



**Highlights of Value Added Tax
(Amendment) Act, 2017 (Act 948)**

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Highlights of Value Added Tax (Amendment) Act, 2017 (Act 948)



"Act 948 introduces VAT Flat Rate Scheme for retailers & wholesalers."

The amendment gives legal backing to a new VAT Flat Rate Scheme (VFRS) that will facilitate collection of VAT & National Health Insurance Levy (NHIL) on the supply of goods by wholesalers and retailers; and classifies the supply of financial services, domestic air transportation and sale of immovable property by real estate developers as exempt supplies.

Below are highlights of the key issues in the amendment:

1. Introduction of VAT Flat Rate Scheme

The VAT Amendment Act (Act 948) provides for VAT registered suppliers who are retailers or wholesalers of goods to now account for VAT and NHIL at a flat rate of 3% on the value of their taxable goods supplied.

The amendment however does not apply to the supply of any form of power heat, refrigeration or ventilation.

The effect of this change for VAT registered suppliers is as follows:

- The supply of taxable goods by a retailer or wholesaler will be subject to VAT/NHIL at the rate of 3%;
- All existing taxpayers who are retailer or wholesalers of goods will fall within the VFRS regime and are expected to convert from the standard VAT/NHIL rate of 17.5% to 3%;
- A retailer or wholesaler of goods who accounts for VAT at 3% under the VFRS is not qualified for input VAT deduction in respect of supply of goods;
- The amendment applies to only retailers and wholesalers of goods. All other sale of goods and supply of services will remain under the standard VAT/NHIL system of 17.5%; and
- We anticipate that the Ghana Revenue Authority will come out with prescribed forms for monthly filing for tax payers who deal in supplies under the VFRS (3%) and the standard rate (17.5%) or both.



Retailers and wholesalers to charge 3% flat rate VAT on their sales.



2. Exemption of financial services, domestic air transportation and immovable property from VAT

Act 948 has exempted the supply of financial services, domestic air transportation of passengers, supply of immovable property by real estate developers and supply of crude oil & residual fuel oil from VAT and NHIL. By this amendment, banks are no longer required to charge VAT/NHIL on their service fees. Real estate developers are also exempted from charging VAT/NHIL on sale of immovable properties. Similarly, domestic air transport operators do not have to charge VAT/NHIL on airline tickets whiles VAT/NHIL on crude oil and residual fuel oil has been specifically exempted.



No VAT on financial service charges.

"... domestic air transport operators do not have to charge VAT/NHIL on airline tickets whiles VAT/NHIL on crude oil and residual fuel oil has been specifically exempted."



No VAT on airline ticket sales.

Contact

For more information and request for assistance, please contact:

George Ankamah

Partner, Tax

gankomah@deloitte.com.gh

+233 302 775 355

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