

# THE LIMA DIGEST

AUGUST 2024 / VOL. 18

  
**LIMA PARTNERS**

## UPCOMING DEADLINES

VALUE ADDED TAX, JULY -GHANA  
REVENUE AUTHORITY – **30th AUGUST,  
2024**

TIER 1 PENSIONS, AUGUST – SOCIAL  
SECURITY AND NATIONAL INSURANCE  
TRUST SSNIT – **14th SEPTEMBER, 2024**

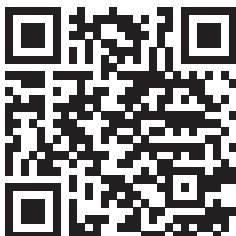
PAY AS YOU EARN(PAYE), AUGUST -  
GHANA REVENUE AUTHORITY – **15th  
SEPTEMBER, 2024.**

WITHHOLDING TAX, AUGUST -  
GHANA REVENUE AUTHORITY – **15th  
SEPTEMBER, 2024.**

FILING OF ANNUAL RETURNS - OFFICE OF  
THE REGISTRAR OF COMPANIES (ORC) –  
**30th SEPTEMBER 2024**

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AVAILABLE ON OUR WEBSITE,  
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## SUMMARY ARTICLE ON THE EXEMPTION REGIME OF GHANA.

Prior to the enactment of Act 1083, an application for tax exemptions may commence with an industry-specific Ministry, after which a letter of support can be issued to the Minister of Finance for an assessment to be made on the potential value of exemptions sought by the entity or person. The Minister of Finance, upon a successful confirmation and validation of the application by relevant agencies such as the Ghana Revenue Authority, presents a report to Cabinet for approval, after which the application is brought before Ghana's Parliament for approval as part of its express mandate under Article 174 of the 1992 Constitution.

The Exemptions Act, 2022 is a comprehensive legislation that regulates the application of tax exemptions and other exemptions in Ghana. It aims to provide a clear and transparent framework for the administration and monitoring of exemptions, ensuring they are aligned with the country's economic priorities and policies.

The Act outlines four scenarios in which an exemption may be granted:

- a. General procedures for granting exemptions.
- b. Contracts requiring approval from Parliament.
- c. Industry-specific or program-specific tax exemptions.
- d. Specially negotiated tax exemptions for strategic investments.

The Act outlines the general responsibilities of **persons seeking or granting exemptions**, including the requirement for prior approval from the Minister and Parliament, and the prohibition on transferring exemptions to other parties.

The procedures for granting exemption are:

1. An application for an exemption by a covered entity shall be made to the minister of finance.
2. The minister shall assess the application.
3. The Minister may make a recommendation to the Cabinet for consideration.
4. The Minister shall state clearly the basis for the recommendation.
5. Where the Minister, on an application for an exemption by a covered entity, makes a recommendation for Cabinet approval, the Cabinet shall, upon approval, direct the Minister to seek Parliamentary approval.
6. Where the Cabinet does not approve of the recommendation, the Minister shall inform the covered entity of the decision of the Cabinet within fourteen days of receipt of the decision.

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7. Where the Minister does not make a recommendation to the Cabinet for an exemption, the Minister shall inform the covered entity of the decision within fourteen days of receipt of the application.

There are instances where a request for an exemption is included in a **contract to be presented to Parliament for approval**. In such cases, the contract should consist of the following terms;

1. A detailed assessment of the value of the anticipated exemptions contained in the contract;
2. The list of items and taxes to which the exemptions are applicable;
3. A limit on the total value of the exemptions to be granted under that contract;
4. A time limit on the exemption to ensure that the exemption does not exceed the duration of the contract;
5. The impact of the exemption on programmed revenue;
6. Details of the beneficial owners of the entities involved in the contract: and
7. A value-for-money assessment report.

Parliament may vary the exemptions in an application for exemption submitted. When Parliament makes such modifications, the Minister shall notify the covered entities within fourteen days of receiving the variation notification.

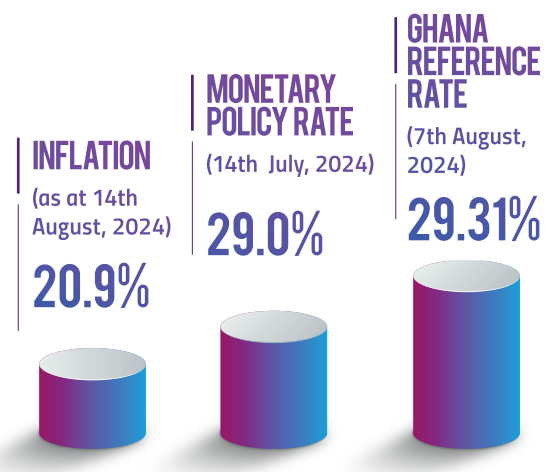
The Minister can grant **industry-specific or program-specific tax concessions** with the approval of the Cabinet and Parliament. The Act specifies that the list of items and exact concessional rates must be provided in the Regulations.

The Act allows the government to grant **specially negotiated tax exemptions for strategic investments**, where the state takes an equity stake in the project. This ensures a commensurate return on the revenue forgone through the exemptions. The Act outlines a detailed procedure for granting special tax incentives, involving determining priority investment areas, application by investors, and negotiation between the Minister and the investor to arrive at the terms of the incentives. This special exemption entails the State acquiring a proportionate equity stake in the investment project. An entity that grants an equity stake to the State in exchange for a tax incentive retains the unequivocal right to repurchase the State's equity stake at the current market price.

## EXCHANGE RATE AS AT 19TH AUGUST, 2024

GHS - USD	BUYING	SELLING
BANK OF GHANA	15.12	15.14
ABSA BANK	15.20	15.79
ZENITH BANK	15.19	15.80
STANBIC BANK	15.20	15.80
ECOBANK	15.00	15.70
GCB BANK	15.20	15.75

## SNAPSHOT OF THE ECONOMY OF GHANA



## QUOTES

The same people who say the government should be run like a business don't want it running like a business when it comes to money they're getting.

Richard Brodsky

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### TAX ADVISORY AND COMPLIANCE SERVICES

We offer the following tax advisory and compliance services;

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- Client Tax Audit and dispute resolution representation;

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- 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.

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