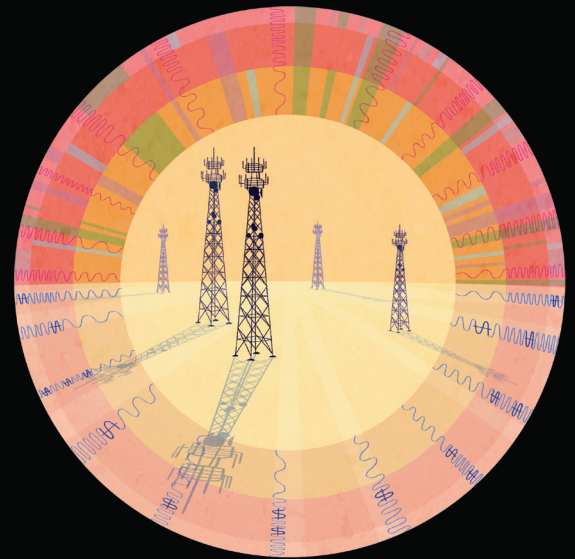


9% Communications Service Tax takes effect

The Government of Ghana has passed into law, the Communications Service Tax (Amendment) Act, 2019 (Act 998) and Luxury Vehicle Levy (Repeal) Act, 2019 (Act 996) following fiscal policy proposals in the Mid-Year Fiscal Policy Review of the 2019 Budget Statement.



Communications Service Tax (Amendment) Act, 2019 (Act 998)

The passage of Act 998 brings into effect an increase in the rate for Communications Service Tax (CST) from 6% to 9%. The tax applies on charges for the use of electronic communications service. Consequently, companies engaged in the provision of electronic communications service, as defined by the Communications Service Tax Act, 2008 (Act 754), will now be required to charge CST at 9%.

The tax base for charging CST is the service value excluding Value Added Tax, the Ghana Education Trust Fund Levy, and the National Health Insurance Levy.

The Amendment Act has no specific effective date other than the Gazette notification date of 19 August, 2019. The Gazette date of 19 August, 2019 will therefore be the effective date for the rate increase.



Luxury Vehicle Levy (Repeal) Act, 2019 (Act 996)

The Luxury Vehicle Levy (Repeal) Act, 2019 (Act 996) has also been passed to repeal the Luxury Vehicle Levy Act, 2018 (Act 969).

Act 996 abolishes the Luxury Vehicle Levy that was originally charged on vehicles with engine capacity of 2,950cc and above with exceptions for commercial goods vehicles, passenger vehicles carrying more than ten (10) persons, tractors, and ambulances.

Following the repeal, owners of vehicles hitherto subject to the levy will no longer be required to pay the levy on registration or renewal of road worthiness of the vehicles.

It is important to note that, Act 996, which took effect from 19 August, 2019, provides for any right, liability or levy obligation that existed prior to the repeal to continue to be in existence until such right, liability, or obligation is exercised or terminated. Consequently, amounts payable in respect of the levy prior to the repeal will remain payable until finally settled.

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