

Ghana Revenue Authority issues implementation guidelines for COVID-19 tax incentives

The Government of Ghana, in March 2020, announced various tax incentives for specified individuals and entities in response to the impact of COVID-19 on the economy. In this light, the Ghana Revenue Authority (GRA) has recently published guidelines to facilitate implementation of the various government tax incentives.

In this update, we provide highlights of the GRA's guidelines and important points of note.



50%

1. Tax waiver on personal emoluments of health workers

Personal income taxes on the emoluments of qualifying health workers have been waived for the period April to June 2020. The waiver is restricted to the personal emoluments of health workers as stated on their pay slips. Other benefits such as bonuses, sitting allowances and honoraria remain taxable.

Who qualifies?

- i) Staff of public sector health facilities on the centralised payroll administered by the Controller and Accountant General (CAG);
- ii) Staff of subvented quasi-government health facilities;
- iii) Staff of public health facilities paid through Internally Generated Funds;
- iv) Staff of self-accounting quasi-government health facilities; and
- v) Staff of private sector health facilities duly registered by the Ministry of Health.

How to access the incentives

- i) The beneficiary health institution must be registered with the GRA and discharging its tax obligations.
- ii) Qualifying workers must have Taxpayer Identification Numbers (TIN).
- iii) A beneficiary health institution that is neither a public health facility on CAG payroll nor a subvented quasi-government health facility is required to continue filing PAYE returns at its registered tax office.

Important note

- Institutions seeking to benefit from the above tax incentives are required to provide information on eligible staff to their respective tax offices to obtain certification and approval for the waiver.



2. Tax waiver on additional allowances paid to frontline workers

The government announced additional allowances for “frontline” health workers constituting 50% of their basic salary. Government has also granted waiver from personal income taxes on the additional allowances for March to June 2020.

Who qualifies?

- The waiver only applies to health workers designated as “frontline” by the Ministry of Health.

How to access the incentive

- i) The beneficiary health institution must be registered with the GRA and discharging its tax obligations.
- ii) Qualifying frontline health workers must have TIN.
- iii) A beneficiary health institution that is neither a public health facility on CAG payroll nor a subvented quasi-government health facility is required to continue filing PAYE returns at its registered tax office.

Important note

- The waiver only applies to the additional 50% of basic salary allowance to be paid to frontline workers. All other employee emoluments not specifically exempted will attract personal income taxes as required.



3. Tax waiver on withdrawal from provident funds and personal pension schemes

Government has amended the Income Tax Act, 2015 (Act 896) to provide tax exemption for withdrawals made by individuals from their Tier Three (3) provident funds or personal pension schemes before retirement.

Who qualifies?

The tax waiver is available to:

- i) Employees that have lost their permanent employment due to the COVID-19 pandemic; and
- ii) Self-employed individuals who have lost capital due to the COVID-19 pandemic.

The National Pensions Regulatory Authority (NPRA) will determine the eligibility criteria for the waiver.

How to access the incentive

The NPRA has provided the following procedure for applying for withdrawal from provident fund schemes to enjoy the tax waiver:

- i) The employer must submit a letter to the pensions Trustee indicating permanent lay-off of employees due to COVID-19 pandemic;
- ii) The individual seeking withdrawal should make the application to his/her Trustee by completing the required forms supported by relevant documents;
- iii) The Trustee must submit the application to the NPRA and only honor the withdrawal application upon receipt of the NPRA's approval.

Important note

- Based on the NPRA's guidelines, withdrawals from provident fund schemes are restricted to 15% of an individual's total accrued scheme benefits whereas members of personal pension schemes can withdraw the entire amount in their savings account.



4. VAT/ NHIL/ GETFund relief on COVID-19 donations

Parliament has approved waiver of VAT/NHIL/GETFund on donations of stock of equipment and goods for fighting the COVID-19 pandemic.

Who qualifies?

- i) Persons who donate their stock of goods or equipment towards fighting the pandemic;
- ii) Persons/associations who purchase items from third parties for COVID-19 donation; and
- iii) Persons who purchase inputs for the construction or extension of health facilities meant for the fight against the pandemic.

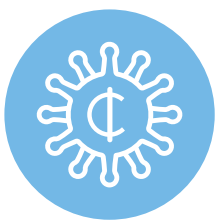
To qualify for the relief, the donations must have been made through recognized institutions and bodies, such as the COVID-19 Trust Fund, Private Sector COVID-19 Fund, Metropolitan, Municipal and District Assemblies (MMDAs), Ministries, Departments and Agencies (MDAs), health institutions, Traditional Councils, and religious bodies/institutions.

How to access the relief

- i) Persons who donate their stock of goods or equipment are to take the relief on their monthly VAT/NHIL/GETFund levy returns
- ii) Persons who purchase items from third parties to donate are to take the relief as deductible expenses in filing their income tax returns
- iii) Persons who purchase inputs for the construction or extension of health facilities are to:
 - a. obtain approvals for imports of the underlying supplies from the Ministry of Finance on consignment basis and obtain relief by application through the Exemptions Portal; or
 - b. apply to the GRA for domestic purchases for one-off VAT Relief Purchase Order (VRPO) subject to approval from the Ministry of Finance.

Important note

- Beneficiaries who donate their stock or third party supplies are required to obtain proof of donations in the form of acknowledgment of receipt of donations from the qualifying institutions and attach such evidence to their monthly VAT/NHIL/GETFund returns.



5. Tax deduction for COVID-19 donation

Private sector contributions and donations made towards addressing the COVID-19 pandemic have been approved for deduction against income tax.

Who qualifies?

- Any person who makes donations towards the COVID-19 pandemic shall be eligible to deduct the donation as an allowed expense upon approval by the Commissioner-General of the GRA.

How to access the deduction

Persons who have made donations towards fighting COVID-19 will be required to:

- i) Submit their annual income tax returns to the GRA;
- ii) Attach evidence of such donation(s) (i.e. the acknowledgement of receipts) to the annual tax returns; and
- iii) Attach any other document that may be necessary in support of the claim.



6. Waiver of penalties on principal tax liability for taxpayer

The GRA is also granting waiver of penalties on principal tax liabilities owed by taxpayers who redeem their outstanding liabilities.

Who qualifies?

- Individuals and businesses who settle all outstanding tax liabilities on or before 30 June 2020 shall qualify for waiver of penalties due on the outstanding liability.

How to access the waiver

Taxpayers seeking to enjoy this waiver are required to:

- i) Apply to the Commissioner-General of the GRA in writing, stating the amount of penalties involved and the period(s) to which they relate; and
- ii) Attach evidence of payment of outstanding taxes.

Contact



George Ankamah
Partner, Deloitte Ghana
Tax & Regulatory
gankomah@deloitte.com.gh
+233 307 086 317



www2.deloitte.com/gh



Deloitte Ghana

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

Deloitte provides audit, consulting, financial advisory, risk advisory, tax and related services to public and private clients spanning multiple industries. Deloitte serves four out of five Fortune Global 500® companies through a globally connected network of member firms in more than 150 countries and territories bringing world-class capabilities, insights, and high-quality service to address clients' most complex business challenges. To learn more about how Deloitte's approximately 245,000 professionals make an impact that matters, please connect with us on Facebook, LinkedIn, or Twitter.

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

© 2020. For more information, contact Deloitte Touche Tohmatsu Limited.



**MAKING AN
IMPACT THAT
MATTERS**

since 1845