

2024 Budget Amendments - Your guide to the new taxes affecting the Insurance, Real Estate, and Other Sectors



Following the Ghanaian government's announcement of various tax policy proposals in the 2024 budget statement, parliament has enacted the following new legislations to implement the proposals:

- Income Tax (Amendment) Act, 2023 (Act 1111)
- Value Added Tax (Amendment) Act, 2023 (Act 1107)
- Excise Duty (Amendment) (No. 2) Act, 2023 (Act 1108)
- Exemptions (Amendment) Act, 2023 (Act 1110)

The legislations were published in the official gazette on 29 December 2023. The Commissioner-General of the Ghana Revenue Authority has subsequently issued a written directive indicating the implementation date for these Acts as from January 2024.

This update provides a summary of the provisions and their implications for taxpayers.



Income Tax (Amendment) Act, 2023 (Act 1111)

Act 1111 revises the rates of income tax for resident individuals to align the tax-free bracket with the new national daily minimum wage. The tables below show the revised graduated annual and monthly income tax schedules for resident individuals:

Monthly graduated schedule

Monthly chargeable income (GHS)	Cumulative chargeable income (GHS)	Rate
First 490.00	490.00	Nil
Next 110.00	600.00	5%
Next 130.00	730.00	10%
Next 3,166.67	3,896.67	17.5%
Next 16,000.00	19,896.67	25%
Next 30,520.00	50,416.67*	30%
Exceeding 50,000.00*	-	35%

* Note that there is an inconsistency in the graduated tax brackets contained in the law. We expect the authorities to correct this inconsistency subsequently.



Annual graduated schedule

Annual chargeable income (GHS)	Cumulative chargeable income (GHS)	Rate
First 5,880	5,880	Nil
Next 1,320	7,200	5%
Next 1,560	8,760	10%
Next 38,000	46,760	17.5%
Next 192,000	238,760	25%
Next 366,240	605,000*	30%
Exceeding 600,000*	-	35%

* Note that there is an inconsistency in the graduated tax brackets contained in the law. We expect the authorities to correct this inconsistency subsequently.

Resident individuals earning the minimum wage will continue to receive their income tax free. Income received by nonresident individuals continues to be taxed at a flat rate of 25%.



Value Added Tax (Amendment) Act, 2023 (Act 1107)

Act 1107 revised the value added tax (VAT) regime by introducing a number of new measures, which include:



- A 5% flat rate on the supply of immovable property;
- A penalty for noncompliance by withholding VAT agents;
- The imposition of VAT on the supply of non-life insurance and domestic air travel; and
- New zero-rating provisions.

Introduction of 5% flat rate on supplies of immovable property

Act 1107 introduces a 5% flat rate of VAT on the rental of immovable property by taxable persons, other than for use as a residential dwelling, or for accommodation in a commercial rental property such as a hotel, flat, apartment, or similar establishment.

An estate developer involved in the supply of immovable property is now required to account for VAT at a flat rate of 5% on the value of the taxable supply, rather than the previous standard rate of 15%. An estate developer is defined as a commercial establishment or an individual engaged in the business of the construction or the renovation and supply of immovable property. Immovable property remains as an exempt supply, with the exclusion of immovable property supplied by an estate developer for which Act 1107 has now made amendments.

With the introduction of this regime, rental of immovable property for commercial purposes by taxable persons and the sale of immovable property by estate developers are subject to 5% VAT. The supply of commercial rental establishment (e.g. accommodation in hotel, guest house or hostel) continues to be subject to VAT at the standard rate of 15%. The key difference under the new flat rate regime is the removal of input VAT deductions for estate developers engaged in supply of immovable property and taxable persons engaged in rental of immovable property for commercial purposes. Input VAT incurred by affected taxpayers may be reported as a corporate expense.

The GRA is expected to issue guidelines providing further clarity, especially for entities previously using the standard rate, regarding what will happen to any outstanding deductible input VAT incurred prior to the effective date of Act 1107. Clarification is also needed on whether the statutory levies of 6% of the total amount must also be applied in addition to the flat rate.

Exclusion of certain printed materials and postage stamps from VAT exemption

Act 1107 has amended the list of exclusions from the VAT exemption for the supply of printed materials and similar items. The supply of imported textbooks, exercise books, newspapers, publications, and charts is now subject to VAT; however, locally printed materials remain exempt. In addition, supplies of architectural and similar plans, drawings, scientific and technical works, periodicals, magazines, trade catalogs, price lists, greeting cards, almanacs, calendars, diaries, and stationery as well as other printed matter are now subject to VAT. Postage stamps issued by Ghana Post have been removed from the exemptions list and are now subject to VAT.

VAT on supply of inputs for agricultural purposes

Act 1107 has limited the scope of the exemption for agricultural inputs to only inputs actually used for agricultural purposes; their use for non-agricultural purposes is subject to VAT. It is currently unclear how suppliers of relevant inputs are to justify the treatment of these supplies as exempt. A written directive is expected to be issued by the GRA to provide clarity on the implementation of this provision, including the documents suppliers must maintain to justify any VAT-exempt treatment.

Zero-rating of locally manufactured products

The supply of locally manufactured sanitary towels has been zero-rated for VAT purposes, meaning suppliers charge VAT at a zero rate on supplies, but remain eligible to claim deductible input VAT on related purchases. Act 1107 also grants a two-year extension to the zero-rating for locally manufactured textiles and assembled vehicles, as approved by the Minister of Trade.

Penalty for failure to withhold VAT by VAT withholding agent

A withholding agent who fails to withhold and remit the applicable withholding VAT by the due date is liable to pay the amount that should have been withheld, plus an additional penalty of 30% of the amount due. A withholding agent who incurs a penalty for not withholding is entitled to recover the amount that should have been withheld from the recipient of the payment; however, the 30% penalty is not recoverable. Appointed withholding VAT agents are advised to put in place internal processes and controls to ensure the timely withholding and remittance of amounts.

Exemption from import VAT on electric vehicles

Electric vehicles imported for use in public transport are exempt from VAT at the time of importation. The GRA is expected to issue guidelines outlining the qualification criteria for this benefit.

Classification of non-life insurance as a taxable supply

Act 1107 classifies the supply of non-life insurance products as a taxable supply subject to VAT at the standard rate of 15%. The supply of life insurance products remains exempt. Supplies of financial services, including all types of insurance, previously were exempted from VAT in 2017. As a result of this change, non-life insurance service providers are now eligible to claim deductible input VAT subject to meeting specific conditions. This also has VAT implications for persons receiving claims under a non-life insurance contract.

Imposition of VAT on supply of domestic air transport

Act 1107 has removed the supply of domestic air transport from the list of VAT-exempt supplies. Therefore, domestic air transport providers are required to charge VAT on the supply of domestic air travel.



Excise Duty (Amendment) (No. 2) Act, 2023 (Act 1108)

The amendment introduced by Act 1108 increases the excise duty rate on cider beer to 47.5% of the ex-factory price (from 20%) to align with the excise duty on beer. Similarly, the excise duty on plastic and plastic products listed under chapters 39 and 63 of the Harmonised System and Customs Tariff Schedule is reduced to 5% from 10% of the ex-factory price.



Exemptions (Amendment) Act, 2023 (Act 1110)

Act 1110 introduces a waiver from customs duties and taxes on the importation of fishing gear for agricultural purposes. To qualify for the exemption, the imported fishing gear must be certified by the Minister of Fisheries and Aquaculture Development and approved by the Minister of Finance.

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- Reviewing specific transactions and advising on any potential tax implications;
- Conducting comprehensive tax health checks to assess tax compliance status; and
- Assisting with tax filing, reporting, and payment obligations.

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