

27 September 2016

The Income Tax Act, 2015, Act 896 (as amended) has been amended by the Income Tax (Amendment) (No.2) Act, Act 924. The amendment received the President's assent on 9 September 2016. The Act 896 revised the treatment of gift tax and capital gains tax as stand-alone taxes and incorporated them into income tax. The tax coverage for gift tax was reduced as compared to that of capital gains tax under Act 896. These amendments seek to tax a residual gift which is not taxed under employment, business or investment. Furthermore, it seeks to exempt from tax interests that has been received by a non-resident person from the government of Ghana. The key amendments have been summarised below:

- the tax treatment of a gift received by a person which is not in respect of employment, business and investment. Where an individual receives a gift other than a gift received in respect of business or employment, the individual may elect to pay tax at the rate of fifteen (15%) percent.
- interest paid to a non-resident person on bonds issued by the government of Ghana is exempt from tax.
- capital gains made by a non-resident person on the realisation of bonds issued by the government of Ghana are exempt from tax.
- the treatment of an operating lease from the perspective of the lessor. The lessor enjoys capital allowance on the leased asset to the extent that the lessor includes the whole amount of rent paid in the calculation of its chargeable income.
- an amount of any reserve for unexpired risk which was deducted in the previous basis period must be included in the income of a person who engages in general insurance business.
- a registered sporting club is excluded as an approved charitable organisation for the purposes of Act 896.

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- the obligation on certain individuals to withhold tax on payment made to an individual or entity.
- Petroleum contractors are now required to withhold tax from payment made to a resident petroleum subcontractor regarding petroleum work and services at the rate of seven and a half (7.5%) instead of fifteen (15%) percent.
- withholding tax on payments in respect of supply of any other services by resident persons have been reduced from fifteen (15%) to seven and half (7.5%) percent.
- location incentives for entities which are into farming, rural banking, waste processing businesses in Ghana. These businesses shall be subject to corporate income tax after the concession period for the next five years shall be at the rates set out below depending on the location where the business is sited:

Location	Rate of Income Tax
Accra and Tema	20%
Other Regional Capitals outside the Northern Savannah Ecological Zone	15%
Outside other Regional Capitals	10%
The Northern Savannah Ecological Zone	5%

Northern Savannah Ecological Zone is defined under the Savannah Accelerated Development Authority Act, 2010, Act 805.

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