

DOING BUSINESS

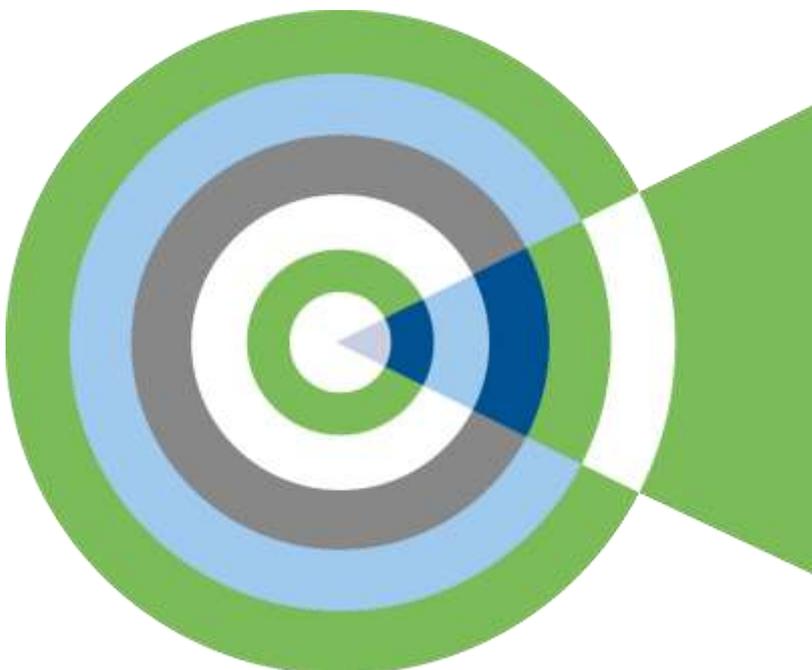
IN GHANA



The network
for doing
business

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1 – INTRODUCTION

UHY is an international organisation providing accountancy, business management and consultancy services through financial business centres in around 90 countries throughout the world.

Business partners work together through the network to conduct transnational operations for clients as well as offering specialist knowledge and experience within their own national borders. Global specialists in various industry and market sectors are also available for consultation.

This detailed report providing key issues and information for investors considering business operations in Ghana has been provided by the office of UHY representatives:

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A detailed firm profile for UHY's representation in Ghana can be found in section 8.

Information in the following pages has been updated so that they are effective at the date shown, but inevitably they are both general and subject to change and should be used for guidance only. For specific matters, investors are strongly advised to obtain further information and take professional advice before making any decisions. This publication is current at March 2017.

We look forward to helping you do business in Ghana.

2 – BUSINESS ENVIRONMENT

Ghana, formerly called the Gold Coast, became independent from British colonial rule on 6 March 1957 and was the first black African colony to achieve independence.

The country has many natural resources, including rich mineral reserves such as gold, diamonds, manganese, limestone, bauxite and iron ore, as well as various clays and granite deposits. In 1999, Ghana produced 2,620,096 million ounces of gold and 684,033.4 carats of diamonds (of which Ghana is the second largest producer).

BACKGROUND

LOCATION

Ghana, the closest landmark to the centre of the world, is located on the west coast of Africa, about 750km north of the equator on the Gulf of Guinea, between the latitudes of 4° and 11.5° north and longitude 3.11° west and 1.11° east.

The industrial city of Tema, which is near to Accra, the capital of Ghana, lies on the Greenwich Meridian (zero line of longitude).

Ghana is bounded to the north by Burkina Faso, to the west by Ivory Coast, to the east by Togo and to the south by the Gulf of Guinea.

LAND

The country has a total land area of 238,537km² (92,100 square miles) and stretches 672km north to south and 536km east to west.

POPULATION

The population of Ghana is estimated at about 25 million and grows at 2.5% annually. Most of the population is concentrated in the southern part of the country, with the highest density occurring in urban and cocoa producing areas.

The population of Ghana comprises Christians, as well as those of traditional religions and Muslims. While Christianity is the dominant religion, Islam and traditional religions are also very well represented. Above all, there is complete freedom of religion in Ghana.

LANGUAGES

Ghana's principal ethnic groups are the Akan (Twi and Fante speaking), the Guans, Ewes, Dagombas, Gas, Gonjas, Dagabas, Walas and Frafras. There are 56 Ghanaian dialects of which Akwapim Twi, Asante Twi, Fante, Dangbe, Ewe, Kasem, Gonja, Dagare, Ga, Dagbani and Nzema are the major languages. The official language of the country is English. French and Hausa are two major foreign languages which are also spoken in Ghana.

LEISURE

The country boasts fine golf courses and safe and unspoilt beaches with world class hotels and restaurants. Most cities have many active 'keep fit clubs', which have members from different countries. There are also facilities for game fishing (mauling).

POLITICAL SYSTEM

Ghana is a multi-party, constitutional democracy.

The current constitution was promulgated by a national referendum held on 28 April 1992, and approved to come into effect on 7 January 1993. The constitution is currently undergoing a review, but it reflects the concept of the separation of powers and sets out the respective powers and functions of the executive, the legislature and the judiciary.

It contains specific rights, duties, declarations and guarantees relating to the fundamental human rights and freedoms, including 'others not specifically mentioned which are considered to be inherent in a democracy and intended to secure the freedom and dignity of man'.

ECONOMY

Gross Domestic Product (GDP) is the approximation of the total value of final goods and services produced in the country over a given period.

The calculation of the Gross Domestic Product (GDP) is completed in stages, with estimates generated at each stage being reliant on data available. Outcomes from each stage are increasingly designated as provisional, revised and final.

This issue contains the provisional 2015 GDP approximates, revised 2014 approximates and final approximates for 2006 to 2013. The outcome for 2015 used data covering four quarters of the year from production units indicating data for the whole year. The 2015 approximates are estimations based on two quarters of 2015 with underlying assumptions. Subsequent revisions to these estimates will be carried out in December 2017.

KEY STATISTICS

Revised GDP at constant estimates for 2015 showed a growth of 3.9 percent over the 2014 revised estimates. The Services sector recorded the highest of 5.2 percent, followed by Agriculture (2.5%) and the Industry sector with a growth of 1.0 percent.

Services remain in the largest sector. Its share of GDP increased from 52 percent in 2014 to 53.3 percent in 2015. However, the sector's growth rate slow down from 5.6 percent in 2014 to 5.2 percent in 2015. Two of the subsectors in this sector recorded double digits growth rates. These are the Information and Communication (13.4%) and the Health and Social Work subsector (11.5%).

The Industry sector, the least growing sector with GDP share of 26.6 percent, the sector's growth inched up from 0.8 percent in 2014 to 1.0 percent in 2015. Of all the industrial activities, the Water and Sewerage subsector recorded the highest growth of 21.5 percent in 2015.

The Agriculture sector contracted from a growth of 4.6 percent in 2014 to 2.5 percent in 2015. Its share of GDP also decreased from 21.5 percent in 2014 to 20.2 percent in 2015. Crops remain the largest activity with a share of 15.7 percent of nominal GDP.

TABLE 1
Economic data

	2010	2011	2012	2013	2014	2015
GDP current (GHS million)	46,042	59,816	75,315	93,416	113,343	138,748
Non-oil GDP current (GHS million)	45,865	56,070	69,666	85,974	105,550	133,596
GDP current (USD million)	32,186	39,517	41,656	48,654	38,552	36,739
Per capita GDP (GHS)	1,867	2,370	2,916	3,535	4,192	5,014
Per capita GDP (USD)	1,305	1,566	1,613	1,841	1,426	1,328
Growth rates						
GDP at current market prices	25.8%	29.9%	25.9%	24.0%	21.3%	22.4%
GDP at constant 2006 prices	7.9%	14.0%	9.3%	7.3%	4.0%	3.9%
Non-Oil GDP at constant 2006 prices	7.6%	8.2%	8.6%	6.6%	3.9%	4.1%
Change in GDP deflator	16.6%	13.9%	15.2%	15.6%	16.7%	17.8%

*Revised

3 – FOREIGN INVESTMENT

EXCHANGE CONTROL

Until 2006, Ghana operated a strict foreign exchange control regime under the erstwhile Exchange Control Act, 1961 (Act 71); that Act has been repealed and replaced by the Foreign Exchange Act, 2006 (Act 723), which has introduced a more liberal regime.

Under the Foreign Exchange Act, exchange controls (which were previously exercised by the Bank of Ghana) are now operated by authorised dealer banks, which are only required to report their foreign exchange dealings to the Bank of Ghana.

Repatriation of funds or dividends and payments in foreign currency to or from Ghana between a resident and a non-resident, or between non-residents, must be made through authorised dealer banks. There are no exchange control or currency regulations, as long as transactions are effected through these banks.

ENERGY SECTOR IN GHANA

INVESTMENTS IN THE ENERGY SECTOR

It is estimated that around USD 9 billion is required in the next five years to finance the numerous initiatives in the energy sector, including oil and gas activities which alone require over USD 5.5 billion. While the government will continue to inject funding into the sector, when available, a major policy shift is to encourage energy sector institutions to raise a substantial portion of their capital investment requirements on their own without recourse to the state. The government has therefore requested the sector agencies, particularly the Volta River Authority (VRA), Ghana Grid Company (GRIDCO), Electricity Company of Ghana (ECG) and Tema Oil Refinery, to raise financing from commercial loans and other private sector financing arrangements and also via the Ghana Stock Exchange.

The energy sector is expected to play a pivotal role in the development agenda of the country.

RECENT HISTORY OF THE ENERGY SECTOR

With the advent of the post-colonial era, the energy sector was envisioned to be a major driving force in the transformation of the economy from one largely sustained by subsistence farming to one that is fully industrialised. This began with the construction of the hydro-electric dam at Akosombo, a major initiative by the then Convention People's Party (CPP) government which opened up the economy and the energy sector in particular to the exploitation of the power-generating potential of the country.

Subsequently, other forms of energy have been tapped including renewable, nuclear energy and fossil fuels. The government's overall goal for the sector has been to develop and sustain an efficient and viable energy sector that provides a secure, safe and reliable supply of energy to meet Ghana's development needs in a competitive manner. The state wishes to ensure there is universal access and a choice of modern energy forms to all Ghanaians without exception, thereby contributing significantly to national revenue and economic growth and allowing Ghana to become a net exporter of oil and power by 2013. Thus, Ghana's energy sector can be classified into power and petroleum sub-sectors.

POWER GENERATION

Traditionally, wood fuel continues to provide a significant source of energy to many households in Ghana, and comprises about 70% of Ghana's energy consumption. This consumption level has engendered the creation of sustainable energy development in the country through proper management and the use of an alternative to wood charcoal, namely bamboo.

Ghana's other power supply sources are mainly from hydroelectricity, thermal energy from light crude oil and a small percentage comes from photo-voltaic solar.

The objective of the government is to achieve a target of 5,000MW of installed power generation capacity by 2015. This level of capacity would enable Ghana to supply adequate electric power to meet the growth in national electricity demand and also for export to neighbouring countries. The government's outlook is focused on upgrading the transmission and distribution systems while scaling up rural electrification to help ensure increasing access to electricity by households and industry (2010 Budget Statement).

HYDROPOWER

Ghana has made significant strides in maximising its hydropower potential which is pegged at about 4,000 megawatts. Aside from the construction works on the 400 megawatts Bui Hydroelectric Project, the government of Ghana has signed a Memorandum of Understanding (MOU) with the Brazilian government for the development of the Juale River and Pwalugu hydro power plants at a cost of USD 555 million, giving a generating capacity of 87MW and 48MW respectively.

The construction of the hydro-dams forms part of the planned system of generation expansion under the Energy Commission's 'Strategic National Energy Plan' (SNEP) covering 2006–2020. This also includes the construction of the 93MW Hemang hydroelectric power dam which is expected to be completed by 2015. Upon completion of all the power plants under construction, the country's total installed power generation capacity should reach 3,500MW by 2013. Currently, electricity consumption in the country is estimated at 7,095 billion kilowatt hours (kWh), while production capacity is pegged at 6,489 billion kWh.

The demand for power consumption in the country is expected to grow at 7.6% over the next five years. The policy objectives of the expansion program are to ensure security of electricity supply, minimum negative environmental impacts from the electricity supply and to ensure universal access to an affordable electricity service.

RENEWABLES

Ghana has a huge potential for electricity generation from renewable energy sources such as solar, wind, biomass and small hydro. To maximise this, steps are being taken by the government to provide the necessary legal basis for the rapid development of renewable energy in the national energy mix by establishing a Renewable Energy Law. A combination of technical and regulatory instruments will be enshrined in the law to compel utility companies to procure a predetermined percentage of their electricity supplies from renewable energy sources. To consolidate its search for strategic energy solutions, the government has facilitated the preparation of a training manual for solar photovoltaics (PV) testing, installation and maintenance.

To further build capacity, the government has facilitated the development of training and testing materials and testing facilities in Tamale Polytechnic and Kwame Nkrumah University of Science and Technology (KNUST) for human resource development in solar PV. In addition, the government played a major role in the signing of a protocol on off-grid solar electrification for security outposts, schools and health centres. An operational manual for providing matching grants to support renewable services by the private sector was also developed and solar PV systems have been installed in 75 rural health posts.

Going forward, the government of Ghana envisions the further promotion of renewable energy technologies (solar, wind and mini hydro) and solar electrification projects in schools, security service and health centres. In addition, the government will continue training on solar PV systems as well as implement grid-connected solar PV and wind systems, rehabilitate grid-connected solar systems and develop a licensing and monitoring framework for the electricity industry.

THERMAL POWER

The inclusion of thermal power in Ghana's energy mix has been further boosted with two new plants in Tema. The 126MW Tema Thermal 1 Power Project (TT1PP) is now fully operational after being commissioned in 2009. Other ongoing activities include the installation of the 49.5MW Tema Thermal 2 Power Project (TT2PP) which is 95% complete. This adds to the TAPCO- Takoradi I (330MW) and TICO- Takoradi II (220KW). In January 2010, expansion works commenced on the Takoradi Thermal Power Plant at Aboadze in the Shama District of the Western Region. The 132-megawatt capacity combined cycle plant will consist of four gas turbines, four heat recovery steam generators and two steam turbines. The gas turbines will run on light oil, diesel oil and natural gas. Also, a MoU has been concluded with the energy company TAQA to carry out the expansion of the Takoradi International Company (TICO) power plant from a 220MW simple-cycle plant to a combined-cycle plant of 330MW.

The 80MW Mines Reserve Power Plant, which was constructed at a cost of more than USD 45 million in June 2007, has been made available to the VRA to supplement any energy generation shortfalls in the country. This was previously used by four mining companies (Newmont Ghana Limited, Goldfields Ghana, AngloGold-Ashanti, and Golden Star Resources) for load-shedding situations. The 126MW emergency diesel power units purchased by the government were largely unused owing to the high cost of operation. Additionally, work is soon to commence on the 132MW combined-cycle power project which will be sited near the VRA Thermal Power Plant in Aboadze.

OSAGYEFO POWER BARGE

The refurbished Osagyefo Power Barge adds to the energy generation mix of the country. This was carried out by the Balkan Energy Company LLC, a US-based energy company which partnered the government of Ghana to put the Osagyefo power barge into operation. Balkan Energy entered into a 20-year agreement with the government of Ghana to run the barge and is expected to convert the barge into a combined cycle power plant with an incremental capacity of 60MW at a cost of about USD 100 million.

The company will also pay the government of Ghana a yearly lease of USD 10 million from the beginning of the sixth year to the 12th year. The agreement will be reviewed every five years. This project aims to augment the Akosombo and Kpong Hydro-electric Power Plants as well as the Aboadze Power Plant and a few others as a means to address the power challenges of the country. The barge, which is expected to generate 185MW of power, is a dual-fired unit which can operate on diesel as well as natural gas.

PRIVATE SECTOR INITIATIVES IN THE ENERGY SECTOR

The current regime of power production is receiving the active involvement of Independent Power Producers (IPPs). The Asogli Power Plant, for instance, which is a full private sector financed power plant of 200MW capacity, has been completed and is awaiting the availability of natural gas to commence operation.

On the expansion of the Tema Thermal Power Plant, the VRA has concluded an agreement with Tema Osonor Power Company, an IPP, to expand the plant by 126MW and ultimately into a combined-cycle facility with a total capacity of around 330MW.

Beyond the existing plants, a total of 1,611.5MW of capacity is currently under construction by the government and IPPs, while other plans have been initiated to increase the power generation capacity in the country.

UPSTREAM OIL AND GAS PROSPECTS

Ghana's oil and gas prospects are significant. It is believed that Ghana's oil and gas resources stretch across the country's shoreline from the west (Cape Three Points) to the east (Keta). Similarly, the Voltain Basin, which covers over 40% of the country's land mass, is believed to have oil and gas reserves. The Voltain Basin is yet to be fully explored and will be given priority attention in the medium term.

Recent appraisals completed on three of the discoveries in the Jubilee Field, which is made up of two blocks, indicate that the field contains expected recoverable reserves of about 800 million barrels of light crude oil, with an upside potential of about 3 billion barrels. The Jubilee Field will be developed in phases with the aim of ensuring that gas is not flared. The first oil production started in 2011 and is driven by a production philosophy of maximising the value of the resource. Tullow oil, an operator of the Jubilee Field, projected production of 120 barrels per day will be reached in early 2013. Up until May 2012, the field had produced 33 million barrels of oil.

Recent discoveries have elicited great interest in Ghana's oil and gas prospects. Currently, there are eleven petroleum agreements operating in the country at different stages of exploration or development. Several other prospective oil companies have expressed interest in exploring Ghana's sedimentary basins. The government intends to accelerate the process of the acquisition of blocks in the Ghana sedimentary basins in order to fully and speedily delineate the country's oil and gas potential.

DOWNSTREAM DEVELOPMENTS

It is the government of Ghana's intention to ensure increased local refining capacity to meet both domestic demand and exports. Currently, about 60% of domestic demand can be met by the Tema Oil Refinery (TOR).

To bring refining capacity to acceptable levels, there is the need to expand the capacity of TOR and also improve its operations. About USD 300 million is needed to be invested in TOR to increase its capacity by about 100,000 barrels per stream day (BSPD) from its current level of 45,000 BSPD. About USD 683.5 million is to be injected into the operations of the Bulk Oil Storage and Transportation Company Limited (BOST), in the medium term period up to 2015, to improve bulk transportation of petroleum products, especially to the northern parts of the country.

The government intends to encourage the oil marketing companies (OMCs) to increase the number of service stations to ensure improved access to petroleum products in the country. The current administration of Premix fuel is being reviewed. The government will continue to encourage the development of bio-fuels, as an alternative transportation fuel.

INSTITUTIONAL DEVELOPMENT: ESTABLISHMENT OF PETROLEUM REGULATORY AUTHORITY

The draft Bill to regulate the upstream petroleum industry is being reviewed with the view to reducing redundancies and further giving effect to the intention to consolidate the activities of the numerous regulatory agencies existing in the energy sector. It is believed that a smaller number of regulatory agencies are needed to manage the sector in order to ensure efficient and coordinated operation and the enforcement of regulations.

INTELLECTUAL PROPERTY

PATENTS

- Nature of right – to be patentable, an invention must:
 - i) be new
 - ii) involve an inventive step
 - iii) be industrially applicable, and
 - iv) not be excluded from patent protection by statute
- Protection – an application must be made to the Registrar of Patents. The rules on protection are set out by statute

- Enforcement – the patent owner can commence court proceedings against an infringer. The remedies available are injunctions, damages and any other remedy the court considers appropriate
- Length of protection – protection lasts for 20 years, subject to the payment of annual fees.

TRADE MARKS

- Nature of right – a sign or combination of signs capable of distinguishing the goods or services of one undertaking from another
- Protection – an application must be made to the Registrar of Trade Marks. The rules on protection are set out by statute
- Enforcement – a trade mark owner can seek to enforce his/her rights by commencing court proceedings. Apart from the remedies of injunctions and damages, the offender is liable to a fine of GHS 6,000 (about USD 6,594) or a term of two years imprisonment. The goods are forfeited to the state.
- Length of protection – the registration of a trade mark is for a period of ten years from the filing date of the application.

REGISTERED DESIGNS

- Nature of right – an industrial design can be registered if it:
 - i) Is new
 - ii) Significantly differs from known designs or is a combination of known design features, and
 - iii) Is not contrary to public order or public morality
- Protection – an application must be made to the Registrar General. The rules on protection are set out by statute
- Enforcement – the registered owner can bring court proceedings against any person who infringes the industrial design or who performs an act that makes it likely that infringement will occur. The remedies available are injunctions, damages or any other remedy the court considers appropriate. The offender is liable to two years imprisonment and/or a fine of 2000 penalty units, which is GHS 24,000 (about USD 26,376)
- Length of protection – protection lasts for 15 years, subject to renewal.

COPYRIGHT

- Nature of right – copyright subsists in the following works created by Ghanaians or persons resident in Ghana:
 - Literary
 - Artistic
 - Musical
 - Sound recording
 - Audio-visual
 - Choreographic
 - Derivative
 - Computer software programs
- Protection – protection commences automatically with the creation of the work
- Enforcement – the copyright owner can seek relief through the courts. The remedies available are the same as for patents (see Patents)
- Length of protection – the moral right attached to copyright and copyright in folklore lasts indefinitely. Broadcasting corporations enjoy 40 years of copyright protection. All other forms of copyright enjoy 70 years protection.

CONFIDENTIAL INFORMATION

- Nature of right – this right is based on common law principles. The information must be confidential in nature and communicated in circumstances importing an obligation of confidence
- Protection – protection arises automatically or can be by agreement between the parties

- Enforcement – an aggrieved party can institute a civil action. The remedies available are the same as for patents (see Patents)
- Length of protection – subject to the terms of any agreement between the parties, protection lasts for as long as the information remains confidential.

GEOGRAPHIC INDICATORS

- Nature of right – protection is available where goods are identified as originating from a particular place
- Protection – an application must be made to the Registrar-General. A lawyer practising in Ghana must represent a non-resident applicant
- Enforcement – any interested person can institute proceedings in the high court. The remedies available are the same as for patents (see Patents)
- Length of protection – no time frame is indicated.

LAYOUT DESIGNS AND INTEGRATED CIRCUITS

- Nature of right – protection for layout designs is granted to original designs that have not been commercially exploited for more than two years anywhere in the world
- Protection – an application must be made to the Registrar-General
- Enforcement – the layout design owner can bring legal proceedings to enforce his rights. The remedies available are the same as for patents (see above, Patents)
- Length of protection – protection lasts for ten years.

4 – SETTING UP A BUSINESS

BUSINESS ENTITIES GHANA

An investor interested in doing business in Ghana must register a wholly-owned limited liability company, a joint venture with a Ghanaian partner or a branch office in Ghana.

REGISTRATION FORMALITIES

Regulations (ie constitutional documents), prescribed forms and the appropriate fee must be submitted to the Registrar of Companies ('Registrar'). The Registrar will issue a certificate of incorporation and then a certificate to commence business. Registration usually takes five working days and costs about USD 100 (about EUR73) plus capital duty at 0.5% of the stated capital of the company on incorporation.

STATED CAPITAL

In Ghana, shares are of no par value. Ghana law relies, therefore, on the forces of demand and supply to fix the value of shares. That value is allowed to fluctuate, depending on the performance of the company, and neither the original issue price, nor the current market price, nor the book value is necessarily the criterion for the issue price of such shares. Shares may therefore be issued from time to time at different prices; but the subscribers and holders of the same class of shares will be entitled to share equally in the distribution of dividends and assets. Shares may also be issued for non-cash consideration. The value of any non-cash consideration must be indicated on a prescribed form and filed at the Companies Registry.

There is therefore no 'share capital' in Ghana, but 'stated capital', which is the sum of the total proceeds (cash) or value of consideration (non-cash) for every issue of shares and amounts that the company resolves to transfer to the stated capital from surplus.

Private limited liability companies have minimum capital requirements, currently pegged at GHS 500 (about USD 337) of which at least GHS 100 (USD 67) must be received in cash. The prescribed forms submitted to the Registrar at incorporation must declare that such payments have been received.

The minimum capital requirements vary with respect to companies with foreign shareholdings. In the case of joint ventures with Ghanaian partners, each non-Ghanaian must invest a minimum of USD 10,000 (about EUR 7,297). In the case of wholly-owned foreign companies, the minimum capital requirement is USD 50,000 (about EUR 36,487). Enterprises with foreign participation that are involved in trading have a minimum capital requirement of USD 300,000 (about EUR 218,922). All of these may be paid in cash or its equivalent in goods by way of equity capital.

Industry-specific legislation may impose certain minimum capital requirements. For example, banks are required to have a minimum capital of USD 70 million.

NEW PROCEDURE:**1. Acquire a Tax Identification Number**

Agency: Registrar-General Department or Ghana Revenue Authority

As of 2012, the applicant needs to acquire a TIN before proceeding to company registration. The applicant needs to complete a Ghana Revenue Authority Taxpayer Registration Form –Organisation. The Ghana Revenue Authority (GRA) Officers after processing the TIN sends a text message to the applicant to collect the TIN. This applies to both forms of the application submission, whether online or physical filing in person.

2. Check for availability of company name and submit company documents to obtain the certificate of incorporation.

Agency: Customers Service Office of the Registrar General's Department

The promoter/ applicant shall request for a search to be conducted at the Companies Registry (Customer service office) to ascertain the availability and acceptance of the proposed name of the company, and submit the company documents for registration. The Registrar may, on a written application and on payment of the prescribed fee, reserve a name pending registration of a company:

Section 15(13) of the Companies Act 1963(Act 179).

Applicants may pick up a prescribed Form A from the in-house bank, and submit filled forms at the bank. The Registrar examines and issues business registration certificate as well as certified true copy of the form to be submitted as attachment.

Fees are the following:

- Name search GH¢ 25
- Name reservation GH¢ 50
- Complete set of Incorporation forms GH¢ 15
- Registration fees GH¢ 230
- GH¢ 5 per certification of regulations (assuming 3 certificates)

The incorporation documents and forms can be downloaded online at

<http://www.rgd.gov.gh>. They include:

- Company regulations (four copies)
- Tax identification number form (one copy).

REGISTRATION WITH THE GHANA INVESTMENT PROMOTION CENTRE

Apart from enterprises which are set up to engage exclusively in mining and petroleum, and enterprises registered as free zone entities, all enterprises with foreign participation must register with the Ghana Investment Promotion Centre (GIPC).

INVESTMENT GUARANTEES

Registration with the GIPC guarantees unconditional transferability through any authorised dealer bank in freely convertible currency of the following:

- i) Dividends or net profits attributable to the investment
- ii) Payments in respect of loan servicing where a foreign loan has been obtained
- iii) Fees and charges in respect of any technology transfer agreement registered with the GIPC, and
- iv) Proceeds (net of all taxes and other obligations) in the event of the sale or liquidation of the enterprise, or any interest attributable to the investment.

IMMIGRANT QUOTAS

Registration with the GIPC also entitles foreign investors to an immigrant quota (that is, the maximum number of expatriates the foreign investor can employ), based on the company's paid-up capital.

DISPUTE RESOLUTION

Where a dispute arises between an investor and the government of the Republic of Ghana in respect of an enterprise, all efforts must be made through mutual discussion to reach an amicable settlement. Any dispute which is not amicably settled through mutual discussion may be submitted at the option of the aggrieved party to arbitration as follows:

- i) In accordance with the UNCITRAL Rules, or
- ii) In the case of a foreign investor, within the framework of any bilateral or multilateral agreement on investment protection to which the government and the country of which the investor is a national are parties, or
- iii) In accordance with any other national or international machinery for the settlement of investment disputes agreed to by the parties.

Where in respect of any dispute, there is disagreement between the investor and the government of the Republic of Ghana as to the method of dispute settlement to be adopted, the choice of the investor will prevail.

MANAGEMENT AND TECHNOLOGY TRANSFER AGREEMENTS

Management and technology transfer agreements must be approved by and registered with the GIPC. By law, management fees must range between 0–2% of profit after tax. Management services of projects for which profit is not anticipated during the early years attract a fee ranging from 0–2% of net sales during the first three to five years. Where a person provides management services in addition to patent know-how and trademarks, the total fee must not exceed 8% of net sales.

The level of payments must be reduced pro rata if the transferor has 60% or more of the equity share capital of the transferee company. Any request for fees higher than the upper levels as indicated must be subject to the approval of the GIPC. Any breach of the governing law renders the agreement unenforceable.

ESTABLISHMENT OF A FREE ZONE ENTERPRISE

An investor may also apply for a licence to establish a free zone enterprise. This is only available to companies and private partnerships incorporated in Ghana.

PRODUCTION

A free zone enterprise is permitted to produce any type of goods and services for export, with the exception of environmentally hazardous goods. Subject to obtaining the prior approval of the Free Zones Board (FZB), an enterprise may change its production lines and processes as often as it considers necessary.

SALES WITHIN GHANA

A free zone or a single-factory enterprise is allowed to sell up to 30% of its annual production of goods and services in Ghana. But such sales will be considered as imports and be subject to the rules and regulations relating to imports into Ghana, such as the payment of import-related taxes and duties. The enterprise may also sell its damaged or rejected goods (or samples) in Ghana, as part of the 30% quota.

TAX CONCESSIONS

Free zone enterprises are eligible for the following tax concessions:

- i) Ten-year income tax holiday from the date of commencement of operations
- ii) 8% post-holiday income tax
- iii) Tax and duty exemption on imports, and
- iv) Shareholder exemption from withholding taxes on dividends.

APPLICATION OF IMPORT AND EXPORT LAWS

The laws relating to the import and export of goods and services (other than consumer goods for commercial purposes) do not apply to

- i) Bringing goods directly into a free zone from a country outside Ghana, and
- ii) Dispatching goods for export out of a free zone to a country outside Ghana, except where these are made specifically applicable by regulations made under law.

EQUITY CONTRIBUTION OF INVESTORS

A foreign investor is permitted to own all the shares in any free zone enterprise. However, a domestic investor is permitted to own all the shares in an export free zone enterprise. Apart from this, foreign and domestic investors have equal status within the export free zones.

INVESTMENT GUARANTEES

Just like GIPC-registered enterprises, free zone enterprises are guaranteed transferability through any authorised dealer bank in freely convertible currency of the following:

- i) Dividends or net profits attributable to the investment
- ii) Payments in respect of loan servicing where a foreign loan has been obtained
- iii) Fees and charges in respect of any technology transfer agreement registered with the GIPC, and
- iv) Proceeds (net of all taxes and other obligations) in the event of the sale or liquidation of the enterprise, or any interest attributable to the investment

FOREIGN CURRENCY ACCOUNTS

A free zone enterprise is permitted to operate a foreign currency account with banks in Ghana, subject to the conditions that may be set out in its licence.

EXPATRIATE EMPLOYEE INCOME TAX

Foreign employees in the free zones are required to pay the appropriate employee income taxes, subject to the terms of any double tax treaties that may exist between Ghana and their home countries.

WORK, RESIDENCE AND ENTRY PERMITS

An enterprise is permitted to employ expatriates, if it can show that the skills that such expatriates possess are not available in Ghana. The enterprise is required to obtain work permits and resident permits for such employees. The application for the permits must be accompanied by a medical certificate on the state of health of the prospective employee to the FZB, at least two months before the proposed date of employment. If the application is accepted, the FZB will forward it to the Ghana Immigration Service for processing, which will issue a resident permit for a period not exceeding two years at any one time.

ENTRY VISA

A foreign investor or employee in a free zone may obtain an entry visa from a Ghana mission abroad or its accredited representative, or on arrival at a point of entry in Ghana if the Director of the Immigration Service, has prior notification from the FZB concerning the arrival of the investor or employee.

THE LEGAL SYSTEM, LITIGATION AND DISPUTE RESOLUTION

THE LEGAL SYSTEM

Ghana's legal system is based, primarily, on the constitution, which provides that the sources of Ghana's law are:

- i) The constitution
- ii) Statutes
- iii) Orders, rules and regulations made by power conferred by the constitution
- iv) the 'existing law' (ie written and unwritten laws of Ghana existing immediately before the coming into force of the constitution, and
- v) the 'common law' (ie the rules of common law, the doctrines of equity and customary law – rules of law applicable by custom to particular communities in Ghana).

HIERARCHY OF COURTS

The constitution guarantees the independence of the judiciary. The court hierarchy consists of the superior courts of judicature, which is constituted by the Supreme Court, the court of appeal, and the high court and regional tribunals. There are also circuit courts and district courts which constitute the inferior courts.

The Supreme Court is the highest court in the realm. The court has original jurisdiction with respect to matters relating to the enforcement or interpretation of the constitution, and in matters arising as to whether an enactment was made in excess of the powers conferred on the parliament or any other authority or person by law or under the constitution. If any matter of constitutional interpretation arises before any other court, that court is required to stay its proceedings and refer the matter to the Supreme Court. It is the final court of appeal and in the exercise of its appellate jurisdiction, appeals lie to it from the court of appeal and the Judicial Committee of the National House of Chiefs. It also exercises supervisory jurisdiction over all other courts and adjudicating authorities and may, in the exercise of that jurisdiction, issue orders and directions including orders in the nature of habeas corpus, certiorari, mandamus, prohibition and quo warranto for the purpose of enforcing or securing the enforcement of its supervisory power.

The court of appeal is the second highest court. The court has only appellate jurisdiction with respect to judgments, decrees or orders of the high court and regional tribunals and such other appellate jurisdiction conferred by the constitution or any other law.

The high court has original Jurisdiction in all matters. It has appellate jurisdiction in judgments of the circuit courts in criminal matters, and in judgments of the district courts. It also has jurisdiction to enforce the fundamental human rights and freedoms guaranteed by the constitution, and any other jurisdiction conferred by the constitution, or any other statute. It has supervisory jurisdiction over the lower courts and lower adjudicating authorities, and may issue orders and directions including orders in the nature of habeas corpus, certiorari, mandamus, prohibition and quo warranto for the purpose of enforcing or securing the enforcement of its supervisory powers. The high court has many divisions including commercial, fast track, land, industrial and human rights divisions.

The regional tribunals have concurrent original jurisdiction with the high court in criminal matters, particularly offences involving serious economic fraud, loss of state funds or property, tax and customs duty offences, and narcotic offences.

The respective jurisdictions of the circuit courts and district courts are specifically set out by statute.

LITIGATION

For the commencement of actions, the majority of all civil proceedings must be commenced by the filing of a writ of summons, which is a formal document by which the chief justice informs a defendant that an action has been commenced against that defendant by the named plaintiff, and then commands the defendant to 'cause an appearance to be entered' within eight days if the defendant wishes to dispute the plaintiff's claim; otherwise judgment may be given without further notice to him/her.

There are two other specialised processes recognised by the law for commencing civil proceedings, namely by an originating notice of motion and by a petition. An originating notice of motion is used where a statute provides for the making of an application to the court, but does not provide for the manner in which it is to be made or there are no rules of court governing the procedure. This process is used in matters such as applications under the Companies Act, and judicial review and habeas corpus applications.

Petitions are written applications, in the nature of a pleading, setting out a party's case in detail and made in open court. There are no prescribed forms which a petition should follow, but the form is in fact well settled by long usage. Petitions are used in matters such as the official/compulsory winding up of companies, matrimonial causes and election challenges.

For pleadings, a plaintiff must file and serve the writ of summons with a statement of claim, which will contain formal allegations of the claim and must state specifically the relief or remedy which the plaintiff claims. A defendant, who is served with a writ and statement of claim, must file a notice of appearance within eight days, and a statement of defence within 14 days after the period limited for appearance. A plaintiff who, upon being served with a statement of defence, needs to set up some affirmative case in answer to the facts alleged by the defendant, must file a reply within seven days of being served.

A defendant who has a valid cause of action against a plaintiff, does not need to bring a separate action, but can make a 'counter claim' against the plaintiff in respect of that matter. The counter claim need not relate to or be in any way connected with the plaintiff's claim, or arise from the same transaction. It must however be of a nature that can be conveniently tried by the same court and at the same time as the plaintiff's claim. A defendant who seeks to make a counter claim must not file a separate process; it must be added to the statement of defence and titled 'Statement of Defence and Counter claim'.

A plaintiff on whom a counter claim is served, and who desires to oppose that action, is required to file a 'Defence to the Counterclaim' within 14 days of service. If he/she desires to serve both a reply and defence to counter claim, he/she must not file two separate processes; they should include them in the same document and title it 'Reply and Defence to Counter claim'.

Pleadings close seven days after the reply is served, although a party may, with leave of the court, file further pleadings called rejoinders, sur-rejoinders, rebutters and sur-rebutters. These are rarely encountered.

SUMMARY JUDGMENT

If a plaintiff can show that there is no answer to his/her case, they will be entitled to obtain judgment on their claim or part thereof summarily ie without having to go through a full trial, particularly where the defendant is unable to set up a bona fide defence or raise an issue against the claim which ought to be tried. The summary judgment procedure provides for early judgment in cases where the defendant (or defendant to a counter claim) has no hope of success and any defence raised will merely have the effect of delaying judgment. It enables the court to grant a summary judgment at an interlocutory stage without the delay and expense of a full trial if it is shown that no trial is necessary.

For pre-trial mediation, where the action is commenced in the commercial division of the high court, the parties will be required to submit to a 30-day compulsory mediation of the dispute (called 'the pre-trial conference') at the close of pleadings. This is conducted by a judge of the court. The matter will only proceed to trial if the mediation fails.

For discoveries, upon the close of pleadings, there will be automatic and mutual discovery of documents ie parties are required to exchange lists or/of documents between themselves without the necessity of appearing before the court. Unless dispensed with by the order of the court or by the agreement of the parties, the automatic and mutual discovery must take place within 14 days after the close of pleadings. Parties may also apply to the court for specific orders of discovery permitted under the rules of court.

For interrogatories, in addition to the discovery of documents, parties may require discovery of facts. The party must apply to the court for leave to serve interrogatories on the other party. An interrogatory will only be ordered if it relates to a matter in question between the parties concerned, and it is necessary either for disposing fairly of the case or matter or for saving costs.

DIRECTIONS

In the majority of actions, after pleadings have closed and discovery has taken place, the matter will, pursuant to an application for directions, proceed to the directions stage, which affords the court an opportunity to look back and take stock of the issues, and ensure that the pleadings are in order and that the case is fit for trial. It is also the stage at which the court looks forward, sets down the issues for trial and considers the manner that evidence should be presented, with the aim of shortening the length of the trial and saving costs.

TRIAL

In a civil trial, witnesses are examined viva voce and in open court (unless the court decides to hold the trial in camera). Witnesses will be subject to cross-examination by the opposing lawyer. A witness may be re-examined but merely to give the witness an opportunity of explaining any seeming inconsistency in answers and of stating the whole truth as to any matter which was touched on, but not fully dealt with in cross-examination. The judge has the power to call and examine a witness who has not been called by either party. The parties may cross-examine such a witness with the leave of the court, which will always be granted, particularly where the evidence is adverse to either party.

For judgments, at the end of the trial, the lawyers are usually required to file written submissions (addresses). The court will then deliver its judgment on the respective rights and claims of the parties to the action. The rules impose a duty on the court to deliver judgment as soon as possible after the close of the case (ie when the evidence and final addresses have been concluded), and in any event not later than six weeks thereafter. Where for some reason the judgment delays are beyond six weeks, the court is required to immediately inform the chief justice in writing of that fact, stating reasons for the delay and the proposed date for its delivery. Any party to the action may also notify the chief justice of that fact and request that a date be fixed to deliver the delayed judgment; and the chief justice may fix the date and notify the court, which will then be bound to ensure that the judgment is delivered on that date. When a judgment is delivered, the party in whose favour it is made is required to draw it up and file it at the court registry. The other party affected by the judgment/order may draw and file it, if the winning party fails to enter the judgment within seven days.

ENFORCEMENT/EXECUTION

Money judgments may be enforced by writs of fieri facias (fi.fa.), Garnishee proceedings, charging orders over land or securities and the appointment of a receiver and/or writs of sequestration. These are not alternative, but cumulative remedies. Such judgments may also be enforced by commencing insolvency proceedings against the individual or winding up proceedings against the debtor company.

Judgments for the possession of immovable property are enforced by writs of possession, writs of sequestration and/or committal orders. Judgments in Detinue, which do not provide a losing party with the option of paying the assessed value(s) are enforced by writs of specific delivery, writs of sequestration and/or committal orders, as the case may be. However, where the judgment contains the option of paying the assessed value of the goods, it is enforced by a writ of delivery, writ of specific delivery (with leave of the court) and/or a writ of sequestration.

Injunctive orders or judgments/orders that require a person to do or abstain from doing any act, are enforced by a writ of sequestration against the property of the person or against the property of the directors/officers of a defaulting corporate body, of committal proceedings.

ENFORCEMENT AGAINST THE STATE

A victorious party in an action against the state, is not permitted to enforce the judgment by the process stated above, until it has obtained from the court and served a certificate of particulars of the judgment/order on the accountant-general (if it contains an order for the payment of money) and on the attorney-general. It is only if, upon serving the certificate of particulars, the state does not comply with the terms of the judgment, that the judgment/order is permitted to be enforced in the same manner as any order made in an action between private persons.

ENFORCEMENT OF FOREIGN JUDGMENTS AND MAINTENANCE ORDERS

Where such a judgment/order is obtained from the specified court of a country with which Ghana has reciprocity of enforcement, it is enforced by the high court after its registration with the court. Registration makes the judgment enforceable as if it were a Ghanaian judgment. If the judgment/order is from a court in a country with which there is no reciprocity, an action upon that foreign judgment/order may be instituted as simple debt proceedings, but then it is subject to any defence that can be raised.

ARBITRATION

On 31 May 2010, Ghana passed the Alternative Dispute Resolution Act, 2010 (Act 798) which repealed and replaced the 1961 Arbitration Act.

The new act regulates the conduct of arbitration and mediation proceedings in Ghana. The act is expressed so as not to be applicable to matters raising environmental and constitutional issues or involving the national or public interest. In the main, the Act enacts the United Nations Commission on International Trade Law (UNCITRAL) into law in Ghana.

The act establishes the Alternative Dispute Resolution Centre to facilitate arbitration and provides that parties under an arbitration agreement may refer potential disputes to the centre. An arbitration award made pursuant to an arbitration agreement is enforceable in the same manner as a judgment or order of the court. Foreign arbitral awards are also enforceable in Ghana if the high court is satisfied that:

- a) The award was made by a competent authority under the laws of the country in which the award was made
- b) A reciprocal arrangement exists between Ghana and the country in which the award was made or the award was made under the 1958 New York Convention on the Recognition and Enforcement of Foreign Arbitral Awards or under any other international convention on arbitration ratified by Parliament
- c) The party that seeks to enforce the award has produced the original award and the agreement pursuant to which the award was made (or duly authenticated copies), and
- d) There is no appeal pending against the award in any court under the law applicable to the arbitration.

MEDIATION

A party to any agreement may, with the consent of the other party, submit any dispute arising out of that agreement to mediation by an institution or a person that the parties are agreed on. A reference to mediation operates as a stay of proceedings of a court action relating to the same dispute. Where the parties agree that a settlement arrived at from the mediation will be binding, the settlement agreement has the same effect as if it were an arbitral award. Any settlement reached by the parties with assistance of the mediators may be filed in court and then the settlement agreement can be enforced as a court judgment.

CUSTOMARY ARBITRATION

The act gives recognition to customary arbitration and provides that parties to a dispute may submit to customary arbitration. There is a specific provision that requires the customary arbitrator to apply the rules of natural justice to settle the dispute. An award made at the end of a customary arbitration need not be in writing, but is nevertheless binding between the parties and persons claiming through and under them. The award need not be registered in a court to be binding, although it may, for the purpose of record and enforcement, be registered at the nearest district court, circuit court or high court.

COURT-SUPERVISED ARBITRATION

The provisions of the act are applicable to parties to an arbitration agreement. However, the High Court (Civil Procedure) Rules 2004 (C.I. 47) provide that if parties to a pending action before the court desire that the matter be referred to arbitration, either or both parties may apply to the court to make an order of reference. The parties would then be required to agree on an arbitrator to be appointed, and this provides for the circumstances under which the court will make the appointment. The court may also fix a time for the delivery of the award.

The rules reserve to the court the power to compel the attendance of witnesses at the arbitration and extend the time for the arbitrator to make the award, and the circumstances under which the court may appoint a new arbitrator in replacement, modify or correct an award or remit an award for reconsideration by the arbitrator. An award may only be set aside on grounds of perverseness or the misconduct of the arbitrator. So long as it is not modified or remitted for reconsideration, an arbitration award is final and binding as between the parties and any person claiming through or under them. When the award is filed in court, it shall be incorporated in a court order and shall have the full force and effect as a court judgment.

5 – LABOUR

EMPLOYMENT AND LABOUR

THE RULES WHICH GOVERN LABOUR/EMPLOYMENT IN GHANA

The relevant, applicable labour laws are found in the constitution, the Labour Act 2003 (Act 651), the Labour Regulations 2007 (LI 1833), the Persons with Disability Act 2006 (Act 715), the Workmen's Compensation Act 1987 (PNDC 187), Factories Offices and Shops Act 1970 (Act 328), the National Pensions Act 2008 (Act 766) and the Internal Revenue Act 2000 (Act 592). Sector-specific laws and regulations may also apply.

THE CONSTITUTION

The constitution provides the general legal framework for employment in Ghana. It guarantees every person the right to work under satisfactory, safe and healthy conditions, with the right to receive equal pay for equal work.

Employees are also guaranteed rest, leisure and reasonable limitation of working hours, and periods of holidays (including public holidays) with pay. There is a right to form or join trade unions and forced labour is prohibited.

REQUIREMENTS FOR AN EMPLOYMENT CONTRACT

All employment contracts for a period of six months or more must be in writing. The rights and obligations of the parties must be expressed in clear terms. A written statement of the particulars of the contract of employment must be provided to the employee within two months of employment in a prescribed form. The statement of particulars must be signed by the employer and the employee.

UNIONISATION

The constitution also guarantees the right to freedom of association, which it defines to include the right of employees to form or join trade unions or other national or international associations, for the protection of their interests.

Employees may therefore join trade unions of their choice. There is no minimum or maximum threshold and any number of employees may join or form a union at any time. The employer may however negotiate and agree on non-participation of union activities with employees whose duties fall under any of the following categories, namely:

- Policy-making
- Decision-making
- Managerial
- Holding a position of trust
- Performing duties that are of highly confidential nature, or
- An agent of a shareholder of an undertaking.

EXPATRIATES

Expatriate employees, consultants or agents require work permits. A work permit may be obtained within four weeks at an approximate cost of USD 500 (about EUR365).

All expatriate employee contracts must be registered with the Internal Revenue division of the Ghana Revenue Authority.

WORKERS' COMPENSATION

Employers are liable for personal injury sustained by a worker through an accident arising out of and in the course of his/her employment. The compensation payable by an employer depends on the nature of the injury sustained by the worker and the degree of incapacity resulting. Employers are not however liable to pay compensation where the accident causing the injury to the worker is attributable to the worker having been at the time thereof under the influence of drugs or alcohol, or in respect of any incapacity or death resulting from a deliberate self-injury. However, a worker acting in contravention of any statutory or other regulation relating to his/her employment, or acting without the instructions of his/her employer at the time the accident happens, is deemed to be acting in the course of his/her employment for the purposes of entitlement to compensation, provided the worker was acting for the purposes of and in connection with the employer's business or trade.

Where a corporate employer goes into liquidation or receivership, or where the holder of a debenture secured by a floating charge goes into possession, the rights of the employer company as against any insurer of its liability is, by statute, transferred to and vested in any worker entitled to compensation; and that worker has the same rights and remedies, and is subject to the same liabilities under the policy, as the employer company.

SOCIAL SECURITY AND PENSIONS

Under the National Pensions Act 2008 (Act 766) (NPA), there is a contributory three-tier pension scheme as follows:

- i) A mandatory basic national social security scheme (Tier 1),
- ii) A mandatory fully funded and privately managed occupational pension scheme (Tier 2), and
- iii) A voluntary fully funded and privately managed provident fund and personal pension scheme (Tier 3).

The objects of the pension scheme are to:

- i) Provide pension benefits to ensure retirement income security for employees
- ii) Ensure that every employee receives retirement and related benefits as and when due, and
- iii) Establish a uniform set of rules, regulations and standards for the administration and payment of retirement and related benefits for employees.

With respect to Tiers 1 and 2, employers are obliged to deduct from the salary of all employees (the 'Employees') immediately at the end of the month, the employee's contribution, equal to 5.5% of each employee's salary for the period, whether the salary is actually paid to the employee or not.

Employers are obliged to pay for each month in respect of each employee, the employer's contribution of 13% of each employee's salary for each month. These contributions will be held in trust by the employer for and on behalf of each employee until remitted in accordance with the provisions of the NPA Act. The minimum contribution must be 18.5% (comprising 13.5% and 5% respectively) of the approved monthly equivalent of the national daily minimum wage.

6 – TAXATION

PERSONAL INCOME TAX**TAX RESIDENTS**

Individuals who are present in Ghana for 183 days or more in a year are considered a tax resident.

A Ghanaian resident employee must pay income tax on income derived from, brought into or received in Ghana. Employee income is taxed at the rates specified in the table below. The applicable rates are up to a maximum of 25%.

TABLE 2

2016 Tax Table (per annum)

	CHARGEABLE INCOME (GHS)	RATE	TAX PAYABLE (GHS)	CUMULATIVE INCOME (GHS)	CUMULATIVE TAX (GHS)
First	2,592	0%	-	2,592	-
Next	1,296	5%	64.80	3,888	64.80
Next	1,812	10%	181.20	5,700	246
Next	33,180	17.5%	5,805.50	38,880	6,052.50
Exceeding	38,880	25%	-	-	-

TABLE 3

2016 Tax Table (per month)

	CHARGEABLE INCOME (GHS)	RATE	TAX PAYABLE (GHS)	CUMULATIVE INCOME (GHS)	CUMULATIVE TAX (GHS)
First	216	0%	-	216	-
Next	108	5%	5.40	324	5.40
Next	151	10%	15.10	475	20.50
Next	2,765	17.5%	411.25	3,240	504.38
Exceeding	3,240	25%	-	-	-

NON-RESIDENT EMPLOYEES

Non-resident employees are taxed on Ghanaian sourced income at a rate of 20%.

TAXATION OF BUSINESSES

A company is a tax resident if it is either incorporated under the laws of Ghana or has its management and control exercised in Ghana at any time during the year under assessment.

Businesses are taxed on their Ghanaian source of income. A Ghanaian company is subject to corporate tax up to a maximum of 25%. Industry specific reduced or higher thresholds may apply.

VALUE ADDED TAX (VAT)

VAT of 15% is chargeable on the supply of goods and services made in, or imported into, Ghana.

Exports of taxable goods and services are zero-rated. Some supplies, including medical supplies and services, are exempt from VAT. Where a supply is exempt, the buyer and seller must notify the VAT Commissioner in writing of the details of the transaction.

OTHER TAXES**NATIONAL HEALTH INSURANCE LEVY (NHIL)**

NHIL of 2.5% is also imposed on the supply of goods and services made, or imported into, Ghana (bringing the total tax on goods and services, including VAT, to 17.5%).

STAMP DUTY

Any instrument executed in Ghana (or relating to property situated in Ghana or to any matter or thing to be done in Ghana) must be stamped to have legal effect. The duty ranges from a nominal fee of GHS 0.50 (about USD 0.55) to 1% of the value of the transaction depending on the type of instrument.

WITHHOLDING TAX

In some circumstances, a resident company is required to withhold tax at the prescribed rates, on the gross amount of payments made. Rates are as follows:

- Employee tax – 5–25%
- Directors' fees – 20%
- Payments to non-residents on dividends, interest -8% royalties, natural resource payments, rent-15%, endorsement fees or management and technical service fees – 20%
- Payments to residents for contracts and services –7.5%
- Dividends – 8%
- Rent – 8%
- Rent Commercial -15%
- Interest – 8%.

CAPITAL GAINS TAX

Capital gain tax and gift tax are now removed. Capital gains and gifts tax received by a business and / or employees are now treated as business income and employment income respectively.

However, capital gains from the sale of certain chargeable assets are exempt. These include capital gains accruing to or derived by a company arising out of a merger, amalgamation or re-organisation of the company where there is continuity of underlying ownership in the asset of at least 50%.

IMPORTS

The following taxes apply to imports:

- VAT – 15%
- An export development and investment fund levy – 0.5% of the cost, insurance and freight (CIF) value on all non-petroleum products imported in commercial quantities
- NHIL – 2.5%
- A levy on goods from outside the Economic Community of West African States (ECOWAS Levy) – 0.5%
- Inspection fees – 1% on the CIF value of the goods
- Processing fees (for goods exempt from import duties) – 1% on the CIF value of the goods
- Net charges – 0.4%.
- Import excise – the rate of tax depends on the commodity, but does not exceed 20%.

EXPORTS

VAT is zero-rated for exports.

CARRY FORWARD OF LOSSES FROM BUSINESS /INVESTMENT

All business can carry forward losses. The following sectors have been granted the utilisations as per the 2015 Act (Act 896).

- Special industries: Petroleum operations, Mineral and Mining operations, Banking Business, General insurance business and Life insurance business can carry forward losses for 5 years.
- All other business can carry forward losses for 3 years.

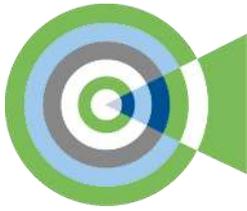
7 – ACCOUNTING & REPORTING

Ghana adopted international financial reporting standards (IFRS), in place of Ghana National Accounting Standards, as of 1 January 2007, for all listed companies, government business enterprises, banks, insurance companies, security brokers, pension funds, and public utilities.

In January 2012, the adoption of IFRS for small and medium-sized enterprises (SMEs) in Ghana was officially announced.

All entities, other than public interest entities (PIEs), are expected to be IFRS for SMEs compliant by the end of the 2013 financial year.

8 – UHY REPRESENTATION IN GHANA



LET US HELP YOU ACHIEVE FURTHER BUSINESS SUCCESS

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