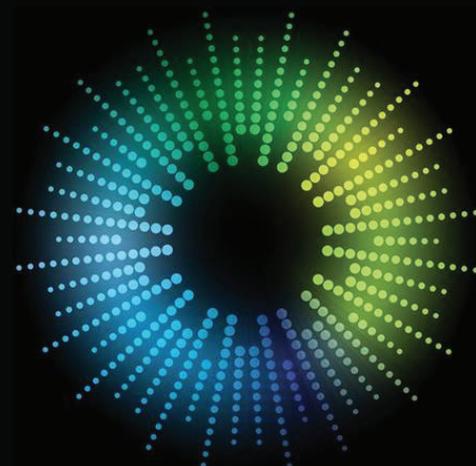


## GRA issues Guidelines on New VAT, NHIL & GETFL Treatment

Sequel to our August 2018 Tax update on the amendments to the Value Added Tax Act, 2013 (Act 870), National Health Insurance Act, 2012 (Act 852) and Ghana Education Trust Fund Act, 2000 (Act 581), the Ghana Revenue Authority (GRA) has issued Administrative Guidelines on the implementation of the new VAT regime. These guidelines are aimed at facilitating the smooth implementation of the amendments.

We provide below key highlights of the guidelines:



### 1. Computation of VAT, NHIL & GETFL

The taxable value (tax base) of taxable supply (standard rated) for VAT purposes is the service charge or the sales value plus the 2.5% National Health Insurance Levy (NHIL) and the 2.5% Ghana Education Trust Fund Levy (GETFL) applicable on the supply. The taxable value for NHIL and GETFL is however calculated on the sales value of the invoice.

This means that in determining the taxable value for VAT, one has to charge the levies (NHIL and GETFL) on the sales value, add the levies to the sales value to arrive at the taxable value on which VAT will be charged.



### 2. Issuance of Tax Invoice

Taxable suppliers authorized to issue own computer-generated invoices are required to modify their systems to reflect the changes.

Tax invoices must specifically show the details below:

- NHIL at a rate of 2.5%;
- GETFL at a rate of 2.5%;
- Total of NHIL and GETFL;
- VAT at a rate of 12.5%.

The effect of the above changes is illustrated below:

New Regime			Old Regime		
	Description	GHS		Description	GHS
A	Sales Value	100.00	A	Sales Value	100.00
B	GETFLUND Levy (A x 2.5%)	2.50	B	VAT (A x 15%)	15.00
C	NHIL (A x 2.5%)	2.50	C	NHIL (A x 2.5%)	2.50
D	<b>Total Levies (B+C)</b>	<b>5.00</b>	D	<b>Invoice Value (A+B+C)</b>	<b>117.50</b>
E	Taxable value (A+D)	105.00			
F	VAT (E x 12.5%)	13.13			
G	<b>Invoice Value (E+F)</b>	<b>118.13</b>			



### 3. Filling of VAT & NHIL/GETFL Returns

All suppliers are required to file separate VAT and Levy (NHIL & GETFL) returns **(Copies attached)**.



### 4. Withholding VAT Scheme

VAT Withholding Agents are required to continue to withhold VAT at a rate of 7% on the taxable value for VAT, (Sales Value + NHIL + GETFL) on all standard rated supplies.

The VAT Withholding Agent shall issue the suppliers with withholding VAT certificate showing the amount of VAT withheld.

New Regime			Old Regime		
	Description	GHS		Description	GHS
i	Taxable value	105.00	i	Taxable value	100.00
ii	VAT (12.5%)	13.13	ii	VAT/NHIL (17.5%)	17.50
iii	Invoice Value	118.13	iii	Invoice Value	117.50
iv	Withholding VAT (I x 7%)	7.35	iv	Withholding VAT (i x 7%)	7.00
	Net payable to supplier (III-IV)	110.78		Net payable to supplier (iii-iv)	110.50



### 5. Transitional Provisions

- VAT returns from August, 2018 onwards should not capture input taxes relating to NHIL and GETFL on transactions that took place from August, 2018.

To ensure smooth transition, VAT registered taxpayers are required to continue to issue their clients with the CG's VAT invoices in their possession while arranging to

- acquire the modified CG invoice or modify their accounting systems to reflect the changes.

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