratio (2018- September 2022) Deficit

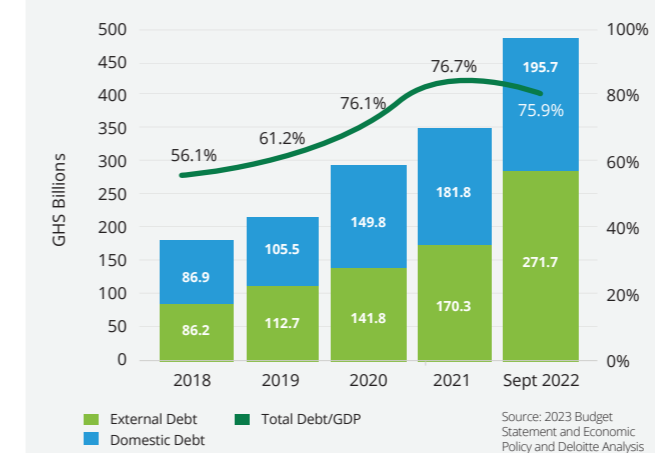
| Debt to GDP       | 2018  | 2019  | 2020  | 2021  | Sept 2022* |
|-------------------|-------|-------|-------|-------|------------|
| External Debt/GDP | 27.9% | 31.6% | 37.0% | 37.2% | 44.1%      |
| Domestic Debt/GDP | 28.2% | 29.6% | 39.1% | 40.4% | 31.8%      |
| Total Debt/GDP    | 56.1% | 61.2% | 76.1% | 76.7% | 75.9%      |

\*Latest forecast from 2023 Budget statement  
Source: 2023 Budget Statement and Economic Policy and Deloitte Analysis



Domestic debt grew by 7.6% to 195.7 billion largely as a result of rising interest rates following periods of high inflation. External debt on the other hand increased significantly, by 59.5% to GHS 271.7 billion as a result of the sharp depreciation of the cedi.

### Trends in public debt accumulation



### Credit Rating

#### Ghana Credit Ratings 2022

| Rating Agency | Publication Date | Outlook         |
|---------------|------------------|-----------------|
| Moody's       | September 2022   | Caa1 (Stable)   |
| S&P Global    | August 2022      | CCC+ (Negative) |
| Fitch Rating  | September 2022   | CC (Negative)   |

Source: 2023 Budget Statement and Economic Policy and Deloitte Analysis

Ghana's downgrades have negatively impacted Government fiscal operations and led to a tightening of the financing conditions.

### Key Tax Policy Proposals

- Increase in standard VAT rate** by 2.5% from 12.5% to 15% and review of VAT threshold and VAT exemption regime.
- Reduction of the electronic transfer levy** from 1.5% to 1% on electronic transfers and removal of the daily threshold.
- Review of tax incentives and exemptions**
  - Increase in the concessional corporate tax rate from 1% to 5%.
  - Introduction of a minimum chargeable income system.
  - Freeze on tax waivers for foreign companies and review of tax exemptions to free zones, mining and oil and gas companies in 2023 financial year.
  - Unification of tax loss carry-forward rules for priority sectors and other sectors.
  - Restriction on deductibility of foreign exchange loss to actual losses incurred and capitalization of exchange losses on capital assets.
- Review of personal income taxes**
  - Introduction of an additional income tax band of 35% for a specified level of income.
  - Revision of nominal quantification of vehicle benefit for personal income tax purposes.
  - Tax waiver on withdrawals from tier 3 provident funds and personal pension schemes in 2023 due to permanent job loss or capital loss.
- Review of taxation of asset and liability realization**
  - Revision of the optional tax rate of 15% for realizations by individuals.
  - Introduction of a tax return and withholding taxes for the gains on realization of assets and liabilities.
- Conversion of the current National Fiscal Stabilization Levy (NFSL) to Growth and Sustainability Levy (GSL)**. GSL is to apply at the rate of 5% and 2.5% on profit before tax for specified sectors (other than extractive sector). Companies in the extractive sector are to pay GSL at 1% of production.
- Excise tax**
  - Revision of excise tax on tobacco products to align with ECOWAS protocols.
  - Increase rate of excise tax on spirits and introduction of excise tax on electronic smoking devices and liquids.
- Review of customs duties regime**
  - Abolition of the benchmark discount policy in 2023 and implementation of self-clearing of imports.
  - Revision of duty rates on products that can be sufficiently produced in Ghana.
- Reinstatement of road tolls** on specified public roads and highways.
- Full roll out of the Unified Common Platform for property rate administration** from January 2023.
- Review of tax regime for betting and gaming industry**
  - Introduction of tax on the gross gaming revenues of gaming companies to replace corporate tax and VAT in 2023.
  - Introduction of withholding tax on winnings from betting, gambling, and other games of chance.
- Full roll out of electronic tax clearance certificate (TCC) issuance** to replace the manual processes and expand services that require TCC.
- Revision of Vehicle Income Tax rates** and income tax stamps rates in 2023.