

25 April 2017

Ghana passes the Value Added Tax (Amendment) Act, 2017, Act 948

Ghana passes the Value Added Tax (Amendment) Act, 2017, Act 948 to amend the Value Added Tax Act, 2013 (Act 870). The primary focus of the amendment is to classify the supply of financial services, domestic transportation of passengers by air and supply of immovable property by a real estate developer as exempt supplies, to give legal backing to a VAT Flat Rate Scheme that will facilitate collection of VAT on the supply of goods in the distribution chain and to provide for related matters.

The Value Added (Amendment) Act was given assent by the President of the Republic of Ghana on 5th April 2017 and it came into force on the 7th of April 2017.

In this Tax Alert we highlight the key amendments below:

- Reintroduction of the VAT Flat Rate Scheme for retailers and wholesalers;
- A retailer or wholesaler of goods is expected to charge Value Added Tax at a flat rate of three percent on the value of taxable supplies. This is not applicable to a person into the supply of any form of power, heat, refrigeration or ventilation as goods.
- A retailer or wholesaler who is accounting for VAT under the flat rate scheme is not eligible for an input tax deduction in respect of a supply;
- Supply of domestic transportation (either by air, road, rail and water) is exempt from VAT. However, the supply of haulage or rental or hiring of passenger and other vehicles are still subject to VAT;

- Supply of immovable property including land which is used or intended to be used for the purpose of a dwelling is exempt from VAT;
- Modified the exemption from VAT for the supply of financial services to include financial services rendered for a fee, commission, or a similar charge; and
- The scope of crude oil and hydrocarbon products have been widened to include residual fuel oil and natural petroleum gas to be exempt from VAT.

For a comprehensive discussion of how these tax issues might affect your business, please get in touch with us.

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We maintain local excellence coupled with global standards to our deliverables to clients. Our responsive teams offer excellent client service. We recruit and maintain the best people.

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