FREQUENTLY ASKED QUESTIONS

DOMESTIC TAX REVENUE DIVISION (INCOME TAX)

This Frequently Asked Questions (FAQ) booklet is to inform and educate you the taxpayer on general information about direct or income tax issues.

This FAQ booklet cannot be used as a substitute for ACT 592 or any other relevant law. You need to always refer to the Act and other relevant laws for guidance and compliance as issues addressed in this booklet may change.

Q1 What other taxes are administered by the IRS?

In addition to income tax, the IRS administers Stamp Duty, Capital Gains Tax, Gift Tax and Mineral Royalties.

SECTION A

PAY AS YOU EARN (PAYE)

Q2 What is "PAYE"?

Pay As You Earn (PAYE) is the routine deduction of tax from emoluments of employees by their employers, each time employees are paid.

Q3 What are the employees' income tax rates?

The current employee's tax rates are:

Annual Tax Rates – Effective June 2010

Chargeable Income GH¢	Rate %	Tax GH¢	Cumulative Chargeable Income GH¢	Cumulative Tax GH¢
First 1,008	Free	Nil	1,008	Nil
Next 240	5	12	1,248	12
Next 720	10	72	1,968	84
Next 14,232	17.5	2,490.60	16,200	2,574.60

Monthly Tax Rates

Chargeable Income GH¢	Rate %	Tax GH¢	Cumulative Chargeable Income GH¢	Cumulative Tax GH¢
First 84	Nil	Nil	84	Nil
Next 20	5	1	104	1
Next 60	10	6	164	7
Next 1,186	17.5	207.55	1,350	214.55

Q4 Are there any allowances which are not subject to Tax?

All allowances are subject to tax except the following:

- A reimbursement or discharge of a person's dental, medical or health insurance expenses where the benefit is available to all full-time employees on equal terms
- A passage to or from Ghana in respect of the appointment and termination of employment of an employee who
- Is recruited or engaged outside Ghana
- Is in Ghana for a purpose of serving the employer
- Is not a resident of Ghana

Q5 **How can I compute "PAYE"?**

i Deduct 5.5% Social Security from basic salary

ii. Add all allowances after the 5.5% Social Security deduction

iii Deduct applicable personal tax relief(s)

iv Use the appropriate tax table to compute the tax on the remainder(i.e. Chargeable income.)

Q6**. What is the tax treatment of Bonus?**

Bonus up to GH¢1,620 per annum is taxed at 5%. Anything in excess is added to t he salary and taxed at the normal rate.

Q7 Are employees entitled to relief?

Yes, An employee can apply for personal tax relief(s) to the IRS through his primary employer by completing a Tax Relief Application Form

Q8 Is an employee obliged to file a Tax Return?

The Employer files a Return of Income on behalf of the Employee. However, the Commissioner can by regulation request an employee to furnish a Return of Income if the employee has other sources of income e.g. rent, part-time job or other business income. Additionally, all employees who have more than one employment income are required to file a return at the end of the year.

Q9 Do you have to keep Records?

Yes, record keeping is incumbent on all Employers and employees with other sources of income.

Q10 Taxpayers' Rights

- Right to Help and Information
- Right to Courtesy and Consideration
- Fairness and Transparency
- Independent Appeal and Review
- Right to claim refund of ascertained taxes overpaid
- Right to claim all personal reliefs upon the satisfaction of all laid down conditions
- Privacy and Confidentiality

B. TAXPAYER REGISTRATION AND IDENTIFICATION NUMBER

Q1 What is taxpayer registration?

It is the formal registration of the business at the Registrar-General's Department and thereafter at the Tax Office.

Q2 Who is required to register?

Any person who carries on any business is required to register with the Commissioner.

Q3 Is the registration compulsory?

Yes. The registration at the Registrar-General's is compulsory for all companies and partnerships but optional for sole-proprietors. However, all businesses including sole-proprietors must register with the tax authorities.

Q4. How do I register a business?

- The first step in registering a business is to apply to the Registrar-General's Department with the following details:

- Name of business/company
- Name of the owner(for sole-proprietorship)
- Name of partners(for partnership)
- Nature of the business
- Location and address of the business
- Date of commencement of the business

Q5. Why must a business register with the Domestic Tax Revenue Division (DTRD) after the registration at the Registrar-General's?

- Registration with the IRS is a requirement under the Internal Revenue (Registration of Business) Act,2005 (Act 684) which states "A person shall not

carry on any business unless that person has registered the business with the Commissioner" and paid the registration fees as specified.

This is a one- time registration in the life of the business.

Q6. **What are the specified fees?**

CATEGORIES	**REGISTRATION FEES GH¢**
1.Companies	10.00
2.Professionals(Lawyers, Dentists, Engineers, Accountants, Pharmacists, Valuers, Architects and Analogous Professionals)	10.00
3.Self-employed persons other than professionals	7.50
4.Small-scale self-employed persons	5.00

Q7. **What do I require to register with the IRS?**

A. **SOLE-PROPRIETOR**

-Business Registration Certificate

-Registrar-General's Form A

B. **PARTNERSHIP**

-Partnership Agreement

-Certificate of incorporation of partnership

-Registrar-General's Application Form (for Manufacturing Concerns)

C **Limited Liability Company**

-Certificate of Incorporation

- Certificate to commence Business

-Company's Regulation

-Manufacturing Certificate (for Manufacturing Concerns)

-Vending Agreement (if company was purchased)

Q8. What is Taxpayer Registration Number (TIN)

This is a unique computer generated number given to taxpayers for official transactions e g.

a. To clear any goods in commercial quantities from any port or factory
b. To register any title to land, interest in land or document affecting land
c. To obtain a Tax Clearance Certificate from IRS, CEPS, or VAT Service
d. To receive payment from the Controller and Accountant General or a District Assembly in respect of a contract for the supply of any goods or provision of any service.

Q9. Who is required to register for TIN?

Any person subject to the payment of any type of tax, filing a Tax Return or filing any document at the Registrar- General's Department or making transactions with the Accountant General's or any Ministry, Metropolitan or District Assembly

SECTION C

ASSESSMENT

Q1. What is an Assessment?

- An assessment of tax is a notice of tax liability computed on that taxpayer's annual income/profit.

The assessment states the following:

- The estimated chargeable income
- The estimated tax payable
- The amount of tax and time to pay the quarterly installment.
- The time, place and manner of objection to the assessment

Q2 What Is Self-Assessment?

- Self-assessment is the system whereby the taxpayer takes responsibility to determine his own tax liability which is payable at the end of each quarter. He computes and calculates the tax based on his turnover/profits and then remits the tax due.

Q3 What is a due date under the tax law?

- It is the date by which Returns are submitted or when the tax due is payable according to the provisions of the income tax law.

Q4 What is the due date for the filing of Tax Return?

The due date for the filing of a Tax Return depends on the type of Tax Returns. However, for a Return of Income the due date is 30th April of every year for all sole-proprietors, Partnerships and other individuals.

Most companies also file their Return of Income on 30th April every year.

*Companies with own accounting dates have four (4) months after the end of their basis period to file a Return of Income.

***Due date for the filing of Tax Returns on Payment of Withholding Taxes is the 15th day of the following month.**

Q5 What are the due dates for payment of Taxes?

Companies and Self-Employed persons are required to pay their taxes in four equal installments by the end of every quarter – 31st March, 30th June, 30th September and 31st December of every year.

Q6. Do I need to pay my taxes even where I dispute the amount of tax?

Yes. The law provides that 30% of the amount payable as contained in the notice of assessment must be paid. This ensures that no arrears are accumulated.

Q7. What do I do in a situation where the Tax Assessment has not been received in a particular year?

You pay the previous year's quarterly assessment in order to avoid penalties.

SECTION D
WITHHOLDING TAXES

Q1 **What is withholding tax?**

This is an amount of tax withheld by the party making a payment to another. The amount withheld must be paid to the DTRD by the 15th day of the following month.

Q2 **What types of Withholding Taxes are available in Ghana?**

a. withholding tax from employment income (PAYE)

b. withholding tax from payment for goods and services

c. withholding tax from payment of dividends to resident shareholders

d. withholding tax from payment of interest to a resident company ie banks and other financial institutions

e. withholding tax from payment to non-resident persons

f. withholding tax from fees to a resident part-time teacher, lecturer, examiner, examinations invigilator or supervisor

g. withholding tax on management and technical services fees

h. royalties, natural resource payments

i. endorsement fees

Q3 **What are the treatments for a 'final' withholding tax and withholding tax on account'?**

- Withholding taxes described as **final** means you don't have to include the income/profit which has already suffered the withholding tax on your Tax Returns.
- The income/profit which has suffered withholding tax described as **'on account'** must be included in your Tax Returns and the tax already paid deducted to arrive at your final tax liability.

Q4 **What are the applicable rates of tax for Withholding Taxes?**

These vary from as low as 5% to a maximum of 15%.

Q5 **What is the liability of a Withholding Agent?**

Any withholding tax agent who fails to withhold tax is personally liable to pay the amount of tax which should have been withheld.

YOU HAVE IMPORTANT RIGHTS AND ENTITLEMENTS AS A TAXPAYER. YOU ARE ENTITLED TO EXPECT:

Help and Information

The staff of the Ghana Revenue Authority will help you in every reasonable way to know your rights and to understand and meet your obligations under the tax laws. To be able to do this, the Ghana Revenue Authority expect that you will give them the full facts they need to decide how much tax you should pay.

Courtesy and Consideration

The staff of the Ghana Revenue Authority will at all times carry out their duties courteously and promptly.

Fairness

- You will have your tax liability decided impartially and be required to pay only the amount of tax properly due according to the law.
- You will be treated in the same way as other taxpayers in similar circumstance
- You will be presumed to have dealt with your tax affairs honestly, unless there is reason to believe otherwise.

Privacy and Confidentiality

Information about your tax affairs which is supplied to the Ghana Revenue Authority will be treated in strict confidence and used only for purposes allowed by law.

Independent Appeal and Review

You may ask the Ghana Revenue Authority to look again at your case, if you think your tax bill is wrong or they have made a wrong decision, or they have handled your tax affairs badly. Your case can be reviewed by the Head of the District Office you are dealing with. If you are still not satisfied, you may take the matter up with the Ghana Revenue Authority regional Head, or with its Headquarters. Beyond that, you have important rights to independent appeal.

You may appeal against your tax bill to a Court of competence jurisdiction

If you are still not satisfied you may finally appeal to the Appeal and to the Supreme Courts on matters of law only.

APPEALS

HOW YOU CAN APPEAL AGAINST YOUR TAX ASSESSMENT

What is an Objection?

An objection is the initial protest against an assessment raised on you by the Tax Office, or how your tax affairs have been dealt with resulting in the payment of high tax.

Can I Object to an Assessment if I am Dissatisfied with it?

Yes, if you are dissatisfied with a provisional assessment or any other assessment raised on you, you may lodge an objection to the assessment with your Tax Office.

Is there a time- limit?

Yes, you have nine (9) months from the commencement of your basis (accounting) period within which to lodge an objection against a provisional assessment.

- In the case of a final assessment or additional assessment, you may lodge an objection within thirty (30) days of the service of the notice of assessment.

What happens if I am not able to lodge my objection within the time specified?

Upon application, the commissioner may extend the time within which you may lodge an objection if satisfied that your delay in lodging your objection is due to your absence from Ghana, sickness or other reasonable cause.

How do I lodge an objection at the tax office?

In all cases, an objection to an assessment should be in writing and you should state precisely the grounds upon which you are objecting.

After my objection, what action should I expect?

I. Your objection will be determined by the commissioner who may allow your objection in whole or part and amend the assessment or disallow your objection. After allowing or disallowing your objection, the commissioner will serve you with notice of the decision.

II. If the commissioner does not make a decision on your objection within ninety (90) days after your objection was lodged, you may notice in writing to the commissioner elect to treat the commissioner as having made a decision to disallow your objection.

III. If you make an election to treat the commissioner as having made a decision to disallow your objection, you are treated as having been served with a notice of the disallowance on the date your election is lodged with the commissioner.

What further action do I take?

If you are dissatisfied with the objection decision or you have made an election treating the commissioner's delay in dealing with your objection as disallowing it, you may proceed to lodge an appeal at the High Court. This you have to do within 30 days either of the service of the notice of the decision or the lodgment of your election.

What is an appeal?

An appeal under Act 592 is when the objection against an assessment raised on you by the Tax Office enters the Courts.

What happens if I am not able to lodge my appeal within the time specified?

In the event that you are unable to lodge the appeal within 30 days, you may still lodge the appeal if you prove to the satisfaction of the court that the delay was due to your absence from Ghana, sickness or other reasonable cause and that there was no unreasonable delay on your part.

After lodging the appeal with the court, you are required to serve a copy of the appeal on the commissioner within five (5) working days.

The High Court may confirm, reduce, increase or cancel the assessment which is the subject matter or make an appropriate order.

An appeal against the decision of the commissioner should be instituted against the Attorney- General.

Can I make further appeals?

I. The commissioner or you may appeal against the decision of the High Court of Appeal on a matter of law only.
II. The commissioner or you may appeal against the decision of the Appeal court to the Supreme Court.

Is there a time- limit to the further appeals?

The commissioner or you may appeal against decision of the court within (30) days after the decision to which it relates.

Do I have to pay tax while awaiting a decision on my objection?

Yes, if you lodge an objection to an assessment, you have to pay an amount not less than the amount payable in the first quarter of that year of assessment as contained in the notice of assessment pending the determination of your objection and any appeal.

- Note that your appeal will not be entertained by the court unless you pay 30% of the assessment as required under the law.

When the payment of your tax has been held over pending an objection or appeal, any tax outstanding under the assessment as determined by the commissioner or objection on appeal must be paid within thirty (30) days from the date of service of the notice of the decision of the commissioner or the date decision of the court.

Do I have to pay interest/penalty?

You may have to. Where tax carries penalty or interest, the penalty or interest normally runs from the date on which the tax is due until the date it is paid.

REMEMBER

- **Always give your Tax Office reference and your Taxpayer Identification Number (TIN) if you write to your Tax Office.**
- **Stay within the time-limit for objections and appeals**
- **Disputes can be avoided by making a complete and accurate return of your income in good time, and by answering enquires from your Tax Office fully and quickly.**
- **Inform the Tax Office in writing, about changes which could affect your tax affairs. If you do not, you may pay more tax than you should.**

These notes are for guidance only and reflect the tax law position at the time of writing.

SECTION E

CAPITAL GAINS

A CAPITAL GAIN ARIES WHEN

- something you own (that is an asset)
- is given away, exchanged, sold or disposed of in any other way and
- its value has increased since you acquired it.

Q1 **What Capital Gain Tax?**

Capital Gain Tax is therefore the tax charged on the profit (gain) you make (realized) when an asset is sold (disposed off). This tax is not charged on the asset itself but on its gain in value.

Q2 **When is Capital Gains Tax Chargeable?**

Capital Gains Tax is chargeable on the disposal of a capital asset e.g. land, building, business and business assets including goodwill and shares of a resident company.

Q3 **What is the rate of Capital Gains Tax and when Payable?**

The rate of tax is 15% and this is payable on the realization of a chargeable asset owned by that person.

Q4 **What is chargeable asset under the Capital Gain Tax**

Chargeable Asset means any of the following assets

a. I. buildings of a permanent or temporal nature situated in Ghana

II. Business and business asset, including goodwill, of a permanent establishment situated in Ghana

III. Land situated in Ghana

IV. Share of a resident company

V. part of, or any right or interest in, to or over any of the assets referred to above.

b. to the extent that they are not chargeable assets as a result of (a) above, any of the following assets of a resident person:

I. Buildings of a permanent or temporal nature wherever situated;

II. Business and business assets, including goodwill, wherever situated;
III. Land wherever situated
IV. Share of a company
V. Part of, or any right or interest in, to or over any of the assets referred above.

Q5**. Who should pay capital Gains Tax?**

Anyone who is resident in Ghana for tax purposes has to pay tax on gains from the disposal of assets, wherever those assets are situated.

Q6. **What is a Disposal?**

The disposal of an asset includes any occasion when the ownership or part of or all of an asset is transferred from one person to another by sale or exchange. Disposal also includes a capital sum received from insurance following the loss of an asset.

Q7. **Are there any exemptions under Capital Gain Tax?**

Yes, you are entitled to the following exemptions on realizing a gain/profit on the disposal of (sale) a changeable asset.

a. Where the Capital Gain Is GH¢50.00 or less in a Year of Assessment
b. Capital Gains accruing to or derived by merger, amalgamation or re-organization of the company where there is continuity of underlying ownership in the asset of at twenty five per cent.
c. Capital Gain resulting from a transfer of ownership of the asset by a person to that person' spouse, child, parent, brother, sister, aunt, uncle, nephew or niece.
d. Capital Gains resulting from a transfer or ownership of the asset between former spouses as part of a divorce settlement or a genuine separation agreement.
e. Capital Gains where the amount received on sale is used to acquire a chargeable asset of the same nature within one year of the sale (replacement asset)

f. Where part only of the amount received on sale is used in the manner as in (e) above, any part of the capital gain represented by the amount used to acquire the new asset (replacement asset) less the cost base of the asset realized at the time of sale.

Q8. **Which assets are not chargeable asset under Capital Gains?**

A chargeable asset does not include the following:

a. Securities of a company listed on the Ghana Stock Exchange during the fifteen years after the establishment of the Ghana Stock Exchange
b. Agricultural land situated in Ghana
c. Trading stock

Q9. **What is the rate for Capital Gains Tax?**

Capital Gains Tax is payable at the rate of fifteen per cent (15%) on the gains made by you from the sale of a chargeable assets.

Mr. Mensah bought a house for 1,000 in 1980 and sold it for 4,500 in 2010. He made no improvement on the building during the period of that house.

Asset acquired in 1980	GH¢1,000	
Asset disposed of in 2000	GH ¢4,500	
The gain is calculated as follows:		
Disposal proceeds	GH¢4,500	
Less Acquisition Cost	GH¢1,000	
Cost incurred in		
Selling the asset	GH¢50	GH¢<u>1,050</u>
Chargeable Gain		GH¢3,450
Tax @ 15%		GH¢517.5

Q10. **What is the meaning of cost base under capital gains tax?**

Under Capital Gains Tax, Cost Base means the following

a. The costs, including incidental costs, and where relevant, the cost of construction or production incurred by you in acquiring ownership of the asset.
b. The costs incurred by you on alteration and improvement of the asset between the date of its acquisition and the date of its sale.
c. The costs incurred by you in selling the asset.

Q11. **What expenditure can I set against a gain?**

The following expenditure may be set against the amount realized on the disposal of an asset.

a. The cost of acquisition

- The value of the asset as at the time you acquired it
- It may include incidental costs of fees, commission paid for professional advice.
- In the case of an asset like 'goodwill' copyright etc, any expenditure incurred wholly and exclusively in creating the asset is treated as the cost of acquisition of that asset.

b. Additional expenditure

This is expenditure which you incur for the purpose of enhancing the value of the Asset. E.g. Extension to a building

Note: This does not include normal maintenance or repairs

c. **Incidental cost of disposing of the asset**

Expenditure of this kind has to be wholly and exclusive incurred for the disposal of the asset.

GOODWILL

After you have been trading successfully for some time, the value of your business will probably be more than if you just added up the values of your business assets. This extra amount is the value of the reputations and standing of your business and represents goodwill.

Q12. **What about my business assets?**

Special reliefs are available on business assets when you replace them. See your accountant or go to your local Tax Office.

Q13. **How is an asset valued?**

In certain circumstances an asset has to be treated as having been disposed of (and acquired by its new owner) at its market value at the date of disposal. The 'market value' is generally used instead of any sale price when assets pass between you and a connected person e.g. your business partner.

Q14.**What information must I provide the tax office on deriving capital gain from the sale of my chargeable asset?**

If you derive a capital gain from the sale of a chargeable asset, you shall furnish the Tax Office with a return in writing containing the following information thirty days (30) after the sale.

a. The description and location or the chargeable asset.
b. The cost base of the asset immediately prior to the sale and how that cost base is calculated.
c. The amount received by you from the sales.
d. The amount of any capital gain and tax payable with respect to that capital gain and tax.
e. The full name and address of the new owner of the asset.
f. Any other information required by the Tax Office.

SECTION F

GIFT TAX

This is the tax payable by a recipient on the total value of taxable gifts received in a year of assessment. The total value of taxable gifts must exceed GH¢50.00. The taxable gifts include land, building, money, shares, bonds, securities, business and business assets.

Q2. **What is the rate of Gift Tax and When Payable?**

The rate of tax is 5% and this is payable on receipt of the gift.

Q3. **What is a year of assessment?**

The Year of Assessment is from 1st January-31st December of the same year.

Q4.**what is Taxable gift?**

a. Taxable gift means any of the following assets situated in Ghana:-

i. Building of a permanent or temporary nature.
ii. Land
iii. Shares, bonds, and other securities
iv. Money, including foreign currency
v. Business and business assets
vi. Any means of transportation (land, air or sea)
vii. Goods or chattels not included in (f)
viii. Part of, or any right or interest in, to or over any of the above assets

b. An asset or a benefit, whether situated in Ghana or outside Ghana received by a resident person as gift by or for the benefit of that person.
c. An asset whether, situated in Ghana or outside Ghana, received by or for the benefit of a resident person as gift where the asset has been or is credited in an account or has been or is invested, accumulated, capitalized or otherwise dealt with in the name of or on behalf of or at the direction of that person, or
d. A favour in money or money's worth or a consideration for an act or omission or the forbearance of an act or omission that ensures for or to the benefit of a resident person.

Assets in (b) and (c) above means an asset referred to in (i) to (viii) of (a).

It is immaterial whether or not that person physically received the asset so long as the act, omission or transaction inured or inures to the benefit of that person.

Are there exemptions under the gift tax?

Yes, there are exemptions under the Gift Tax.

a. You are not liable to pay tax on any gift received under a will or upon intestacy.
b. If the gift received is from your spouse, child, parent, brother, sister, aunt, uncle, nephew or niece.
c. If the gift is received by a religious body which uses the gift for the benefit of the public or a section of the public.
d. If the gift received is for charitable purposes.
e. If the value of the gift(s) received within the year of assessment does not exceed GH¢50

Am I mandated to report a gift I receive?

Yes, if you receive a taxable gift, you should within thirty (30 days) of receipt of the gift, furnish the Tax Office with a return in writing, containing the following information:-

a. The description and location of the taxable gift
b. The total value of the gift
c. The full name and address of the donor of the gift
d. Any other information require by the Tax Office

NOTE

No return is required where the value of taxable gift(s) does not exceed GH¢50. However, as soon as another gift is received within the same year of assessment that makes the total value of taxable gifts exceed GH¢50, a return must be furnished and the relevant tax paid. Any subsequent receipts of taxable gifts within the same year of assessment must be reported.

Payment of gift tax

The return you furnish to the Tax Office must be accompanied with the tax due. The tax payable is 5% of the excess over GH¢50.

Example:

Asset	**Value**	**Year of Assessment**
Gift of land	GH¢1,800	(1/1—31/12/02)

<u>Computation of Tax</u>

Value of Gift	GH¢1,800
Less: Tax Free	GH¢50
Chargeable Value	GH¢1,750

Tax payable thereon @ 5% GH¢87.50

NOTE

The GH¢50 tax free taxable gift is granted only once within the same year of assessment. Subsequent receipts of taxable gifts within the year are taxable at 5% without the deduction of the free GH¢50.

For example, if after the payment of the tax on the land in the example above, another taxable gift valued at GH¢600 is received, the tax on it will be GH30 (5% of ¢600).

How is the value of the gift determined?

The value of the taxable gift is the market value of the gift at the time of receipt.

SECTION G
INFORMAL SECTOR

Q1 **There is a large population of informal sector. How are the operators in the informal sector taxed?**

Two (2) different tax products have been introduced to address taxation of the informal sector. These are Vehicle Income Tax (VIT) Sticker for commercial vehicle operators and the Tax Stamp for the small-scale self-employed operators like dressmakers, Susu collectors, butchers, container shops, artisans, hawkers etc.

Q2 How does the VIT system work?

VIT Stickers are bought quarterly. The stickers are categorized depending on the vehicle's capacity and type e.g. trotro, taxis, long distance buses, articulators etc.
The stickers are displayed on the front windscreen. Monitoring is done by the Police.

Q3 **How does the Tax Stamp system work?**

The Tax Stamps are bought quarterly. The stickers are grouped according to business type, size and turnover. The Tax Stamp must be conspicuously displayed at the place of business or carried on the person in the case of itinerant traders and hawkers for inspection on demand by Tax Officers.

SECTION H

Personal / Individual Reliefs

Q1 What are the personal reliefs applicable to individual taxpayers?

These are:

Marriage/ Responsibility	GH¢35.00 per annum
Disabled	25% of income from business/employment
Old Age	GH¢35.00 per annum
Child Education	GH¢30. 00 per child x 3
Aged-Dependant	GH¢25.00 per relative x 2
Cost of Training	GH¢100.00
Life Assurance	10% of sum assured

Q2 **Who Can Apply?**

Any eligible taxpayer. Employees may apply through their employers by completing a Tax Relief Application Form. This has to be authenticated by the Employer and once received and verified at the Tax office, the employee enjoys the applicable reliefs on a monthly basis.

SECTION I – OBJECTION AND APPEAL

Q1. **What is an Objection?**

An objection is the initial written expression of dissatisfaction with an assessment, penalty or interest raised on a taxpayer by the Tax Office.

Q2. **When may I Object?**

A taxpayer can object to his liability if he is not in agreement with the tax assessed and believes that the tax, penalty and/or interest imposed on him is excessive and needs to be reviewed.

Q3 **How do I lodge an objection to an assessment?**

The objection must be in writing, stating the grounds for the objection.

Q4 **What is the time limit for lodging an objection?**

You have nine(9) months from the commencement of your basis period within which to lodge an objection against a provisional assessment. In the case of final assessment and penalties, within 30 days of the issuance of the assessment.

Q5 **What is an Appeal?**

This is when the objection against a tax assessment enters the law court.

Q6 **Am I liable to the payment of tax during an appeal?**

Yes, your appeal will not be entertained by the court unless you pay 30% of the amount payable as contained in the notice of assessment.

SECTION J

DOUBLE TAXATION

Q1 **What Is Double Taxation Agreement (DTA)?**

This is an agreement between two foreign governments in providing for tax relief where a person is taxed twice on the same source of income in different tax jurisdictions.

The agreement provides for reciprocal administrative assistance in the enforcement of income tax liability in either country.

Q 2. Who qualifies for Double Tax relief?

One qualifies for this relief if the tax jurisdiction which has taxed one's income,

has a Double Taxation Agreement with Ghana.

The countries are United Kingdom, France, Germany, Italy, South Africa and

lately Belgium.

SECTION K

OFFENCES AND PENALTIES - ADMINISTRATIVE

Offences	Sanctions/Penalties
1. Failure to maintain records	5% of tax payable by that person for each year
2. Failure to furnish a Return by due date	For each day that the return remains outstanding – a penalty of GH¢2.00 in the case of companies GH¢1.00 in the case of self-employed
3. Failure to pay Income Tax on Due date	- Failure of not more than 3 months penalty of 10% plus unpaid tax - Failure exceeding 3 months penalty of 20% plus unpaid tax
4. Failure to pay Withholding Tax on Due Date	- Failure of not more than 3 months Penalty of 20% plus unpaid tax - Failure Exceeding 3 months penalty of 30% plus unpaid tax
5 Self-Assessment .Understating estimated Tax payable by installments	30% of the difference between tax in respect of the estimated chargeable income and the tax calculated on 90% of the actual chargeable income, where the estimated chargeable income is less than 90% of actual chargeable income
6. Making False or Misleading statement	Double or treble the amount of the underpayment of the tax, which may result if not detected.

COURT SANCTIONS

OFFENCES	SANCTIONS/PENALTIES
1. Failure to comply with the Act (Section 148)	Where the underpayment is more than GH¢500.00 – a fine of between GH¢100.00-GH¢600 - In any other case - a fine of between GH¢20.00-GH¢200.00
2. Failure to pay tax (Section 149)	-Where the amount involved is more than GH¢100.00 – - a fine of between GH¢50-GH¢200 **or** term of imprisonment between 3 months and not more than one year **or** to both. - In any other case - a fine of between GH¢ 10-GH¢50 **or** imprisonment between one – three months **or** to both.
3. Making False or Misleading Statement (Section 150)	-Where the statement or omission is made without reasonable excuse, resulting in underpayment of tax exceeding GH¢100.00 - a fine of between GH¢50-GH¢200 **or** imprisonment between 3months – 1 year **or** to both - In any other case – a fine of between GH¢10-GH¢50 **or** imprisonment between I month –

	3 months **or** to both.
	-Where the offence is made **knowingly** or **recklessly** and the resultant underpayment of tax is more than GH¢100 – - a fine of between GH¢100-GH¢400 **or** imprisonment between 1 – 2 years **or** to both. -In any other case- -a fine of GH¢20 – GH¢100 **or** imprisonment between 6 months – 1 year **or** to both.
4. Impeding Tax Administration	-Where a person, **without reasonable excuse, obstructs** an officer of IRS in the performance of duties under the Act **-or impedes** the administration of the Act, commits an offence and is liable to a fine of between GH¢50-GH¢400 **or** imprisonment of not more than 2 years **or** to both.
5. Aiding and Abeting	-A person who aides or abets another person to commit an offence which results in an underpayment of tax exceeding GH¢100. is liable to - a fine of GH¢100-GH¢200 **or** imprisonment of between 1-2years **or** to both

	-In any other case – - a fine of between GH¢20-GH¢100 **or** imprisonment of between 6 months – 1 year or both
Failure to withhold tax	**Personal liability to pay the tax due but not withheld**