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DOING BUSINESS IN

GHANA

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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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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 2025.

We look forward to helping you do business in Ghana.

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 33 million as at 2022 and grows at 1.96% 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 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 is the estimate of the total value of final goods and services produced in the country over a given period.

The estimation of the Gross Domestic Product (GDP) is done in stages, with estimates generated at each stage being dependent on available data.

Estimates from each stage are progressively designated as provisional, revised and final. This release contains the final GDP estimates for 2013 to 2019 and revised 2020. The GDP estimates for 2013 to 2020 were compiled from annual financial statements and annual reports of production units independent of the quarterly GDP estimates. The 2021 annual GDP estimates use data covering four quarters of the year from production units and were obtained as sum of the quarterly GDP estimates for 2021.

The 2021 annual GDP estimates would be revised in April 2023 using annual financial statements and annual reports of production units for 2021.

KEY STATISTICS

Provisional GDP estimates for 2023 showed a growth rate of 2.9 percent compared to 3.8 percent in 2022. The Services sector recorded the highest growth rate of 5.5 percent, followed by Agriculture 4.5% and Industry reduced by 1.2%.

Services remain the largest sector. Its share of GDP remained unchanged at 45.6% for both 2023 and 2022. The sector's GDP growth rate increased by 6.3 percent in 2022 and 5.5 percent in 2023 and contributed 2.3 percentage points to the 2023 annual growth rate.

Two of the sub-sectors in this sector contributed more than 26.32 percent to the 2023 annual growth rates. These are the Information and Communication with a growth rate of 18.0% and a contribution of 1.0 percentage points to annual growth and Health and Social Work sub-sector which contributed 0.3 percentage point to growth with a growth rate of 8.3%.

The Industry sector contributed -0.4 percent to 2023 annual growth rate. Within the Industry sector the Mining and Quarrying subsector contracted by 2.5% and is the main driver for the contraction in the Industry sector.

All the other subsectors within the Industry sector recorded negative growths, Water and Sewerage (-0.4%), Manufacturing (-0.9%), Electricity (-10.9%), and Construction (-9.9%).

The agriculture sector grows by 4.5% percent in 2023 compared to a growth rate of 4.2 percent in 2022. Its share of GDP increased from 20.80% percent in 2022 to 22.7 percent in 2023. Crops was the largest activity in Ghana with a share of 19.4 percent of GDP and contributed 0.8 percentage points to 2023 annual GDP growth. The Forestry and logging sub-sector remained unchanged at 1% for both 2022 and contributed -1.0 percentage points to 2023 annual GDP growth rate.

The Non-Oil annual GDP growth rate decreased from 4.7 percent in 2022 to 3.3 percent in 2023. The surge in growth rate could be attributed to a 10.9 percent decrease in Electricity in 2023 compared to an increase of 32.2% in 2022. Contractions in Mining and Quarrying (Oil), Forestry and Logging, Construction, Water and Sewerage sub-sectors also contributed to the fall in non-oil GDP growth in 2023.

Table 1

ECONOMIC DATA

Economic Aggregate	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023**
Population estimate (million)	26.43	27.04	27.67	28.31	28.96	29.61	30.28	30.82	30.83	31.35	31.35
Exchange rate (¢/$)	1.92	2.94	3.78	3.92	4.36	4.59	5.22	5.60	5.81	8.27	11.02
GDP current (million Gh¢)	124,478	158,684	183,526	219,595	262,798	308,587	356,544	391,941	461,695	610,222	841,633
Non-Oil GDP current (million Gh¢)	117,829	149,128	178,834	218,568	253,775	291,616	335,210	378,148	440,613	577,283	803,901
GDP current (million US$)	64,832	54,058	48,595	56,010	60,327	67,299	68,338	70,029	79,524	73,769	76,370
Non-oil GDP current US$	61,369	50,802	47,353	55,748	58,256	63,598	64,249	67,565	75,893	69,787	72,947
Per capita GDP (Gh¢)	4,710	5,868	6,633	7,757	9,075	10,420	11,775	12,719	14,975	19,465	26,846
Per capita GDP (US$)	2,453	1,999	1,756	1,978	2,083	2,273	2,257	2,272	2,579	2,353	2,436
GDP at constant 2013 prices (million Gh¢)	124,478	128,033	130,748	135,159	146,146	155,207	165,308	166,157	174,592	179,966	186,595
Non-Oil GDP at constant 2013 prices (million Gh¢)	117,829	120,767	123,336	128,904	134,867	143,032	151,375	152,869	162,975	169,123	176,324
Informal GDP current (million Gh¢)	36,120	43,737	51,571	64,479	73,501	72,915	89,582	101,414	118,879	156,752	223,952
Informal GDP at constant 2013 prices (million Gh¢)	36,120	37,086	38,119	39,156	41,562	42,648	45,156	44,805	46,831	48,812	51,032
Growth Rates	**2013**	**2014**	**2015**	**2016**	**2017**	**2018**	**2019**	**2020**	**2021**	**2022**	**2023****
GDP at current market prices		27.5	15.7	19.7	19.7	17.4	15.5	9.9	17.8	32.2	37.0
GDP at constant 2013 prices		2.9	2.1	3.4	8.1	6.2	6.5	0.5	5.1	3.1	2.9
Non-Oil GDP at constant 2013 prices		2.5	2.1	4.5	4.6	6.1	5.8	1.0	6.6	3.8	3.3
Informal GDP at constant 2013 prices		2.7	2.8	2.7	6.1	2.6	5.9	-0.8	4.5	4.2	4.5
Share of informal GDP	29.0	27.6	28.1	29.4	28.0	23.6	25.1	25.9	25.7	25.7	26.6
Change in GDP deflator		23.9	13.3	15.7	10.7	10.6	8.5	9.4	12.1	28.2	33.1

**Provisional

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.

The business of dealing in foreign exchange shall include the following:

(a) Purchase and sale of foreign currency,

(b) Receipt or payment of foreign currency,

(c) Importation and exportation of foreign currency, and

(d) Lending and borrowing of foreign currency.

(a) Foreign exchange" means banknotes, coins or an electronic unit of payment in a currency other than the currency of Ghana which is, or has been legal tender outside Ghana

(b) Financial instruments denominated in foreign currency; and includes a right to receive banknotes or coins in respect of any balance at a financial institution located within or outside Ghana;

(c) Foreign exchange business means the business of buying, selling, and borrowing, lending receiving or paying foreign exchange;

(d) Governor means the Governor of the Bank of Ghana:

(e) Licensed dealer means a person issued with a licence under this

(f) Local currency means banknotes and coins issued by the Bank of Ghana and include the right to receive the banknotes or coins in respect of a balance at a financial institution located within or outside Ghana;

(g) Material particular" means a substantial degree

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 affected 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

Electricity in Ghana is a key determinant of the country's continued economic growth, but supply has recently struggled to keep up with demand. 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. After Ghana acquired independence, the need to undertake on the massive industrialization of building roads, schools, hospitals, and factories required a reliable supply of power. The need to build a dam to provide the country with hydropower was born. The government sourced loans from the World Bank and the USA (VALCO specifically) to execute the project. As a result, the Volta River Authority (VRA) was established in 1961 and charged with the duties of electricity generation via the water power of the Volta River, the construction of the Akosombo dam and a power station near Akosombo, and the resettlement of residents. Formal construction of the dam commenced in 1962 and was completed in 1965 at an estimated cost of $200 million.

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.

ENERGY SECTOR INSTITUTIONS

The key public sector institutions involved in the Ghanaian electricity sector, all within the portfolio of the Ministry of Energy and Petroleum, include:

Electricity Company of Ghana (ECG):

The government-owned entity responsible for the distribution of electricity in the southern part of Ghana namely Ashanti, Central, Eastern, Greater Accra, Volta, and Western Regions covering approximately 80% of the population in Ghana. (**http://www.ecgonline.info**)

Energy Commission (EC):

The Energy Commission is required by law to regulate, manage, and develop the utilization of energy resources in Ghana and provide the legal, regulatory and supervisory framework for all providers of energy in the country. EC grants licenses for the transmission, wholesale, supply, distribution and sale of electricity and natural gas and refining, storage, bulk distribution, marketing and sale of petroleum products. In addition, the EC also advises the Minister of Energy on matters relating to energy planning and policy. (**http://energycom.gov.gh**)

Ghana Grid Company (GRIDCo):

GRIDCo was unbundled from VRA and became functional in 2008. GRIDCo operates all electricity transmission services and wholesale market operations throughout Ghana. (**www.gridcogh.com**)

Ghana National Gas Company (GNGC):

A government enterprise that was established to monetize Ghana's natural gas resources, provide more reliable fuel imports for the power industry, and function as a catalyst for the downstream petrochemical industries. (www.ghanagas.com.gh)

A government owned company that partner with international petroleum companies to develop Ghana's oil and gas resources and the upstream petroleum industry. (**www.gnpcghana.com**)

Bui Power Authority (BPA):

The Bui Power Authority Act, 2007 (Act 740) was enacted by the Parliament of Ghana and assented by the President in July 2007 to establish an Authority known as the Bui Power Authority (BPA) which was to plan, execute and manage the Bui Hydroelectric Project. The Bui Hydroelectric Project was designed primarily for hydropower generation. It however includes the development of an irrigation scheme for agricultural development and presents an opportunity for enhanced ecotourism and fisheries. It also includes a Resettlement and Community Support Program. Bui Power Authority (BPA), another state-owned agency, is implementing the Bui Hydroelectric Power Project, while several private Independent Power Producer (IPP) projects have been licensed and are at various stages of development.

Ministry of Energy &Petroleum (MOEP):

In 2014 the government broke up MOEP into the Ministry of Petroleum and the Ministry of Power. The Ministry of Petroleum has the responsibility for developing and implementing energy sector policy in Ghana related with petroleum and supervises the operations of Ghana National Petroleum Corporation and the Tema Oil Refinery.

The Ministry of Power has the responsibility for overseeing electricity production and infrastructure development including generation transmission, distribution, and efficient operation of the national utilities.

Northern Electricity Department:

NEDCo is a wholly owned subsidiary of VRA, responsible for the distribution of electricity in the northern regions of Ghana. (**www.nedco.com.gh**)

Public Utilities Regulatory Commission:

PURC is an independent regulatory body established to approve tariff rates for Electricity customers and enforce performance standards for energy sector operators in Ghana. Its functions also include monitoring the quality of electricity services delivered to consumers.(**www.purc.com.gh**)

Volta River Authority:

Government owned, VRA is the generator of electrical energy for industrial, commercial, and residential uses across Ghana. Through its wholly owned subsidiary NEDCO, VRA is also responsible for distribution of electricity in the northern sector of Ghana. It owns and operates the Akosombo Hydro Power Station, Kpong Hydro Power Station and TAPCO situated at Aboadze.

VRA is also a minority joint partner with TAQA, a private sector company, which owns and operates the Takoradi International Power Company thermal plant, also located at Aboadze. (**www.vraghana.com**)

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 was 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).

Independent power producers

Three IPPs have developed conventional generation units in Ghana, and more are planning to do so including for renewable energy. The three IPPs operating in Ghana are:

- Takoradi International Company (TICo)—owned by the Abu Dhabi National Energy Company (TAQA)
- Sunon Asogli Power Plant—owned by the Shenzhen Group of China
- CENIT—owned by CENIT Energy Limited, a special purpose vehicle created to develop the IPP

In addition, a Government Consent and Support Agreement for a fourth IPP, Cenpower, received Parliamentary approval in October 2012.

There are wide opportunities for private investment in the energy sector in the form of IPPs and under FITs for renewable energy projects.

The GoG target of 5,000MW by 2015/16 coupled with the estimated requirement of an additional 4,000MW of capacity over the next 20 years will require significant foreign investment, private capital, and technical expertise.

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, own electricity consumption in the country is estimated at 9.36 billion kilowatt hours (kWh), while production capacity is pegged at 12.56 billion kilowatt hours (kWh) per year.

The total installed capacity for existing plants in Ghana is 4,132MW consisting of Hydro 38%, Thermal 61% and Solar less than 1%.

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.

KARPOWERSHIP

In June 2014, Karpowership signed a 10-year PPA with Ghana's Electricity Company of Ghana for the provision of 450MW directly to the country's national grid via two Power ships. The project is described to be the first Powership project in Africa and seeks to meet the electricity demand of Ghana. The project is expected to account for 22% of the Ghana's total energy generation.

The Power Purchase Agreement has been signed between the state power distributor, ECG and Karpowership Ghana Company Ltd for the supply of the two barges. The two barges are expected to generate a total of 450MW each. The megawatts contribution will be directed to feed the country's national grid for the next 10 years to come.

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.

INFORMATION AND COMMUNICATION TECHNOLOGY (ICT) SECTOR

ICT has been a vital component of the economic growth of Ghana in the last decades. The country has a stable environment for innovation and the development of ICT, with oversight from the Ministry of Communication, responsible for facilitating the development of a reliable and cost-effective world-class communications infrastructure and services, and the National Communications Authority (NCA), which are primarily regulators of the communications industry. The country's ICT Industry comprises telecommunications operators, internet service providers, Very Small Aperture Terminal (VSAT) data operators, software manufacturers, broadcast institutions, ICT education providers, and internet cafés among others. The infrastructural base of the sector includes licensed gateway operators, undersea cable connectivity, private licensed VSAT systems, fixed wired line networks, wireless mobile operators, public telephones systems, telecentres, dedicated transmission networks, public distribution networks (cable, TV, DSL, etc.), internet backbone connectivity throughout the country and public access point and broadcasting systems.

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 529.124) 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 2,021)
- 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.

SETTING UP A BUSINESS

BUSINESS ENTITIES IN 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 (i.e. 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 EUR 94) 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 37) of which at least GHS 100 (USD 1.41) 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 9,400). In the case of wholly-owned foreign companies, the minimum capital requirement is USD 50,000 (about EUR 47,000). Enterprises with foreign participation that are involved in trading have a minimum capital requirement of USD 300,000 (about EUR 282,000). 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 30 million.

NEW PROCEDURE

1. Acquire a Taxpayer 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.

This takes an average time of two days to complete with no charge.

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, after receipt of the application and on payment of the prescribed fee, reserve a name pending registration of company or a change of name by a company:

Section 22(2) of the Companies Act 2019 (Act 992).

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)

The forms require the following information to be provided:

- Nature of the business that subscribers intend to engage in
- Full names of subscribers and shareholders, their addresses, percentage shareholdings, occupation, and any directorships in any other company
- Full name and address of company secretary and auditors (a letter of consent to act as auditor Is to be attached)
- An attestation that the minimum nominal capital complies with the requirement that a company 100% Ghanaian owned have minimum nominal capital of at least GHC 500

- Taxpayer identification number form (one copy).
  The tax identification number is usually issued by the Registrar of companies on incorporation.
- A letter of consent from an auditing firm must also be presented at point of document submission

This takes one day to complete.

3. Deposit paid-in capital in an account

Agency: Bank

The following documents must be presented to deposit paid in capital in a bank account: copies of company regulations; the certificate of incorporation and the certificate to commence business; and signatures of the authorised company representatives. As part of the KYC (Know Your Customer) procedures, most banks require introductory letters from the company's solicitors in order to open the account. Additionally, some banks conduct a physical inspection of the company address.

This takes one day to complete with no charge.

4. Apply for business operating permits at the Metropolitan Authority

Agency: Metropolitan Authority

The cost to apply for a Business Operating Permit (BOP) at the Metropolitan Authority depends on the type of business and the category in which it falls. Documents to be submitted depend on the type of enterprise; (for example, restaurants must have permits from the fire department and the Town and Country Planning Authority and, among other documents, an inspection certificate from the Ghana Tourist Board).

Fees are subject to change by the Metropolitan Assembly, according to law. According to the Accra Metropolitan Assembly Fee Fixing Resolution 2015, the fee for a commercial retail/ wholesale standardised shop "Cat. E" is GHC270

The average time to complete this is seven days and related costs are subject to the inspection of business.

5. Inspection of work premises by the Metropolitan Assembly

Agency: Metropolitan Authority

An officer visits the business premises and reports to the Revenue Accountant of the Metropolitan Assembly, who then submits a report to the Revenue Mobilisation subcommittee of the Metropolitan Assembly. The subcommittee meets to deliberate on the report and then recommend to the executive committee of the Metropolitan Authority, whether any adjustment is required.

This procedure takes one day and is done simultaneously with the previous procedure but with no charge.

6. Apply for registration with the GRA

The company must complete a taxpayer registration form to get registered for direct taxes, and also Value Added Tax (where applicable).

This takes an average of three weeks to complete with no charge.

7. Apply for operational licenses from the GIPC, Petroleum Commission, Minerals Commission or National Petroleum Authority as is applicable to the business

These are done by the completion of the approved application forms and attaching the relevant documents.

This takes averagely two weeks to complete and the related costs depends on the approved fee applicable at the time of the application for registration.

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.

IMMIGRATION 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 payment 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 ENTREPRISE

An investor may also apply for a license 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 license.

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 CORPORATE RESTRUCTURING AND INSOLVENCY ACT, 2020 (ACT 1015)

The president of Ghana His Excellency Nana Addo Dankwa Akuffo-Addo has assented to the Corporate Restructuring and Insolvency Act, 2020 (Act 1015).

The Act has come into force as a result the country's process of developing strategies to and ways to restore and recover from the economic meltdown brought about by the Covid-19 Pandemic.

Businesses will have a new mechanism in their armament as they rebuild their business and try to survive the devastation wrought by the ongoing Corona Virus Disease (Covid-19) pandemic.

The new law modernizes our Corporate Insolvency regime and repeals the Bodies Corporate (Official liquidation) Act, 1963 (Act 179).

The new key provisions contained in the new Act is the introduction of the rescue culture, which assist viable but temporarily distressed companies to turn around their operations to save jobs, protect the assets of the company, and the right of creditors for an efficient, timely and impartial restructuring proceedings.

Other key features of the new Act include:

- Establishment of an Insolvency Division under the Office of the Registrar of Companies
- Introduction of qualification and regulatory regime for Insolvency Practitioners (IP) i.e. Receivers, Managers, Administrators, Restructuring Officers, Liquidators, ad Trustees in Bankruptcy.
- Introduction of Post-Commencement financing with a superior ranking over other debt for companies in administration
- Cross order Insolvency Proceedings
- Ring-fencing of Netting Agreement for Qualified Financial Contract.
- Enhancements in Insolvency Proceedings
- Sanctions for insolvent trading and enhanced governance structures.
- Improved creditor involvement in insolvency processes.

Benefits of the Corporate Bodies Insolvency Act to the Business Community

- Prevent the premature dismemberment of a debtor's assets by individual creditors seeking quick recoveries and provide restructuring or turnaround of distressed but viable businesses.
- Enhance the ease of doing business in the country
- Seeks to regulate the practice of insolvency in Ghana by licensed insolvency practitioners, among others.
- Prevent the unnecessary loss of jobs and continually improve the ease of doing business in Ghana.
- Build the capacity of Restructuring and Insolvency Practitioners with international best practices.
- Promote private enterprise and raise the present standards of business ethics and Corporate Governance in insolvency proceedings

- Improve the quality of the legal regime for corporate bodies and their administration, should they become insolvent.
- Provide a framework for restructuring viable but temporarily distressed businesses, closing and transferring assets of failed businesses.
- Facilitate access to timely, efficient and impartial insolvency proceedings.
- Reduce the burden of insolvency through potentially higher and equitable distribution of assets to a failed company's creditors

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' (i.e. written and unwritten laws of Ghana existing immediately before the coming into force of the constitution, and

v) The 'common law' (i.e. 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 JUDGEMENT

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 i.e. 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 i.e. 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 far 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 averse 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 (i.e. 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.

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 (PNDCL 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.

TAXATION

The information about taxation provides a brief insight into the Income Tax Act, 2015 (Act 896), including subsequent amendments to the act. The tax data updated periodically when there is amendment during the year. The last time this document was amended was May 2023.

The information provided about taxation cannot be used as a substitute for tax advice.

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 below. The applicable rates are up to a maximum of 30%.

Table 2

2024 Tax Table (per annum)

	CHARGEABLE INCOME (GHS)	RATE	TAX PAYABLE (GHS)	CUMULATIVE INCOME (GHS)	CUMULATIVE TAX (GHS)
First	5,880	0%	-	5,880	-
Next	1,320	5%	66	7,200	66
Next	1,560	10%	156	8,760	222
Next	38,000	17.5%	6,650	46,760	6,872
Next	192,000	25%	48,000	238,760	54,872
Next	366,240	30%	109,872	605,000	164,744
Exceeding	600,000	35%	210,000		

Table 3

2024 Tax Table (per month)

	CHARGEABLE INCOME (GHS)	RATE	TAX PAYABLE (GHS)	CUMULATIVE INCOME (GHS)	CUMULATIVE TAX (GHS)
First	490	0%	-	490	-
Next	110	5%	5.5	600	5.5
Next	130	10%	13	730	18.5
Next	3,166.67	17.5%	554	3,896.67	572.67
Next	16,000	25%	4,0000	18,896.67	4,572.67
Next	35,520	30%	9,156	50,416.67	13,728.67
Exceeding	50,000	35%	17,500		

The chargeable income of non-resident individuals is generally taxed at a flat rate of 25%.

These rates took effect from January 1st, 2024.

The schedules above are the annual and monthly Personal Income Tax Rates applicable to Resident Individuals. These are the rates that should be used to compute the tax for self-employed persons and Pay As You Earn (PAYE) for salaried employees. Sub section 10 of section 116 of Act 896 provides for the taxation of supply of goods, works or services by non-residents. The tax rates for the supply of goods, works or services by non-residents is twenty percent (20%) in accordance with paragraph 8 (1) (c) (ix) of the first schedule of Act 896.

PERSONAL RELIEFS

Personal reliefs for a taxable person under Fifth Schedule to Act 896 amended

- Dependent spouse or at least two (2) children Gh¢1,200
- Old Age GH¢1,500 for an individual who is sixty (60) years or more
- Children's Education GH¢600 per child or ward in any recognised registered educational institution in Ghana, up to a maximum of three (3) children
- Disability Relief 25% of the assessable income of an individual who has a disability
- Aged Dependents GH¢1,000 in the case of an individual with a dependent relative, other than a child or spouse, who is 60 years or more (up to a maximum of two (2) dependents
- Training and Development relief equivalent to the cost of training and not more than GH¢2,000 for training to update the professional, technical, or vocational skills or knowledge of that person

MORTGAGE DEDUCTION

Mortgage interest incurred during the year in respect of only one residential premises during the lifetime of the individual is allowed as a deduction in arriving at the individual's chargeable income.

BENEFITS IN KIND

Motor Vehicle Benefit	
Driver and vehicle with fuel	12.5% of total cash emoluments up to a maximum of GH¢1,500 per month
Vehicle with Fuel	10% of total cash emoluments up to a maximum of GH¢1,250 per month
Vehicle only	5% of total cash emoluments up to a maximum of GH¢625 per month
Fuel only	5% of total cash emoluments up to a maximum of GH¢625 per month
Accommodation Benefits	
Accommodation with furnishing	10% of total cash emoluments
Accommodation only	7.5% of total cash emoluments
Furnishing only	2.5% of total cash emoluments
Shared Accommodation	2.5% of total cash emoluments

Loan Benefits

Qualifying conditions

- The loan should be from the employer to the employee.
- The loan should have a tenure not exceeding 12 months.
- Aggregate amount of the loan and any similar loans outstanding at any time during the previous twelve (12) months should not exceed the employee's three (3) month's basic salary

Tax Treatment

- No benefit will be assessed on the employee as employment income where the conditions above are satisfied
- In any other case interest benefit is computed for the year as a quarter of the interest imputed at the Bank of Ghana rediscount rate ("BOGR") minus interest paid by the employee during the year (i.e. ¼ x (Interest imputed BOGR Interest paid during the year)

Overtime

Qualifying conditions

- Employee must be a qualifying junior employee
- Earn not more than GH¢18,000 (also known as Qualifying Annual Employment income)
- Limit of Benefit 50% of Qualifying income

TAX TREATMENT (MONTHLY OVERTIME)	
Criteria	**Rate**
Up to 50% of monthly basic salary	5% of the overtime that qualifies
More than 50% of monthly basic salary	Tax excess at 10%

BONUS	
Criteria	**Rate**
Bonus up to 15% of annual basic salary*	5%
Excess above 15% of monthly basic salary*	Add back to employment income to be taxed at the graduated rates

* Annual basic salary in the year to which the bonus relates

NON-RESIDENT EMPLOYEES

Non-resident employees are taxed on Ghanaian sourced income at a rate of 25%.

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.

The tax base for corporate income tax (CIT) is the taxable profits of a corporation. Allowable deductions for tax purposes include capital allowances, tax losses brought forward (for three to five years, depending on the industry) and losses incurred on the sale of investment assets. For the purpose of capital allowances, most assets are depreciable on a reducing-balance basis, with the exception of buildings, which are depreciable at a straight-line 10% rate, and intangible assets, which are depreciated over their useful life.

The standard CIT rate in Ghana is 25%, although sector-specific rates also exist, as summarised in our subsequent discussion. Industry specific reduced or higher thresholds may apply.

Businesses are taxed on their Ghanaian source of income.

INDUSTRY	RATE
General	25%
Hotel Industry	22%
Non Traditional Exports	8%
Financial Institutions in respect of income from financing farming enterprises	20%
Financial Institutions in respect of income from financing leasing companies	20%
Petroleum Operations	35%
Mineral and Mining Operations	35%
Trust	25%

Note:

- Income from an approved Unit Trust scheme/mutual fund and approved Real Estate Investment Trust are exempt from tax.
- Privately owned universities are exempt from tax when they plough back a hundred percent (100%) of their profit after tax into the business.

VALUE ADDED TAX

VAT of 15% is chargeable on the supply of goods and services made in, or imported into, Ghana with the passage of the Value Added Tax, (Amendment) No. 2 Act, 2022 (Act 1087).

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.

Retailers and Wholesalers uses the Flat rate system of VAT at the rate of 3%.

OTHER TAXES

NATIONAL HEALTH INSURANCE LEVY (NHIL) AND GHANA EDUCATION TRUST FUND (GET FUND)

NHIL and GET Fund of 2.5% each is also imposed on the supply of goods and services made, or imported into, Ghana. Exports of taxable goods and services are zero-rated.

The NHIL and GETFL are not deductible as input VAT.

COVID-19 LEVY HEALTH RECOVERY LEVY (2021)

This is a special levy imposed on the supply of goods and services and imports to raise revenue to support COVID-19 expenditures and to provide for related matters. The rate is 1% levy and is calculated on the value of goods and services or on value of imports.

SANITATION AND POLLUTION LEVY (SPL)

The introduction of a Sanitation and Pollution Levy (SPL) of 10 pesewas on the price per litre of petrol/diesel under the Energy Sector Levies Act (ESLA), 2015, Act 899. The SPL is expected to provide the Government with the requisite resources to implement measures that will ensure sustainable sanitation management, improve the quality of life and reduce the number of deaths and diseases from poor sanitation.

ENERGY SECTOR RECOVERY LEVY (DELTA FUND)

The Government has proposed the Energy Sector Levy of 20 pesewas per litre on petrol/ diesel under the ESLA. When petroleum prices increased substantially in 2017 and 2018, the Government abolished the excise taxes on petroleum and reduced the special petroleum tax from 17.5% to 13%. This levy will be instituted to enable the Government to cover the excess capacity charges from the Power Purchase Agreements (PPAs) signed prior to 2017.

NATIONAL FISCAL STABILISATION LEVY

Growth and Sustainability Levy Act, 2023 (Act 1095) repeals the National Fiscal Stabilization Levy (NFSL) Act, 2013 (Act 862) and imposes a Growth and Sustainability Levy (GSL) at varying rates to raise revenue for economic growth and sustainability. GSL applies to an entity's profits before tax or the production value of specified companies for the 2023-2025 years of assessment. It applies to all entities, contrary to the NFSL which was only applicable to specific industries or sectors.

Category A- 5% of profit before tax

- Banks
- Non- Bank Financial Institutions
- Insurance Companies
- Telecommunications companies liable to collect and pay the Communications Service Tax Act, 2008 (Act 764)
- Breweries
- Inspection and valuation companies
- Companies providing mining support services
- Bulk Oil Distributors
- Oil Marketing Companies
- Communication Tower Operators
- Companies providing upstream petroleum services
- Companies and institutions registered by the
- Securities and Exchange Commission
- Specialized Deposit- Taking Institutions
- Electronic Money Issuers
- Shipping lines, maritime and airport terminals.

Category B- 1% of gross production

Mining companies and upstream oil and gas company

Category C- 2.5% of profit before tax

All other entities not falling within Category A or Category B

GSL paid is not allowable as a deduction for CIT purposes. Persons subject to GSL are required to file a return as determined by the Commissioner-General disclosing the estimated GSL payable. Payment must be made on a quarterly basis on 31 March, 30 June, 30 September, and 31 December for persons with 31 December financial year end. The NFSL continues to apply for the years of assessment commencing prior to the date on which Act 1095 comes into force. Therefore, entities with a financial year end prior to the effective date of Act 1095 are required to comply with the provisions of Act 862 for financial years ending in 2023. Any right or liability or obligation in existence immediately before the repeal of Act 862 remains in existence until exercised or terminated.

MINERAL ROYALTIES

The general mineral royalty rate in Ghana is 5%, applied to gross revenue. However, some large gold producers in the country negotiate development or investment agreements that specify a 'sliding scale' royalty regime. The 'sliding scale' provides some protection for mining companies by reducing the rate at which royalties are payable when commodity prices are low.

SPECIAL PETROLEUM TAX

Licensed oil-marketing companies are required to charge the special petroleum tax (SPT) on sales of petrol, diesel, liquefied petroleum gas, natural petroleum gas and kerosene. Previously, this applied as an ad valorem tax; as of 2018 the tax applies at specific rates per litre or kilogram of the product, as summarised in the schedule below.

PETROLEUM PRODUCT	TAX PER LITRE (GH¢)	PETROLEUM PRODUCT	TAX PER KG (GH¢)
Petrol	0.46	Liquefied petroleum gas	0.48
Diesel	0.46	Natural petroleum gas	0.35
Kerosene	0.3		

COMMUNICATION SERVICE TAX

Fees for communication services are subject to the communication service tax (CST), which applies together with the service charge paid by consumers on electronic communication services (ECS), recharges made by ECS providers, and internet connection services. The rate of CST is currently 5%, following a reduction from 9% in the 2020 Mid-Year Budget Review.

TAX REBATE

A proposed rebate of 30% on the income tax due for companies in hotels and restaurants, education, arts and entertainment, and travel and tours for the second, third and fourth quarters of 2021.

AIRPORT TAX

Airport tax applies at specific rates per passenger, on both domestic and international travel. The rate varies depending on the destination and the passenger class. Aircraft owners are responsible for collection, and the Ghana Civil Aviation Authority (GCAA) retains all of the revenue.

Airport tax rates

TYPE OF FLIGHT	CHARGE
Domestic	GH¢ 5
Within West Africa	$60
Other international	
Economy	$100
Business class	$150
First class	

VOLUNTARY DISCLOSURE PROGRAM AND TRANSFER PRICING REGULATIONS

The Caretaker Minister indicated that the GRA will complete the guidelines and practice notes for the implementation of the voluntary disclosure program and Transfer Pricing Regulations, 2020 (L.I. 2412) which were enacted in 2020.

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.

EXCISE DUTY

Act 1093 has been passed to replace the first schedule of the principal Excise Duty Act, 2014 (Act 878). This amendment expands the scope of coverage as well as increases the tax rates on some locally manufactured and imported goods that are subject to excise tax. Notable among the revisions are the tax on cigarettes and tobacco products, the introduction of excise tax on electronic smoking devices, and the increment in the excise tax on spirits.

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:

PAYMENT TO RESIDENTS		
	Rate	**Status**
Dividends including capitalization of profits	8	Final
Dividends paid to persons from petroleum operation	8	Final
Dividend paid to persons from mineral operations	8	Final
Interest	8	On account
Royalties and natural resource payment	15	On account
Rent on properties (Payment to an individual) ***Business income*** *– Residential* *– Non-Residential* ***Non-Business income*** *– Residential* *– Non-Residential*	 8 15 8 15	 On account On account Final Final
Fees to resident individuals as invigilators, examiners and part-time teachers or lecturers, and endorsement fees to individuals.	10	Final
Fees or allowances to directors, managers, board members and trustees who are resident individuals	20	On account
Commission to insurance, sales, canvassing and lotto agents who are individuals	10	On account
Supplies of goods exceeding GH¢2,000 per annum	3	On account
Supplies of works exceeding GH¢2,000 per annum 5	5	On account
Supplies of services by an entity exceeding GH¢2,000 per annum	7.5	On account
Supplies of general services by an individual	7.5	On account
Payments to petroleum subcontractors	7.5	On account
Payments for unprocessed precious minerals	3	On account
Royalty, natural resource payments	15	On account

NON-RESIDENT PERSONS		
	Rate	**Status**
Dividends	8	Final
Royalties, natural resources payments and rents	15	Final
Rent on properties (Payment to an individual) *–Residential* *–Non-Residential*	 8 15	 Final Final
Management and technical service fees	20	Final
Goods, works or any services	20	Final
Repatriated branch after-tax profits	8	Final
Interest income	8	Final

Payments to Residents Exempt from Withholding Tax

EXEMPTION OF WITHHOLDING TAX ON PAYMENTS TO RESIDENTS APPLY TO THE FOLLOWING:

i) Dividend

- A Company receiving dividend, that controls, directly or indirectly, 25% or more of the voting power in the Company paying the dividend (this does not apply to petroleum, minerals and mining operations)
- Dividend paid or credited to a holder or member of an investment in an approved unit trust scheme or mutual fund

The exemption does not apply to

- Dividend paid to petroleum and mining operations
- Dividend paid to a Company by virtue of its ownership of redeemable preference shares in the Company paying the dividend
- Dividend arising out of adjustments carried out to comply with the arm's length standard and income splitting

ii) Interest

The withholding tax on interest paid by a resident person to another resident person does not apply to:

- Interest paid to a resident financial institution
- Interest paid to an individual by a resident financial institution or on bonds issued by Government of Ghana
- Interest or credited paid to a holder or member on an investment in an approved unit trust scheme or mutual fund
- Payments made by an individual, unless made in conducting a business
- Payments that are exempt amounts

iii) Contract Payments

Withholding tax on contract payments does not apply:

- To payments under a contract not exceeding two thousand Ghana cedis - (GH¢2,000.00)
- To payments under a contract for the sale of goods which constitute trading stock of both the vendor and the purchaser
- To premium paid to registered resident insurance companies
- Where the Commissioner-General grants an exemption

(iv) Payments for unprocessed precious minerals

The withholding tax on unprocessed precious minerals does not apply to:

- A payment made by an individual, unless the payment is made in the course of conducting a business
- A payment made by the holder of a small-scale mining license to a labourer with respect to winnings from the area covered by the license
- A payment received by a holder of a large-scale mining lease

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%.

The optional tax rate for individuals who opt to tax separately their gains from realisation of investment assets and gifts received other than in respect of business activities or employment is increased to 25% (from 15%). These gains may be taxed either at the individual's top marginal tax rate, or at the new rate of 25%, at the election of the individual.

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%
- GET Fund – 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 Income Tax (Amendment) Act, 2023 (Act 1094) 4 harmonizes the rules on the carry-forward of operating tax losses, providing that all businesses may carry forward operating tax losses from business activities for a period of five years.

The alignment of these rules implies that the previous classification of entities into priority and other sectors no longer applies. As such, all businesses may carry forward tax losses for five years, and deduct them in the order in which they accrue (i.e., on a first-in first-out basis).

INTRODUCTION OF A MINIMUM CHARGEABLE INCOME REGIME

A minimum chargeable income regime is introduced under which businesses with losses in the previous five years of assessment are required to assess and pay tax on a minimum chargeable income of 5% of turnover. The following are eligible for exemption from the minimum chargeable income regime:

i. businesses within the first five years of commencement of operations; and

ii. farming businesses.

The introduction of the minimum chargeable income regime means that businesses may be subject to tax even in loss-making periods. This represents an additional tax cost to businesses that are already making losses, as tax paid under the minimum chargeable income regime will not be a tax-deductible expense. Businesses anticipating future loss-making periods may want to make provision for tax assessed under the minimum chargeable income regime.

RESTRICTION ON DEDUCTION OF FOREIGN EXCHANGE LOSS

Act 1094 restricts the deduction of losses arising from debt claims, debt obligations, or foreign currency holdings to realized forex losses incurred in the production of income during the period. Unrealized forex losses and forex losses arising from transactions between two resident persons are not allowed as a deduction for CIT purposes. In addition, forex losses that are capital in nature must be capitalized as part of the cost of the asset to which they relate, and deductions obtained through capital allowance. The restriction on deductibility of forex losses to realized losses means that businesses may see a reduction in tax deductible forex losses. It is therefore important for businesses to review their forex losses and potentially restructure their loans especially where there are significant domestic loans in foreign currency, losses on which are no longer tax deductible.

TAX ON REALIZATION OF ASSETS AND LIABILITIES

Persons who realize an asset or liability are now required to file a return in a prescribed form within 30 days of the realization, imposing a new filing obligation on affected persons. Accordingly, we recommend that businesses put in place processes to ensure that the return is submitted within the required time period, to prevent late filing penalties. In addition, persons other than individuals providing consideration to a person in connection with the realization of an asset or liability (which is not specifically covered under withholding tax on investment returns) must withhold tax at the rate of 3% where the recipient is a resident person, or 10% where the recipient is non-resident.

TAX WAIVER ON WITHDRAWALS FROM PROVIDENT FUNDS AND PERSONAL PENSION SCHEMES

Withdrawals made in 2023 from provident funds or personal pension schemes by employees due to permanent loss of employment or by self-employed persons, due to COVIID-19 or the current economic hardship, are exempt from income tax. Guidelines issued by the National Pensions Regulatory Authority (NPRA) in 2020 provided that the following should be met for the tax waiver to apply: i. the employer must submit a letter to the pensions trustee indicating the individual's permanent loss of employment due to the COVID-19 pandemic; ii. The individual seeking a withdrawal must make the application to the pension trustee by completing the required forms and providing relevant supporting documents; and iii. The trustee must submit the application to the NPRA and only

honour the withdrawal application upon receipt of the NPRA's approval. It is expected that any administrative guidelines on the implementation of the current tax waiver may be similar to the guidelines provided by the NPRA in 2020.

REVISION OF TAX ON PERSONS UNDER TEMPORARY CONCESSIONS

In line with the government's policy proposal to revise the concessional corporate tax rate, Act 1094 increases the rate for persons engaged in agriculture, rural banking, waste processing, provision of low-cost residential premises, unit trusts, mutual funds, and venture capital companies to 5% (from 1%) for the period of the concession.

REVIEW OF TAXATION FOR LOTTERY OPERATIONS

Act 1094 introduces a new regime for taxing lottery operations. Persons engaged in the operation of a lottery business are subject to income tax at the rate of 20% on their gross gaming revenue (i.e., the total amount of bets placed less any winnings paid or payable). Lottery operations include betting, gaming, and any game of chance. Payments in respect of lottery winnings are subject to a final withholding tax at the rate of 10%. Accordingly, entities engaged in lottery operations are required to withhold tax on winnings paid or payable and remit this to the GRA by the 15th day of the month following the month to which the amounts withheld relate.

LOCATIONAL INCENTIVES FOR MANUFACTURING BUSINESS

Location within Accra and Tema	25%
Location in regional capitals of Ghana	18.75%
Location in free zone enclave	0%
Location elsewhere in Ghana	12.5%

SECTORIAL INCENTIVES (REDUCED TAX RATES)

Tax rates vary depending upon the area (sector or industry) from which the income comes from as shown below:

Hotel industry	22%
Export of non-traditional production	8%
Loans granted to a farming enterprise	20%
Loans granted to a leasing company	20%
Companies listed on the Ghana Stock Exchange	25%
Companies listed on the Ghana Stock Exchange after 1 January 2004 (for first three years)	22%
Companies in Free Zones after tax holiday	15%

INDUSTRIAL CONCESSIONS (EXEMPTION PERIOD)

Tree Crop Farming	10 years of assessment from year of first harvest
Cocoa tree	Indefinite
Livestock Farming	5 years of assessment from year of commencement of business
Cattle Farming	5 years of assessment from year of commencement of business
Agro-Processing Business	5 years of assessment from year of commencement of commercial production
Cocoa By-product Business	5 years of assessment from year of commencement of commercial production
Rural Banking	10 years of assessment from year of commencement of business
Waste Processing	7 years of assessment from year of commencement of business
Venture Capital Company	10 years of assessment from year of commencement of business
Venture Capital Financing	10 years of assessment from year of commencement of business
Free Zone Company	10 years of assessment from year of commencement of business

Deductions allowed

Expenses that are wholly, exclusively and necessarily incurred in the production of income is allowed for tax purposes. Examples of allowable expenses are as follows:

- capital allowance for the year;
- bad debts (under certain conditions);
- tax losses brought forward for a specified number of years;
- repairs and improvements under certain conditions;
- losses incurred on the realisation of business or investment assets and liabilities;
- incentives for hiring recent graduates; and
- financial costs under certain conditions.

Deductions not allowed

Expenditure that is of a capital nature or not wholly, exclusively and necessarily incurred in the production of income may not be deducted. Examples of expenses that are not allowed as deductions include domestic and excluded expenditure.

CAPITAL ALLOWANCES

Capital allowances are granted to persons who own depreciable assets and use those assets to produce income from business. Capital allowances granted to a person are to be taken in the year granted and cannot be deferred.

Depreciable assets are grouped in the following classes for the purpose of capital allowances:

CLASS	ASSETS	RATE (%)	BASIS
1	Computers and data-handling equipment with peripheral devices	40	Reducing balance
2	a. Automobiles, trailers, construction and earthmoving equipment, plant and machinery used in manufacturing b. Plantation capital expenditure	30	Reducing balance
3	Locomotives, water transportation equipment, aircraft, office furniture and fixtures Equipment not included in another class	20	Reducing balance
4	Buildings, structures and works of a permanent nature	10	Straight line
5	Intangible assets	Over useful life	1 divided by the useful life of the asset in the pool

Note:

- Classes 1, 2 and 3 qualifying assets are depreciated on a reducing balance basis. Class 1-3 depreciable assets follow the pooling system.
- Classes 4 and 5 qualifying assets are depreciated on straight line basis. Class 4 and 5 depreciable assets are placed in a pool of their own,
- Separately from other assets of that class or any other class. Only that part of the assets which is used in the production of the income shall be placed in the pool.
- The cost of a road vehicle other than a commercial vehicle shall not exceed GH¢75,000.
- Capital allowances are required to be utilised in the year in which they are granted

TELECOMMUNICATIONS AND TRANSPORTATION BUSINESS

Payments received by a person who carries on a business of transmitting or receiving messages by cable, radio, optical fibre or satellite or electronic communication from an apparatus located in Ghana, whether or not the messages originate, terminate or are used in Ghana, are liable to a withholding tax rate of 15%.

Similarly, payments received by a person who conducts a business of carrying passengers, cargo, mail or other movable assets that are embarked in Ghana (other than transhipment), including the rental of containers and related equipment that are incidental or supplementary to the transportation business, are liable to a withholding tax rate of 15%.

TAXATION OF RETIREMENT FUNDS

Retirement contributions received by a retirement fund are exempt from tax. Retirement payments made by the retirement fund are not deductible.

TAX DOUBLE TAXATION TREATIES

(DTTs) provide relief from the double taxation of income that accrues to residents of contracting states within either of the jurisdictions covered by the treaty. Ghana has DTTs with France, Ireland, Germany, the United Kingdom, South Africa, Italy, Belgium, the Netherlands, Switzerland, Denmark, the Czech Republic, Singapore, Mauritius and Ireland.

Relief from double taxation

A resident person (excluding a partnership) is allowed to claim a foreign tax credit for any income tax they pay to a foreign country in respect of a foreign sourced income to the extent that the foreign-sourced income is included in the assessable income of that person

Tax rates applicable under the terms of these treaties are as follows:

COUNTRY/TYPE OF INCOME	DIVIDENDS (WHERE THE RECIPIENT HOLDS AT LEAST 10% OF SHARES)	DIVIDEND (IN ANY OTHER CASE)	ROYALTIES	TECHNICAL OR MANAGEMENT SERVICE FEE	INTEREST
	%	%	%	%	%
France	7.5	15	12.5	10	12.5
United Kingdom	7.5	15	12.5	10	12.5
Germany	5	15	8	8	10
South Africa	5	15	10	10	10.0 (5.0% for non-resident banks)
Belgium	5	15	10	10	10
Italy	5	15	10	10	10
Netherlands	5	10	8	8	8
Switzerland	5	15	8	8	10
Denmark	5	15	8	8	8
Czech Republic	6	6	8	8	10
Singapore	7	7	7	10	7
Mauritius	7	7	8	10	7
Ireland		8	8	10	7

By virtue of Act 896 and Non-Discrimination clause under the Double Taxation Treaties, where the tax rates above exceed the general tax rate under “Payments to non-residents” the general tax rate applies.

BRANCH PROFIT TAX

The net profit of a branch is deemed as repatriated profits and treated as dividends distributed and attracts a final withholding tax of 8%.

EXEMPTIONS

- Winnings from lottery are effectively exempt from income tax;
- Income from an approved unit trust scheme or mutual fund is exempt from tax;
- Income from an approved real estate investment trust is also exempt from tax;
- Private-owned universities shall be exempt from tax on their income on condition that they plough back 100% of their profit after tax into the business (i.e. no dividend declaration).

YOUNG ENTREPRENEURS

- Introduction of a 5-year tax exemption concession for qualifying Young Entrepreneurs (Entrepreneurs not older than 35 years who are engaged in manufacturing, ICT, agro processing, energy production, waste management, tourism and creative arts, horticulture and medicinal plants);
- Tax rate for qualifying young entrepreneurs after the 5-year exemption shall be location-based as follows:
- Accra and Tema – 15%
- Regional capitals outside the three northern regions – 12.5%
- Outside other regional capitals – 10%
- The three northern regions – 5%

The amendment also allows for qualifying young entrepreneurs to carry forward losses for 5-years;

Tax calendar in Ghana

1.CORPORATE TAXES	
Instalment Tax Payment	**Due Date**
1st Instalment (25%)	By end of 3rd month of accounting year
2nd Instalment (25%)	By end of 6th month of accounting year
3rd Instalment (25%)	By end of 9th month of accounting year
4th Instalment (25%)	By last working day of accounting year
Top-up	By fourth (4th) month following end of accounting year
2. OTHER DEADLINES FOR FILING OF RETURNS AND PAYMENT OF TAXES	
Description	**Due Date**
Withholding Taxes: Payment to Resident and Non-Resident	By 15th of the month following month in which deductions occurred
VAT withholding Tax: Payment to Standard rate VAT Traders	By 15th of the month following month in which deductions occurred
VAT	By the last working day of the following month
NHIL & GETFL	By end of the following month; last working day of the following month

ACCOUNTING AND 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.

UHY IN GHANA

UHY Godwinson & Co

Ghana

CONTACT DETAILS

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SOCIAL MEDIA CONNECTIONS

Year established:	2006
PCAOB revistered?	No
Number of partners:	2
Total staff:	9

OTHER IN-COUNTRY OFFICE LOCATIONS AND CONTACTS

None

BRIEF DESCRIPTION OF FIRM

A very dynamic, licensed Chartered Accountancy and Tax Advisory firm, UHY Godwinson (CA) employs professionalism, innovation, strong leadership and a highly motivated workforce in delivering first class service to a broad array of clients; cutting across both private and public sectors, profit and not-for-profit entities; local and international.

As part of our culture, our staff is constantly trained to be abreast with the latest developments in the regulatory environment as well as best practice through a well-planned capacity building regime. These are brought to bear on each assignment we undertake.

Our greatest assets are our unique personal service and the reasonableness of our fees.

SPECIALIST SERVICE AREAS

PRINCIPAL OPERATING SECTORS

. SMEs
. Commerce
. Manufacturing
. Oil Marketing
. Construction
. Mining
. Service
. Hospitality
. Government
. Not-For-Profit NGOs;

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LANGUAGES
English

CURRENT PRINCIPAL CLIENTS
Confidentiality precludes disclosure of this information

OTHER COUNTRIES IN UHY CURRENTLY WORKING WITH, OR HAVE WORKED WITH IN THE PAST

BRIEF HISTORY OF FIRM
UHY Godwinson (CA) was registered in October 2013 upon being admitted as a member firm of UHY in the same month.

The firm had been operating as Douglas Godwinson World since January 2006, with an initial focus on Tax Advisory, Bookkeeping and Accounting, as well as Accounts Supervision services. Audit and assurance were later added to the portfolio of activities.

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