

GHANA REVENUE AUTHORITY

ADMINISTRATIVE GUIDELINES ON FINANCIAL SECTOR RECOVERY LEVY

Administrative Guideline Number: GRA/AG/21/0002

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ADMINISTRATIVE GUIDELINES ON FINANCIAL SECTOR RECOVERY LEVY

1. INTRODUCTION

Parliament has enacted the Financial Sector Recovery Levy (FSRL), 2021 (Act 1067) to impose a special levy on banks to raise revenue to support the financial sector reforms and to provide for related matters.

2. IMPOSITION OF THE LEVY

- a. Act 1067 imposes a Financial Sector Recovery Levy of five percent (5%) on the ***profit before tax of a bank***.
- b. Despite any provision to the contrary in an enactment relating to a tax holiday or an exemption from a direct tax or an indirect tax applicable to a bank; the Levy imposed still applies.
- c. It is payable by a bank other than a rural bank or a community bank.
- d. The levy is not an allowable deduction for the purpose of ascertaining the chargeable income of a person under the Income Tax Act, 2015 (Act 896).

3. ASSESSMENT OF THE LEVY

- a. The Levy is payable in respect of profit before tax.
- b. A bank covered under this Act shall submit an estimate of the Levy due for that year of assessment together with the annual income tax estimate of that bank.
- c. Where a bank has not:
 - i. been assessed for tax in the two preceding years of assessment, or
 - ii. furnished:
 - a return or an estimate in accordance with the Income Tax Act, 2015 (Act 896), or
 - a statement of the estimated Levy payable

the Commissioner-General may proceed to make an assessment of the Levy payable by that bank.

4. PAYMENT OF THE LEVY

1. The Levy assessed for a year of assessment is payable on or before the following dates of each quarter of the year of assessment:
 - a. 31st March;
 - b. 30th June;
 - c. 30th September; and
 - d. 31st December.
2. However, payment of the Levy for the 2021 year of assessment shall be made in three instalments on or before
 - a. 30th June, 2021;
 - b. 30th September, 2021; and
 - c. 31st December, 2021.

5. COMPUTATION OF THE LEVY

- a. The 5% Financial Sector Recovery Levy shall be computed on the profit before tax of affected banks
- b. In case where there is a discrepancy in the profit before tax as a result of audit, an adjustment should be made to the profit before tax before computing the **levy**.

Example

A. SCENARIO 1

ABC Bank Limited, a commercial bank, submitted its estimate for the 2021 Year of Assessment, with a profit before tax of GHS 120,000.00.

Compute the **FSRL** payable for each installment

SOLUTION

Profit before tax	GHS 120,000.00
FSRL @ 5% (5% x120,000.00)	GHS 6,000.00
Levy payable per installment (6,000/3)	<u>GHS 2,000.00</u>

$$= 20,000$$

Levies already paid = 15,000

Outstanding Levies payable for the 2020 year of assessment = 20,000 - 15,000

$$=5,000$$

The outstanding figure will attract penalty due to underestimation.

D. SCENERIO 4

ABC Bank Limited was selected for Audit in 2021. The Audit Report revealed that the Bank under-stated the Profit before tax by GHC 50,000.

Calculate the appropriate levies and use your answer to complete the Adjusted Estimate Return for the 2020 Year of Assessment.

SOLUTION

Profit before tax as per Annual Return = 200,000

Difference in profit before tax as per audit = 50,000

Correct Profit before tax = 200,000 + 50,000

$$= 250,000$$

NFSL of 5%= 5% x 250,000

$$=12,500$$

FSRL of 5%= 5% x 250,00

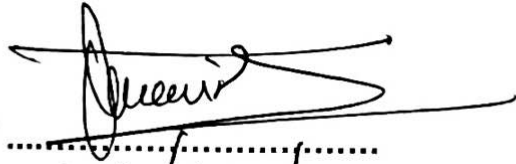
$$=12,500$$

Total Levies= 25,000

Levies already paid= 20,000

Outstanding Levies= 5,000

Note: The Bank will be charged interest as per section 71 Of the RAA as directed by Section 10 of the Financial Sector Recovery Levy Bill, 2021.



Signed

Date 28/04/24

Rev. Ammishaddai Owusu-Amoah
Commissioner-General