



# GRA

## GHANA REVENUE AUTHORITY

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### **Administrative Guidelines On Upfront Payment by Importers Registrable for Value Added Tax (VAT) Purposes**

**Administrative Guideline Number: DT/UP/01/2023**

**Date of Issue: 30<sup>th</sup> May, 2023**

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## **1.0 INTRODUCTION**

Value Added Tax (VAT) compliance in Ghana has traditionally been a challenge due to the large informal sector of the economy. Some importers, though registrable for VAT purposes, are currently not in the VAT net. Such importers, apart from paying import VAT at importation, do not charge the tax when they supply goods on the domestic front. To ensure compliance, the Value Added Tax Act, 2013 (Act 870) was amended by the VAT (Amendment) Act, 2022 (Act 1082) to impose an upfront payment of 12.5% of the customs value of taxable goods imported by registrable VAT persons at all ports of entry, in addition to import duties, levies and other taxes. Such importers will however be allowed to recover the upfront payment when they register and file their VAT returns subsequently, as required by Act 1082.

The main object of this policy is to promote VAT compliance. It is also intended to bring parity to the treatment of VAT-registered taxpayers and VAT registrable importers.

## **2.0 APPLICABLE LAW**

These Administrative Guidelines have been issued pursuant to the power vested in the Commissioner-General under section 1(2) of the Revenue Administration Act, 2016 (Act 915) to give necessary directives for the administration and implementation of the Value Added Tax (Amendment) Act, 2022 (Act 1082).

## **3.0 INTERPRETATION**

In these Administrative Guidelines the word “**Act**” means the Value Added Tax Act, 2013 (Act 870) as amended.

Unless the context requires otherwise, definitions and expressions used in these Administrative Guidelines have the same meaning as they have in the Act and the Customs Act, 2015 (Act 891).

## **4.0 THE PURPOSE OF THESE ADMINISTRATIVE GUIDELINES**

The purpose of these Administrative Guidelines is to give clarity and provide guidance to officers of the Ghana Revenue Authority (GRA), tax practitioners, consultants, taxpayers and the general public on the provisions in the Act on implementation of the upfront payment policy to ensure consistency.

## **5.0 THE SCOPE AND COVERAGE OF THE GUIDELINES**

### **5.1 IMPORTS SUBJECT TO THE UPFRONT PAYMENT**

The upfront payment is applied to taxable goods imported into the country for home consumption, including uncustomed goods forfeited and auctioned.

### **5.2 PERSONS LIABLE TO MAKE THE UPFRONT PAYMENT**

Persons who import taxable goods with import VAT base of GH¢ 200,000.00 or above who qualify to register for VAT, but are unregistered are liable to make the upfront payment.

### **5.3 IDENTIFYING PERSONS LIABLE FOR UPFRONT PAYMENT**

The process for identifying persons liable for upfront payment is as follows:

- a. An importer will send a Bill of Entry (BOE) declaration to clear goods.
- b. Integrated Customs Management System (ICUMS) will check if the import VAT base of the BOE is GH¢ 200,000.00 or above.
- c. ICUMS will verify the VAT registration status of the importer when step (b) is met.
- d. Where the importer is registered for VAT, upfront payment will not be charged.
- e. Where the importer is not registered for VAT, upfront payment of 12.5% on customs value will be charged. ICUMS will display a new tax line called “upfront payment by VAT unregistered importer (Tax Code 101)” on the BOE.
- f. Importers who are charged upfront payment but can prove that the imports are not in furtherance of taxable activity may apply for a waiver through the ICUMS single windows portal.
- g. Where an application for a waiver is approved, the BOE will be amended to exclude the upfront payment.
- h. Where an application is rejected, the importer will be required to pay (upfront payment)

### **5.4 PERSONS NOT LIABLE TO MAKE THE UPFRONT PAYMENT**

Unregistered importers whose imports fall under the following categories **may** not be liable to make the upfront payment:

- Exempt imports - includes imports of goods as per the First Schedule of the Act or imports classified as exempt under the Third Schedule of the

Customs Act, 2015 (Act 905) as amended, and the Exemptions Act, 2022 (Act 1083). For purposes of administering the upfront payments, the following may also be considered as exempt imports:

- Items for personal use.
- Imports not meant to be consumed in the country (temporary import, free zones, transshipments, transit, ship stores, coastwise, warehoused, and other suspended cargo).
- Relief imports - this applies to persons listed under the Third Schedule of the Act. For purposes of administering the upfront payment, imports by the following persons may also be considered as relief imports:
  - Government institutions and agencies,
  - Diplomatic institutions, and
  - Privileged or exempt persons/institutions/companies.
- Imported taxable goods with import VAT base below the threshold of GH¢200,000.00.

**Note:** For emphasis, an importer who claims that they are not liable to make the upfront payment may apply to the Commissioner-General stating the reason(s) in the customs management system for exclusion from the charge.

## **6.0 COMPUTATION OF THE UPFRONT PAYMENT**

The upfront payment is computed at the time of importation at twelve and a half percent (12.5%) of the customs value of the taxable goods.

## **7.0 RECOVERY OF THE UPFRONT PAYMENT**

### **7.1 Recovery of Upfront Payment**

An importer may apply to the Commissioner-General for recovery of the upfront payment upon satisfying the following conditions:

- Provide evidence of upfront payment,
- Registered for VAT (where applicable),
- Filed the relevant VAT return

- The application for recovery should be made electronically on the 'RECOVERY OF UPFRONT PAYMENT' form available on the Taxpayers' Portal ([www.taxpayersportal.com](http://www.taxpayersportal.com))

**Note:** The application should be submitted within six months after the date on which the upfront payment was made.

## **8.0 DECISION ON APPLICATION**

Within thirty (30) days of receipt of a recovery application, the Commissioner-General shall consider and make a decision that the Commissioner-General considers appropriate. The Commissioner-General may

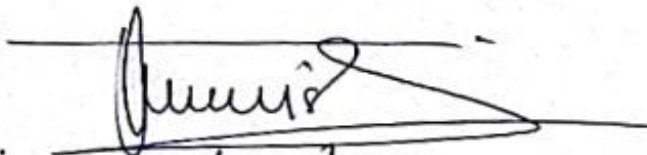
- I. Reject the application where the Commissioner-General is of the opinion that the applicant has not satisfied the conditions for recovery
- II. Apply the upfront payment to reduce any tax liability of the applicant and pay the remainder (if any) to the applicant.

## **9.0 TRANSITIONAL ARRANGEMENT**

The upfront payment will not apply to importers whose consignments have been assessed by Customs and accepted before the commencement of this policy.

## **10.0 EFFECTIVE DATE OF IMPLEMENTATION**

The effective date of implementation is 6<sup>th</sup> June 2023.



Signed: .....

Date: ..... 30/05/23 .....

Rev. Dr Ammishaddai Owusu-Amoah  
Commissioner-General