

**TAX ALERT**

## Ghana Revenue Authority introduces Income Tax Regulations to the Income Tax Act, 2015, Act 896 (as amended)

With the coming into force of the Income Tax Act, 2015, Act 896 (as amended) on 1 January 2016, an Income Tax Regulations, 2016, L.I. 2244 has finally been introduced to the Act 896. In this tax alert, we highlight the key issues in the Regulations below:

- Non-resident persons are not entitled to personal reliefs for the purposes of employment income tax, save where a DTT provides otherwise.
- Deduction of mortgage interest with respect to the one residential Property of an individual during the lifetime of that person is limited to resident persons.
- A non-resident public entertainer who renders a service in Ghana shall be treated as an employee of the promoter for income tax purposes.
- A casual worker is subject to a final tax of 5% on the gross income paid to that casual worker. A casual worker is a worker engaged in work which is seasonal or intermittent and not for a continuous period of more than six months and whose remuneration is calculated on a daily basis.
- Temporary workers must be taxed using the graduated scale. A temporary worker means a worker who is employed for a continuous period of not less than one month and is not a permanent worker or employed for a work that is seasonal in character.
- A withdrawal from a provident fund before ten (10) years of contribution and retirement is subject to a final tax of 15%.
- The tax treatment of overtime paid to qualifying junior employee has changed as set out below:
  - i. where the overtime payment does not exceed 50% of the monthly basic salary of the qualifying junior employee, the payment shall attract a final tax of 5%M and

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- ii. where the overtime payment exceeds 50% of the monthly basic salary, it is only the excess of the overtime payment that will be subject to a final tax of 10%.

A qualifying junior employee has been redefined as a junior staff member whose employment income in a year of assessment does not exceed GHS 18000 (previously GHS 9,600).

- Priority sectors that could carry forward unrelieved tax losses for five years have been defined as minerals and mining operations, petroleum operations, energy and power, manufacturing, farming, agro processing, tourism and information and communication businesses.
- An example of a withholding certificate which a withholding agent is required to issue to a withholder has been provided in the Regulations.
- The taxable loan benefit must be determined on a monthly basis with respect to employment income tax.

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