

E-Levy Law Takes Effect & Online Tax Return Filing Update



Electronic Transfer Levy (E-Levy) law takes effect

The Parliament of Ghana has passed the Electronic Transfer Levy Act, 2022 (Act 1075) for the imposition of an electronic transfer levy (E-levy) of 1.5% on electronic transfers. The Act was assented to by the President of Ghana on 31 March 2022. The effective date for the imposition and collection of the E-levy is 1 May 2022.



Scope and application

The levy will be charged at 1.5% by banks, specialized deposit-taking institutions, payment service providers, electronic money issuers' and other financial institutions on the transfer value of the following transactions:

- Mobile money transfers done between accounts either on the same electronic money issuer or on different electronic money issuer;
- Transfers between bank accounts and mobile money accounts; and
- Bank transfers originating from bank accounts that belong to an individual.

The entities required to account for the levy will be required to charge the levy as part of their transaction fees and remit same to the Ghana Revenue Authority (GRA).



Exemptions

The following transactions are outside the scope of the E-levy:

- cumulative transfer of up to one hundred Ghana Cedis (GHS100) a day made by the same person;
- a transfer between accounts owned by the same person;
- a transfer for the payment of taxes, fees and charges on the Ghana.GOV system or any other Government of Ghana designated payment system;
- specified merchant payments²;
- transfers between principal, agent and master-agent accounts; and
- electronic clearing of cheques.



Deloitte's View

The passage of Act 1075 brings into effect the Government of Ghana's proposal to introduce a levy on electronic payments as part of measures to enhance revenue mobilization announced in the 2022 budget statement.

For users of electronic payment services outside the exempted transactions, the levy presents additional cost to their personal cost and business costs, as the case may be.

Banks and other financial institutions, payment service providers and electronic money issuers providing electronic money transfer or payment platforms should institute the required compliance protocols and governance systems to comply with the mandate to accurately charge and account for the levy to the GRA. Act 1075 provides that administration of E-levy will be in accordance with the provisions of the Revenue Administration Act, 2016 (Act 915). Hence, we expect all administrative matters such as penalties and interest, taxpayer rights and responsibilities to be as provided under Act 915. Act 1075 does not however clearly specify the timing of returns to be filed for E-levy collected. While we await further guidance from the GRA, we expect the timing to be on a monthly basis similar to VAT and Communication Service Tax return filing and payment.

¹ **"Electronic money issuer"** is defined to mean "a payment service provider who issues electronic money".

² **"Specified merchant payments"** is defined to mean "payments made to merchants through a payment service to a person registered with the Ghana Revenue Authority for the purposes of income tax or value added tax".

Online filing of tax returns

The GRA has announced that the Authority will no longer accept manual returns from the following group of taxpayers effective 1 April 2022:



- Taxpayers registered with the Large Taxpayer Officer (LTO)
- Taxpayers whose annual turnover is above GHS5million
- Excise taxpayers

These categories of taxpayers are required to register taxpayer accounts on the taxpayer portal (www.taxpayersportal.com) or the Ghana Taxpayers' App and submit their tax returns online from 1 April 2022. Payment for tax due can be made through the Ghana.Gov system.

Selected medium-sized enterprises and all High-Net-Worth Individuals will also be required to file taxes electronically beginning 1 June 2022. Also, requests for Tax Clearance Certificates (TCCs) are expected to be automated and made available online but the specific modalities for this are yet to be announced.

Our experienced team of professionals are available to assist with the registration process as well as filing for taxpayers in the identified categories.



How can Deloitte help?

- Assess the impact of this statutory obligation on the business operations of financial institutions and other payment system providers.
- Assist entities with setting up compliance and governance protocols to efficiently meet the compliance requirements.
- Provide professional advice and guidance on business impact analysis as well as other compliance matters.

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