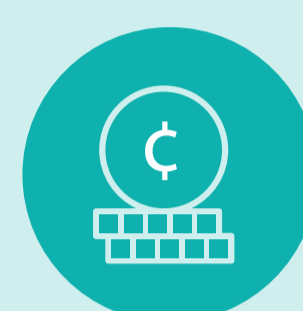




Snapshot of 2019 Budget Statement

“A stronger economy for jobs and prosperity”

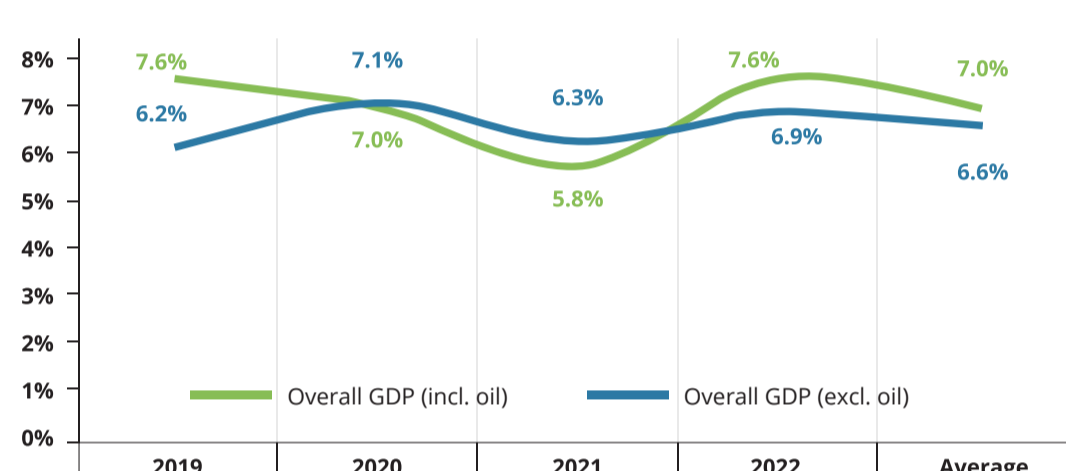


Economic Growth

GDP growth

- IMF's forecast for global GDP growth in 2019 is expected to remain at 3.7%.
- Overall GDP for Ghana is projected to grow by 7.6% in 2019, up from 5.6% in 2018.
- Non oil GDP growth is estimated at 6.2% in 2019.

GDP growth forecast (2019 - 2022)



Source: 2019 Budget Statement and Economic policy

Inflation targets



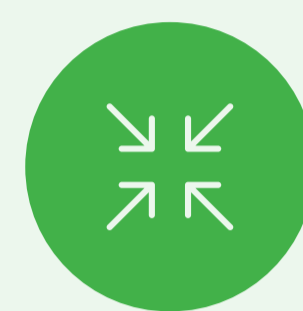
Inflation expected to remain in single digit and decline further to 8.0% in 2019.

Exchange rate

Exchange rate development - end of October

Description	2018	2017
Cedi/dollar depreciation	7.6%	4.4%
Cedi/pound depreciation	4.0%	11.9%
Cedi/euro depreciation	4.4%	14.6%

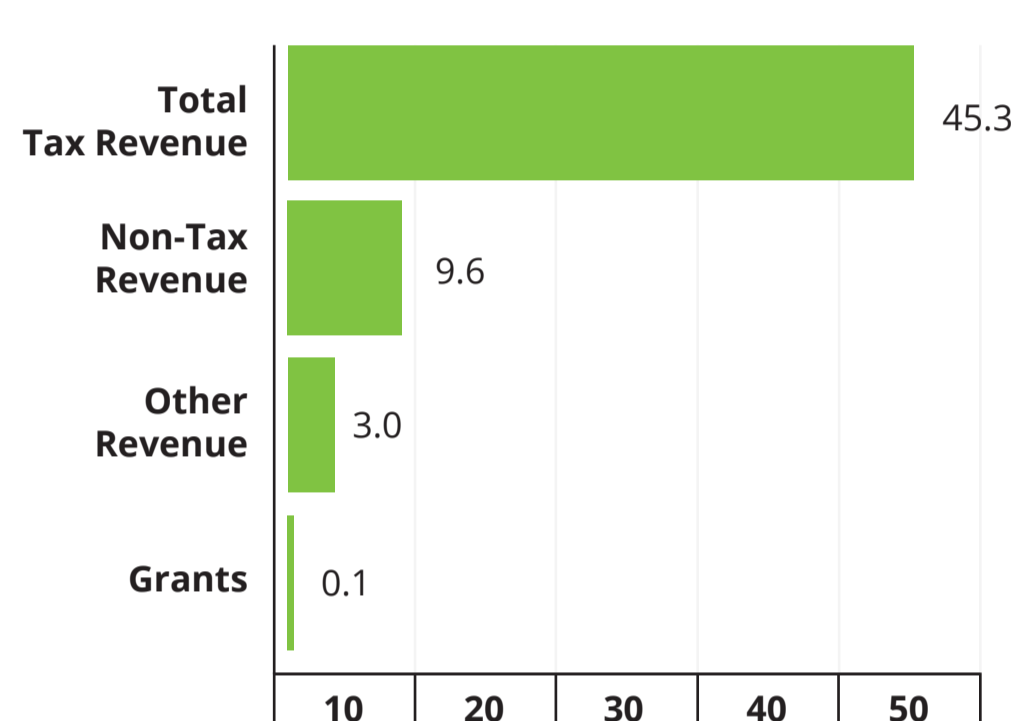
Source: 2019 Budget Statement and Economic policy



Revenue Trends

Revenue outlook for 2019

Projected domestic revenue for 2019 (GHS billions)

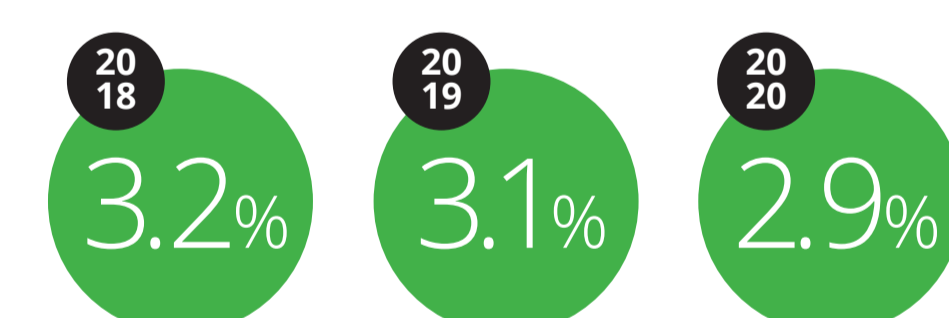


Source: 2019 Budget Statement and Economic policy

Full year domestic revenue collection is projected GHS 57.79 billion, representing an annual growth of 25.5% over the projected outturn for 2018 driven mainly by tax revenue.

Budget deficit

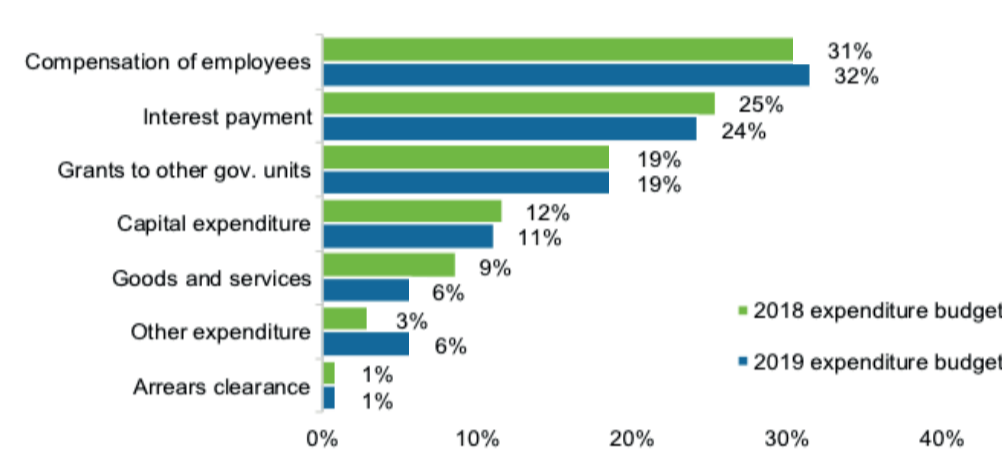
- The current account deficit of GHS 9 billion is expected to remain low on the back of continued fiscal consolidation and improved revenue prospects from increased oil and gas production.
- The current deficit is projected to end 2018 at 3.2% of GDP and further decline to 3.1% of GDP in 2019 before decreasing further to 2.9% of GDP by 2020



Expenditure Trends

Expenditure projections

Summary of government's expenditure 2018 and 2019 budget



Source: 2019 Budget Statement and Economic policy

Summary of Central Government Fiscal Operations (2018 - 2022)

GHS' Million	2018	2019	2020	2021	2022
Projected Outturn					
Total revenue and grants & of rebased GDP	46,813	58,905	67,818	74,746	79,405
% of rebased GDP	15.7%	17.1%	17.1%	16.6%	15.2%
Total expenditure	57,828	73,441	82,365	89,263	95,368
% of rebased GDP	19.4%	21.3%	20.8%	19.8%	18.3%
Non-interest expenditure	42,910	66,347	67,818	71,264	76,550
% of rebased GDP	14.4%	16.8%	17.1%	15.8%	14.7%
Budget Balance	(11,015)	(14,536)	(14,547)	(14,522)	(15,963)
% of rebased GDP	(3.7%)	(4.2%)	(3.7%)	(3.2%)	(3.1%)

Source: 2019 Budget Statement and Economic policy

- The largest components of the projected expenditure are compensation of employees, interest payments and grants to other government agencies (subventions)
- Interest payments are projected to inch up to GHS 18.6 billion or 25% of total revenue projected for 2019. Interest payments exceeds capital expenditure and goods and services.
- Government has outlined four initiatives which could potentially drive expenditure towards a wider budget deficit. These are summarized below

Top 4 initiatives with likely significant impact on expenditure

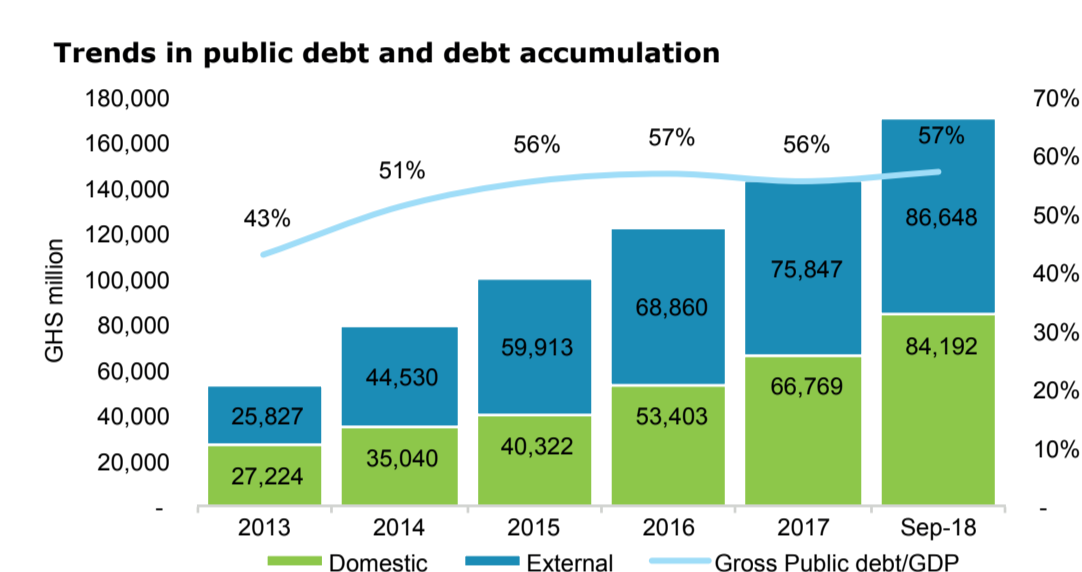
GHS Million	Value
Free SHS	1,683
Infrastructure for Poverty Eradication Programme	1,320
National Builders Corp	850
Planting for Foods and Jobs	380
Total	4,233

Source: 2019 Budget Statement and Economic policy



Public Debt

Trends in public debt and debt accumulation



Source: 2019 Budget Statement and Economic policy

Debt to GDP (2013-2018)

Series	2013	2014	2015	2016	2017	September 2018
New GDP Series						
Gross external debt/GDP	27.7%	39.3%	43.8%	41.2%	36.8%	35.9%
Gross Domestic debt/GDP	29.1%	30.9%	29.4%	31.9%	32.4%	34.8%
Gross Public/GDP	56.8%	70.2%	73.2%	73.1%	69.3%	70.7%
Old GDP Series						
Gross external debt/GDP	20.9%	28.7%	33.2%	32.0%	29.6%	29.0%
Gross Domestic debt/GDP	22.0%	22.5%	22.4%	24.8%	26.0%	28.2%
Gross Public/GDP	42.9%	51.2%	55.6%	56.9%	55.6%	57.2%

Source: 2019 Budget Statement and Economic policy

Public Debt



Highlights of key tax policy proposals

1

Review of personal income tax band to reduce top marginal tax from 35% on monthly taxable income above GHS10,000 to 30% on monthly taxable income exceeding GHS20,000.

2

Extension of tax stamp policy to include the textile industry to curb smuggling and counterfeiting within the industry.

3

Shift point of withholding tax on income from small scale mining to point of export of minerals.

4

Supply of locally made textiles to be subject to VAT at a rate of zero percent for a period of three years.

5

Creation of special dispensation for companies who commit additional funds to support government initiatives – corporate tax deductions can be made for such contributions to reduce taxable income of the companies.

6

Strict enforcement of the use Tax Identification Numbers (TIN) and application of sanctions against institutions and individuals that flout implementation.

7

Enhance valuation of real properties and collection of property taxes.

8

Intensify tax compliance measures such as audits and prosecution of tax defaulters.



Contacts

Charles Larbi-Odam
Country Managing Executive
Deloitte Ghana
clarbi-odam@deloitte.com.gh
+233 202 519 894

George Ankamah
Partner, Deloitte Ghana
Tax & Regulatory
gankomah@deloitte.com.gh
+233 501 320 895

Ellen Fayorsey
Partner, Deloitte Ghana
Financial Advisory
efayorsey@deloitte.com.gh
+233 501 320 900

www2.deloitte.com/gh



Deloitte Ghana

Deloitte refers to one or more of Deloitte Touche Tohmatsu Limited, a UK private company limited by guarantee ("DTTL"), its network of member firms, and their related entities. DTTL and each of its member firms are legally separate and independent entities. DTTL (also referred to as "Deloitte Global") does not provide services to clients. Please see www.deloitte.com/about for a more detailed description of DTTL and its member firms.

Deloitte provides audit, consulting, financial advisory, risk advisory, tax and related services to public and private clients spanning multiple industries. Deloitte serves four out of five Fortune Global 5000 companies through a globally connected network of member firms in more than 150 countries and territories bringing world-class capabilities, insights, and high-quality service to address clients' most complex business challenges. To learn more about how Deloitte's approximately 245,000 professionals make an impact that matters, please connect with us on Facebook, LinkedIn, or Twitter.

This communication contains general information only, and none of Deloitte Touche Tohmatsu Limited, its member firms, or their related entities (collectively, the "Deloitte network") is, by means of this communication, rendering professional advice or services. Before making any decision or taking any action that may affect your finances or your business, you should consult a qualified professional adviser. No entity in the Deloitte network shall be responsible for any loss whatsoever sustained by any person who relies on this communication.

© 2018. For more information, contact Deloitte Touche Tohmatsu Limited.