

2010 Financial Year Budget

On Wednesday, 18th November, 2009 the Minister for Finance & Economic Planning presented to Parliament the Budget Statement and Economic Policy of the Government of Ghana for the 2010 Financial Year. This Budget has now been approved by Parliament and the provisions therein are in operation. We have put together points relating to taxation in Ghana relevant to Corporate Organisations / Businesses from the Statement.

Domestic Resource Mobilization

- The Ghana Revenue Authority (GRA) under a Chief Executive Officer, known as the Commissioner-General, with more executive powers has replaced the Revenue Agencies Governing Board (RAGB) secretariat. The GRA aims to streamline domestic tax and customs administrations along functional lines by addressing duplication of functions, streamline operational procedures, minimize cost of administration, reduce compliance cost for taxpayers, improve efficiency, and maximize revenue collection.
- A project Implementation Unit (PIU) has been established to manage, plan, develop and coordinate all reforms and modernization initiatives that will permit the consolidation of the three tax agencies – Internal Revenue Service (IRS), Value Added Tax Service (VAT) and Customs, Excise and Preventive Service (CEPS) into one. Sensitization of internal stakeholders on the change process and its outcome has begun.

Revenue Enhancement Measures to be implemented in 2010 include the following:

- Reduction in import exemptions by at least 20% from its 2009 level;
- Restoration of import duty on food imports, especially on rice, wheat, maize and vegetable oil;
- Shift from specific to ad-valorem excise taxes on selected commodities including alcoholic beverages, non-alcoholic beverages and tobacco;
- Increased monitoring of the communication service tax (or 'talk tax') compliance;
- Increase in mineral royalties; enhancement in tax compliance of the self-employed, especially members of professional bodies and enforce airport tax collection;
- Strengthen the effectiveness of the VAT regime; and revise upwards rates, fees and user charges on a range of publicly provided services and other vehicle related charges.

Personal Income Taxation

- The government will revise the income tax threshold and brackets for the first time since January 2006.

Permits and Exemptions

In 2010, the following measures will be implemented to streamline the exemption regime; and in doing so minimise revenue losses:

- Parliamentary exemptions and special permits will be time-bound and renewable subject to the recommendation of the Minister for Finance and Economic Planning;

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- Special permits granted to personnel of the Health and Teaching Services on vehicle imports will be phased out in 2011. For 2010 fiscal year, there will be a cash limit of GH¢2,000.00 per individual exemption;
- Parliamentary exemptions for duties on vehicles will be subject to an absolute currency limit per vehicle, per beneficiary, and will also be time bound. The absolute currency limits of GH¢2,000.00 will be reviewed periodically.

Diplomatic Exemptions

- In 2010, there will be greater coordination and compliance between the Ministry of Finance and Economic Planning and the Ministry of Foreign Affairs on all diplomatic exemptions, including exemptions on imports, domestic consumption and direct taxes.

Restoration of Duties on Food Items

- Import duty on certain food products, rice, wheat, crude, vegetable oil and yellow maize are to be restored in 2010.

Import Duty on Textiles and Poultry

- The import duty on imported textiles and poultry products will be rationalized.

Electronic Issuance of Permits and Exemptions

- In 2010, all permits and exemptions shall be processed electronically through the GCNet Electronic portal.

Royalty Payment in the Mining Sector

- The Government proposes a royalty payment of 6% as an initial step in re-engaging all mining companies to review the fiscal regime within the mining industry.

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