

TAX RATES

In the collection of taxes, different tax rates are applied based mainly on the following:

- i. Tax types
- ii. One's status as resident or non-resident.

The following are the classifications to which tax rates are applied:

1. Individuals (Employees and Self - Employed)
2. Companies
3. Bodies of Persons
4. Withholding Tax for Resident Persons
5. Withholding Tax for Non Resident Persons
6. Local Branch Profits of Foreign Companies
7. Non-Resident Persons Transportation and Communications Income
8. Payments to Non-Resident Persons for Goods and Services
9. Payments to Resident Persons for Goods and Services

1. INDIVIDUALS

A. RESIDENT

For resident individuals the rate of tax is the same for both employees and self - employed persons. It is a progressive system of taxation and as the chargeable income increases the rate of tax also increases. There is as well equity in the system.

- i. Category of taxpayers
- ii. Types of Income
- iii. Resident or Non-Resident status

The Annual Income Tax rates applicable to resident individuals effective 9th June, 2010 are:

Chargeable Income	Rates of Tax
First GH¢ 1,008	Nil
Next GH¢ 240	5%
Next GH¢ 720	10%
Next GH¢ 14,232	17.5%
Exceeding GH¢ 16,200	25%

B. NON - RESIDENT

The Income Tax Rate applicable to non-resident individuals is 20% flat.

2. COMPANIES

The income tax rates applicable to companies are:

General corporate Tax Rate 25%

Nature of Income	Rate of Income Tax for every Ghana cedi (GH¢)
1. * Export of Non Traditional Goods	8%
2. Hotel Industry	22%
3. Stock Exchange Listed Companies	22%
4. Rural Banks (After 10 years Tax holiday)	8%
5. Free Zone Enterprise/Developers (After 10 years of operation)	8%
6. Financial Institutions	
i. Income from loan to farming enterprise	20%
ii. Income from loan to leasing	20%

* "Non Traditional goods" means

- a. Horticultural products
- b. Processed and raw agricultural products grown in Ghana, other than cocoa beans
- c. Wood products, other than lumber and logs
- d. Handicrafts
- e. Locally manufactured goods.

For agro processing companies and companies who produce on commercial basis, using cocoa by-products from cocoa waste established in and after 2004:

LOCATION	RATE OF INCOME TAX
Accra and Tema (after 5 years tax holiday)	20%
Other Regional Capitals except Tamale, Bolgatanga and Wa	10%
Northern, Upper East and Upper West Regions	0%
Outside other Regional Capitals	0%

For manufacturing companies:

LOCATION	RATE OF INCOME TAX
Accra and Tema	25%
All other Regional Capitals	18.75%
Outside other Regional Capitals	12.50%

The above table applies to agro processing businesses established before 1st January 2004 that use local raw agricultural products as their main inputs other than businesses which process raw cocoa beans. (After 5 years tax holiday)

3. BODIES OF PERSONS

The income tax rate applicable to bodies of persons is 25%

6. LOCAL BRANCH PROFITS OF FOREIGN COMPANIES

A tax of 10% is imposed on the repatriated profit of a non-resident person carrying on business in Ghana through a permanent establishment.

7. NON-RESIDENT PERSONS' TRANSPORTATION AND COMMUNICATION INCOME

The tax treatment of this sector is completely different in that no deductions such as business expenses and capital allowances are allowed before tax is imposed.

- A. The assessable income of a non-resident person as ship operator, charterer or air transport operator includes the gross receipts from
 - i. the carriage of passengers who embark or
 - ii. mail, livestock or goods which are embarked, in Ghana, other than as a result of transshipment

- B The assessable income for a non-resident person who carries on a business of transmitting messages by cable, radio, optical fibre or satellite communication includes the gross receipts based on the transmission in Ghana, whether or not the messages originated in Ghana

Tax rate of 15% is applied in the case of (A) and (B) and the following are taken into consideration:

- a. the gross receipt shall include any remaining assessable income of the person
- b. no deductions shall be allowed depending on the extent to which it affects the production of the gross receipts
- c. no tax credits shall be allowed to reduce the tax payable with respect to the gross receipts.