

THE LIMA DIGEST

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TAX HEALTH CHECK

Amidst the bustling markets and burgeoning industries, a critical element often remains hidden in plain sight - the tax health of companies. Just as individuals require regular check-ups to ensure their physical well-being, businesses too must undergo periodic assessments of their tax compliance status. The concept of conducting tax health checks emerges as a beacon of financial prudence, guiding companies toward sustained growth, compliance, and a competitive edge. Ghana's ever-evolving tax law, evidenced by recent additions like the Growth and Sustainability Levy, highlights the urgency of these checks. We delve into the compelling narrative of why these health checks are a necessity, underlining the need for companies to embark on this transformative journey.

WHAT IS A TAX HEALTH CHECK?

A tax health check, also known as a tax review or tax audit, is a comprehensive examination of an individual's or business's tax-related affairs to assess their compliance with tax laws, identify potential risks or issues, and ensure that they are taking advantage of available tax benefits and opportunities. The primary goal of a tax health check is to ensure that a taxpayer's tax-related matters are accurate, up-to-date, and in line with relevant tax regulations.

KEY ASPECTS OF A TAX HEALTH CHECK TYPICALLY INCLUDE:

- 1. Tax Compliance Review:** This involves assessing whether a taxpayer has correctly reported and paid the appropriate amount of taxes, comprising income taxes, value-added taxes, excise taxes, withholding taxes (including PAYE) and other relevant taxes. If applicable, assessing international tax requirements, ensuring all necessary reporting obligations, including filing tax returns and submitting required documentation, have been met.
- 2. Identification of Risks:** Identifying and addressing potential tax risks early can help prevent costly penalties, fines, and legal consequences. By rectifying errors and ensuring accurate reporting, taxpayers can minimize their exposure to tax-related risks. The review also aims to identify any potential areas of tax-related risks, such as incorrect tax calculations, misinterpretations of tax laws, or inadequate documentation.
- 3. Tax Planning Opportunities:** A tax health check may uncover opportunities for tax planning and optimization. By identifying deductions, credits, and exemptions that may have been overlooked, taxpayers can legally reduce their tax liabilities and maximize tax savings.
- 4. Review of Transactions:** The review may involve analyzing specific transactions, such as property purchases or sales, to ensure that they have been properly accounted for from a tax perspective. Businesses undergoing significant changes, such as mergers, acquisitions, or expansions, can use a tax health check to assess the tax implications of these changes.
- 5. Enhancing Business Reputation:** For businesses, demonstrating a commitment to accurate tax reporting and compliance can enhance their reputation and credibility with stakeholders, investors, and regulatory authorities.

UPCOMING DEADLINES

PAY AS YOU EARN (PAYE), AUG. - GRA

15TH
SEPT.
2023

WITHHOLDING TAX, AUG - GRA

15TH
SEPT.
2023

VALUE ADDED TAX, JULY - GRA

31ST
AUG.
2023

ANNUAL RETURNS (EXTENSION) - ORC

30TH
SEPT.
2023



OTHER AVAILABLE DOCUMENTS

SCAN ME



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SCAN ME



THE GHANA BANKING
INDUSTRY REPORT 2023

SCAN ME



2023 BUDGET REVIEW

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6. International Considerations: In an era of globalized commerce and interconnected economies, the intricacies of international tax compliance have become a formidable challenge for businesses expanding their operations beyond national borders. A tax health check tailored for international tax compliance serves as a strategic compass, guiding companies through the labyrinth of cross-border taxation regulations. For businesses operating internationally, a tax health check can help navigate complex international tax issues, transfer pricing, and withholding tax requirements.

7. Preparation for Audits: Conducting a tax health check can prepare individuals and businesses for potential tax audits, ensuring that accurate records and documentation are readily available.

Not conducting a tax health check can lead to various disadvantages and potential risks for individuals and businesses. Here are some key disadvantages of neglecting a tax health check:

- Non-Compliance Penalties
- Financial Loss
- Audit Exposure
- Reputational Damage
- Missed Tax Planning Opportunities
- Operational Disruptions
- Legal Consequences

Proactively addressing tax matters through regular health checks helps mitigate these risks and ensures accurate, compliant, and optimized tax positions.

CONCLUSION

Typically, tax health checks are conducted by tax professionals, such as tax consultants, accountants or tax advisors. The outcome of the health check provides the taxpayer with a clear understanding of their tax situation, potential areas for improvement or adjustment, and recommendations for any necessary actions to ensure compliance and optimize tax positions. Identifying and addressing potential tax issues proactively reduces the likelihood of unexpected tax liabilities or audits in the future.

Regular tax health checks are advisable to proactively manage tax matters and avoid potential tax-related pitfalls. They are especially important for businesses that operate in complex tax environments or undergo significant changes, such as mergers, acquisitions, or expansions to ensure a smooth transition. By embracing the notion of these checks, companies not only safeguard their own prosperity but also fortify the foundation of the nation's economic growth and resilience in the face of regulatory shifts. It offers a proactive approach to tax management, helping individuals and businesses stay compliant, reduce potential tax liabilities, and make well-informed financial decisions.



SNAPSHOT OF THE ECONOMY OF GHANA

INFLATION (as at 31st July 2023)

43.1%

MONETARY POLICY RATE (as at 24th July 2023)

30.0%

GHANA REFERENCE RATE (as at 2nd August 2023)

29.28%

EXCHANGE RATE AS AT 17TH AUGUST, 2023

GHS - USD	BUYING	SELLING
BANK OF GHANA	10.99	11.01
ABSA BANK	10.58	11.38
ZENITH BANK	10.78	11.43
STANBIC BANK	10.60	11.50
CAL BANK	10.70	11.51
GCB BANK	10.70	11.45
PRUDENTIAL BANK	10.50	11.45

QUOTES

" Tax planning is a crucial part of any business' operations, and applied to manage its financial affairs in a way that the business pays as little tax as possible and directly or indirectly improves their operations."

Dr. Ali-Nakyea

TAX ADVISORY AND COMPLIANCE DEPARTMENT

Daniel Addo Okoe, Partner
Email: daniel@limaghana.com

Salim A. Nsiah, Associate Director
Email: salim@limaghana.com

Ernest K. Amosah, Managing Associate
Email: ernest@limaghana.com

Eugene Amankwah, Associate
Email: eugene@limaghana.com

Richmond Danso, Associate
Email: richmond@limaghana.com

Eyram Kuenyehia, Associate
Email: eyram@limaghana.com

EDITORS

Stephen Otu-Amoah
Managing Associate
stephen@limaghana.com

Eyram Kuenyehia,
Associate
Email: eyram@limaghana.com

TAX ADVISORY AND COMPLIANCE SERVICES

we offer the following tax advisory and compliance services;

- Tax advisory and interpretation of tax laws;
- Client Tax Audit and dispute resolution representation;

- Tax reliefs, incentives and exemptions processing, utilization and renewal of approvals;
- Tax health checks/due diligence/audits
- Direct and indirect tax registration and de-registration;
- Filing of monthly tax returns (VAT,WHT,PAYE);
- Filing of individual/ Expatriates/Directors tax returns;
- Filing of annual corporate income tax returns;
- Filing of transfer pricing returns;
- Obtaining tax clearance certificates.

SUITE 4, ONE AIRPORT SQUARE, AIRPORT CITY, ACCRA GHANA

+233 (0) 55 971 9424,
+233 (0) 30 709 9983

www.limaghana.com
info@limaghana.com