

## Non-resident E-Service Suppliers to Register for VAT

The Ghana Revenue Authority (“GRA”) has launched an online registration and filing portal for non-resident suppliers of e-commerce/digital services to start charging VAT from 1 April 2022.



Ghana’s Value Added Tax Act, 2013 (Act 870) (“VAT Act”) provides that non-residents who supply telecommunication services or electronic commerce (electronically supplied services (“ESS”)) for use or enjoyment in Ghana, other than through a VAT registered agent, are required to register and account for VAT where the registration requirements are met.

To ensure compliance with this provision, the GRA has launched an online portal to facilitate the registration and filing of returns by eligible non-resident suppliers. Tax payments will also be processed via the Ghana.gov payment portal linked to the online portal.

The VAT Act defines telecommunications services as services that relate to the transmission, emission or reception of signals, writing, images and sounds of information of any nature by wire, radio, optical or other electromagnetic systems, including the provision of access, transmission, emission or reception. E-commerce is also defined to cover business transactions that take place through the electronic transmission of data over communications networks like the internet.

The following activities are examples of telecommunication services and electronic commerce under the VAT Act:

- website supply;
- web-hosting;
- distance maintenance of programmes and equipment;
- images, text and information and making databases available;
- music and games, games of chance and gambling games;
- political, cultural artistic, sporting, scientific and entertainment broadcasts and events; and
- distance teaching.



## What is the Implication?

Non-resident suppliers of ESS for use or enjoyment in Ghana who meet the registration threshold of GHS 200,000 (c. USD28,000) annual sales are obliged to register via the portal and start charging VAT effective 1 April 2022 unless such services are provided through VAT registered agents in Ghana. While we await further guidance, our expectation is that the non-resident ESS suppliers would be able to claim deductible input VAT incurred in Ghana to the extent that the expense is incurred in making the supplies in Ghana.

VAT return filing will be submitted monthly at the end of the subsequent month via the online portal. All other tax administration provisions in Ghana’s Revenue Administration Act and the VAT Act, including provisions on invoicing, interest and penalties, will apply to the non-resident ESS suppliers registrable under the VAT Act.



### For non-resident suppliers

Given that this registration requirement has been on Ghana's statute books since 2014, the launch of the registration portal marks a significant development towards providing clarity on compliance obligations for affected non-resident suppliers of ESS. Currently, there is no distinction between supplies to businesses (B2B) and supplies to consumers (B2C).

Non-resident suppliers of ESS should therefore take immediate steps to complete the online registration to commence charging Ghana VAT from 1 April 2022 to avoid penalty and interest for non-compliance. We understand the GRA, together with other State agencies such as the National Communications Authority, is implementing a robust compliance and enforcement regime to ensure there are no revenue leakages from this initiative.



### For consumers

Given that VAT (and the related levies) is a consumption tax, it is expected that this cost will be borne by the final consumer. In view of that, prices of e-commerce/digital services provided by non-resident suppliers may increase with the VAT charge.

## How can we help?

- Assess the impact of this statutory obligation on the business operations of non-resident suppliers of ESS into Ghana.
- Assist non-resident suppliers with VAT registration and ongoing monthly compliance.
- Provide professional advisory and guidance on business impact, permanent establishment issues and other compliance matters.

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