GRA

GHANA REVENUE AUTHORITY

VAT ADMINISTRATIVE GUIDELINES ON THE RENTAL OF COMMERCIAL PREMISES AND THE SUPPLY OF IMMOVABLE PROPERTY BY AN ESTATE DEVELOPER UNDER ACT 1151

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VAT ADMINISTRATIVE GUIDELINES ON THE SUPPLY BY AN ESTATE DEVELOPER & THE SUPPLIER OF IMMOVABLE PROPERTY FOR RENTAL PURPOSES UNDER ACT 1151

1.0 INTRODUCTION

The Value Added Tax Act, 2025 (Act 1151) imposes VAT on all supplies of goods or services made in Ghana and on all imports of goods or imported services other than supplies or imports of goods and services that are EXEMPT under the Act.

The passage of Value Added Tax Act, 2025 (Act 1151) introduced a standard rate mechanism to account for tax payable on the supply of;

- immovable property by an estate developer at a rate of 15% calculated on the taxable supply.
- an immovable property for rental purposes other than for accommodation in a dwelling,

NOTE : ***THIS ADMINISTRATIVE GUIDELINES SUPERCEDES PREVIOUS GUIDELINES ON THE SUPPLY BY ESTATE DEVELOPER & THE SUPPLIER OF IMMOVABLE PROPERTY FOR RENTAL PURPOSES.***

2.0 PURPOSE OF THE GUIDELINE

This guideline is issued to offer clear understanding and procedures for the smooth administration of the VAT enactments as they relate to the supply of immovable property by an estate developer and the supply of immovable property for rental purposes and also to provide for other related matters.

3.0 DEFINITIONS

In this guideline the following definitions are applicable:

3.1 **"The Act":** Refers to the Value Added Tax Act, 2025 (Act 1151)

3.2 **"Estate developer"** means a commercial establishment or an individual engaged in the business of construction or renovation and supply of immovable property;

Note:

- if a person who is not a registered estate developer {with the Office of Registrar of Companies (ORC), the Ghana Real Estate Developers Association (GREDA) etc.} engages in the business of construction or renovation and supply of immovable property for dwelling, that person will qualify for VAT registration.

  For purposes of determining if a person qualifies as an estate developer, the following criteria may apply:

  i. Profit seeking motive
  ii. The number of transactions
  iii. Existence of similar trading transactions or interest
  iv. Changes to the form of the immovable property
  v. The way the sale was carried out
  vi. The source of finance
  vii. Interval of time between purchase and sale
  viii. Method of acquisition

3.3 **"Dwelling"** means any building, premises, structure, place or any part of these which is not a commercial rental establishment and which is used predominantly as a place of residence or abode of a natural person or which is intended for use as a place of residence or abode of a natural person, together with any appurtenances belonging to the place and enjoyed with the place;

3.4 "Commercial rental establishment" Please refer to Appendix 1 **for guidance.**

4.0 IMPLICATION OF ITEM 16 UNDER THE FIRST SCHEDULE OF ACT 1151

Below is the VAT implication of some transactions relating to item no. 16 under the First Schedule of VAT Act, 2025 (Act 1151).

Table 1: Transactions Relating to item Number 16 under the First Schedule of Act

No.	TRANSACTION	TAX STATUS	VAT RATE%
1	Land supplied for agriculture purposes	Exempt	
2	Lands supplied for purposes of dwelling	Exempt	
2.a	Land supplied for dwelling by an estate developer	Taxable	15
3	Supply of immovable property for rental purposes other than for accommodation in a dwelling. (example: for office space/ accommodation, warehouse, stores, etc)	Taxable	15
4	Supply of services in an immovable property (example: furnished office accommodation, warehousing, cold store, storage depot etc.)	Taxable	15

5	Civil engineering private works, including private roads and private bridges	Taxable	15
6	Supply of immovable property attributable to a dweling by the Estate Developer	Taxable	15
7	Landscaping	Taxable	15
8	Professional Services	Taxable	15

Appendix 1 provides further details on the tax status of transactions under item numbers 16 of the First Schedule of VAT Act 2025,(Act 1151).

4.1 VAT RATE & LEVIES APPLICABLE

(a) Estate developers making taxable supplies of an immovable property for dwelling shall charge and account for the VAT at a rate of 15% calculated on the value of the taxable supply. The supplier will also charge and account for the NHIL and GETFund of 5% calculated on the value of the taxable supply.

(b) In the supply of an immovable property for rental purposes other than for accommodation in a dwelling, the applicable rates are 15% and 5% of VAT and levies (NHIL and GETFund) respectively calculated on the value of the taxable supply.

(c) The fraction for extracting the taxable value on supply of immovable property: Formular = **R/(100+R) = 20/(100+20) = 20/120; =4/24; 1/6**

4.2 ILLUSTRATIONS

Illustration 1: Supply by Estate Developer Inclusive of the Tax

ETHAN Co. Ltd, an estate developer, supplied a two bedroom storey building in Adenta to Yaw Duah for an amount of GH¢ 1,485,000.00 in the month of January 2026.

In arriving at the selling price, the company took into account the cost of various materials, labour, miscellaneous expenses as well as taxes paid in the construction of the property supplied for Mr Yaw Duah.

The table below contains the details of the cost build-up plus a 10% margin by the company . Don't forget that under the Value Added Tax Act, 2025 (Act 1151) the company is allowed to deduct input tax incurred from the output tax

Illustration:1 Under Flat Rate Regime Act 870 (5% Vat + 1% Covid-19 Levy) No Allowable Input Tax Claim		
S/N	**Description**	**Cost (Inclusive of the Tax)**
1	Land	100,000.00
2	Cement	130,000.00
3	Iron rods	150,000.00
4	Concrete Blocks	120,000.00
5	Sand	50,000.00
6	Tiles	80,000.00
7	Electrical materials	160,000.00
8	Chipping stones	80,000.00
9	Plumbing material	120,000.00
10	Labour cost	150,000.00
11	Miscellaneous (eg paints, electricity, fittings etc)	150,000.00
12	Total construction of cost	1,290,000.00

Question:

(a) How will Ethan Company Ltd account for the tax in the month of Febraury, 2026 which is the mandatory Month immediately following the month in which the transaction relates?
(b) What is the total deductible input tax claimable
(c) What is the taxable value
(d) Determine the tax payable for the month assuming the transaction was the only supply for the period under review

Solution:

Illustration: 1

Comparison of Flat Rate Vrs Standard Rate (Act 870) Vrs (Act 1151)

S/N	Description	Cost (No Deductible Input Tax) 6%	Deductible Input Tax	Cost (Less Input Tax) 20%
1	Land	100,000.00		100,000.00
2	Cement	130,000.00	21,666.67	108,333.33
3	Iron rods	150,000.00	25,000.00	125,000.00
4	Concrete Blocks	120,000.00	20,000.00	100,000.00
5	Sand	50,000.00		50,000.00
6	Tiles	80,000.00	13,333.33	66,666.67
7	Electrical materials	160,000.00	26,666.67	133,333.33
8	Chipping stones	80,000.00	13,333.33	66,666.67
9	Plumbing material	120,000.00	20,000.00	100,000.00
10	Labour cost	150,000.00		150,000.00

11	Miscellaneous	150,000.00	25,000.00	125,000.00
12	Total construction of cost	**1,290,000.00**	**165,000.00**	**1,125,000.00**
13	10% Mark up (970,000*10%)	129,000.00		112,500.00
14	**Taxable value**	**1,419,000.00**		**1,237,500.00**
15	Tax @ Respective Rates (6%) & (20%)	85,140.00		247,500.00
16	Selling price **less** input tax	**1,504,140.00**	**165,000.00**	**1,485,000.00**
17	**Tax Payable to GRA**	**85,140.00**		**82,500.00**

Answer:

(a) *Ethan Company Ltd is expected to account for the tax by:*

(i) Buy from Vat registered taxpayers as applicable
(ii) *Keep records of all the Vat/Nhil incurred in the course of the supply*
(iii) *Separate the item (ii) above from the price build up*
(iv) *Add the mark-up (10% as provided) to the total cost to arrive at the taxable value.*
(v) *Charge the Vat/Nhil (15% + 5%) to the taxable value (item iv) to arrive at the selling price*
(vi) Deduct the input tax (ii) above from the selling price (item v)
(vii) Remit the difference (item vi above) to the Commissioner-General for the period

(b) The total deductible input tax claimable is **GH¢165,000.00**

(c)The taxable value is ***GH¢****1,237,500.00*

(d) The tax payable is *GH¢* 82,500.00

Note: *Buying from Vat registered taxpayer allows the company to claim input tax. This ultimately is expected to lead to a reduction in selling price and tax payable when compared to the old regime where no input tax is allowed and added to the selling price for the buyer to pay*

4.3 Supply of immovable property for rental purposes other than for accommodation in a dwelling.

4.3.1 Rental for Dwelling Purpose

Illustration 2

Kwaku Manu rented a two bed room self-contain out of his 4 bedroom house to Baba Issah and his family for two years at a monthly rate of *GH¢*1,300.00. Is Kwaku Manu required to charge the VAT?

Answer: No, why?

a. Kwaku Manu eventhough rented out part of his rooms, he is not actually in the business of construction or renovation for rental purpose. Therefore, his supply does not constitute supply by an estate developer.

b. Accommodation in dweling is exempt from the VAT (see item 16. of the first Schedule of the Value Added Tax Act , 2025 (Act 1151).

Note: *Kwaku Manu is however, required under the Income Tax Act, 2015 (Act 896) to pay 8% rent tax for income earned by renting of his rooms for residential purpose*

4.3.2 Rental for Office Space/Accomodation

Illustration 3

DANQ Enterprise is into the provision of office accommodation and charges GHS30.00 per square meter exclusive of VAT and the Levies each month.

a. How much would Ben Co.Ltd pay every month for a 1,000m^2 made available for use by DANQ Enterprise.

b. Which monthly Tax Returns would DANQ Enterprise file with the Ghana Revenue Authority and how much would the Enterprise pay to the Commissioner-General?

Answer to question 'a' above

	GH¢
Value (30 *1,000)--	30,000.00
GETFund/NHil Levy there on (30,000*5%)-------------------	1,500.00
VAT there on thereon (30,000*15%)--------------------------	4,500.00
Selling Price--	36,000.00

Answer to question 'b' above

DANQ Enterprise would file a single VAT/NHIL/GETFund Returns with the Commissioner-General on or before last working day of the month following the month the transaction occurred. An amount of *GH¢*6,000 made up of (*GH¢ 1,500)* + *GH¢(4,5000* is required to declared and paid to the Commissioner-General.

4.3.3 Rental of Fully Furnisehd Office Space/Accomodation

Illustration 4
Sutton Group rents a shared office space at Airport City. The office space is fully furnished. It is owned and managed by AB City Investments. The office space cost GHS 15,000 per month. What is the VAT for the month?
Note: The supply is considered as a service and requires that the tax is calculated as standard method below

	GH¢
Cost---	15,000.00
NHIL/Getfund Levy there on (15,000*5%)-----------------	750.00
VAT thereon (15,000*15%)--------------------------------------	2,250.00
Selling Price--	18,000.00

4.3.4 Commission to Estate Brokers/Agents/Consultants

Persons directly or indirectly engaged in the business of real estate activities (provision of services), including members of Ghana Association of Registered Estate Brokers (GAREB) and Ghana Real Estate Professionals Association (GREPA), are required to register, charge and account for the VAT.

5.0 TIME OF SUPPLY

Generally, VAT is applicable to the total consideration or the amount of a supply. Given the nature of the estate industry, most of the construction and renovation of immovable properties take several months to complete and therefore require the establishment of timelines to determine tax points.

Determination of Time of Supply in respect of the following payment transaction;

5.1 Transaction 1: Outright Purchase of the property (One-time Payment Contracts)

In the construction industry, there are one-time payment contracts which are normally subjected to normal VAT tax point rules.

Tax Point /Time of Supply:
When the payment is made and/or unit is made available or handed over to the purchaser or VAT invoice is issued. This is in line with section 39(1)(c) of the VAT Act, 2025 (Act 1151) in which the earliest of the following occurs:

- VAT invoice was issued, or
- Payment was received or
- The supply was made

Thus, the VAT becomes collectible on the earlier of the above-mentioned date of activity.

5.2 Transaction 2: Holdback (Retention) Payments

In some construction contracts, there are cases where in accordance with a written agreement, a purchaser can holdback an agreed sum of the contract price until the purchaser is satisfied with the work done and the contractor rectifies any immediate fault that might be found. In such agreements for the construction, renovation, alteration or repair of the immovable property, the VAT on the amount of the holdback is the earlier of:

Tax Point:

- The day the purchaser pays the amount of the holdback or
- The day the holdback expires

Note: The VAT becomes due which ever comes earlier.

5.3 Transaction 3: Progressive Payments

In the construction industry when construction extends over a period of time, their written contracts usually require that the prospective purchaser makes progressive payments as the project proceeds.

It must be mentioned that these payments are usually for work completed, however they can also be made in expectation of work being completed.

In accordance with the Vat Act 2025, (Act 1151), the tax point upon which VAT is collectible is the earliest of:

Tax Point/Time of Supply:

- The day the progress payment becomes due or
- The date the progress payment is received from the purchaser or
- The day the invoice is issued for payment.

5.4 Transaction 4: Deposits

For VAT purposes, deposits at the beginning of a contract is an amount given by a purchaser as security for the performance of a future obligation and in line with section 28 of the VAT Act, 2025 (Act 1151) the deposit is treated as a supply when the deposit is forfeited and applied as payment or part payment for the supply.

Tax Point/ Time of Supply:

- VAT is collectible when the prospective purchaser forfeits the deposits because of a modification, violation or cancellation of the agreement.
- The portion of the deposit forfeited would be considered to include VAT and must be accounted for.

5.5 Transaction 5: Periodic Payments

Other names for periodic payments are stage payments or part of work completed payments. The construction industry has some practices in which a contract would indicate that a payment, which is not a deposit, is done when the contractor (including i.e. a supplier of goods/services) completes certain parts of the contract (e.g. pouring a foundation; laying a sandcrete blocks) or when certain events have been done (e.g. initial inspection of building).

In some other situations the contract would indicate that, before payment is made, a third party (that is a Consultant, an Engineer, or an Architect) would approve the work and issue a certificate stating the value of the work completed.
Usually payment has to be made within a certain number of days after the third party issues the certificate.

Illustration 6

Three good friends Mr A, Mr B and Mr D entered into an agreement with an estate developer to supply a three bedroom house for each of them on periodic payment terms.

- Mr- A finished with the payment before the completion of the house by the contractor. When will the tax be due in Mr A's situation?

- Mr-B on the otherhand was not able to complete the full payment when the house was completed and handed over by the estate developer. When will the tax be due in Mr B's situation?

- Mr-D only made part payment for the foundation level after inspection of the work. When will the tax be due in Mr D's situation?

Tax Point/Time of Supply:

Note: In each of the cases above, VAT is due on each periodic payment made or when supply is made.

In the case of Mr - A the tax point would be due on the date the payment was made eventhough the building had not been completed by the estate developer

In the case of Mr - B the VAT would be due on the outstanding balance at the handing over date.

In the case of Mr - D the VAT would be due on the date the payment was made for the foundation level.

5.6 Transaction 6: Barter Transactions

Baba has a parcel of land and agreed to handover the land to Kwaku Manu an estate developer for the construction of four (4) storey building on the land. In exchange of that, Baba is entitled to the entire ground floor of the 4 storey building.

Will such a barter trade attract the VAT?

Answer: Yes, for barter transactions, section 21(1) (a) of the VAT Act, 2025 (Act 1151) regards such arrangement as consideration received and for a supply. Therefore the developer is expected to charge and remit the tax on the ground floor supplied to Baba.

6.0 REGISTRATION

An estate developer who is in the business of supplying immovable property and meets the VAT registration threshold shall register for VAT. Any such person must apply to the Ghana Revenue Authority (GRA) for registration for VAT as a tax type. This is in addition to the person's registration with the GRA on account of its obligations relating to income tax and other taxes.

A person who is engaged in the supply of immovable property for rental purposes other than for accommodation in a dwelling or a commercial shall also register for VAT and in addition fulfill all other tax obligations

6.1 Compulsory Registration

Any estate developer who is required to register under the Act but fails to apply for registration, shall be compulsorily registered by the Commissioner-General,

Or

A person who the Commissioner-General considers necessary to register for the tax shall also be compulsorily registered.

Note :A person who fails to apply for registration is liable to a penalty of not less than three times the amount of the tax on taxable supplies payablefrom the time the person is required to apply for registration until the person applies for registration with the Commissioner - General. (Sections 16 of the Value Added Tax Act ,2025 (Act 1151).

7.0 SUBMISSION OF TAX RETURNS

An estate developer, who is in the business of supplying immovable property, shall account for the tax on a prescribed Standard Rate tax return (VAT,NHIL,GETfund) for each month on the taxpayers portal.

The filing of returns of the tax/levy due for a tax period shall be made to the Commissioner-General not later than the last working day of the month immediately following the month to which the return relates, whether or not tax/levy is payable for the tax period.

The payment of the tax/levy due for a tax period shall be made to the Commissioner-General not later than the last working day of the month immediately following the month to which the return relates.

Note: Estate developers who engage in other business are to file the applicable tax returns as due.

8.0 BUSINESS ACTIVITIES OTHER THAN SUPPLY OF IMMOVABLE PROPERTY

Where an estate developer engages in other taxable business activities in addition to the construction/ renovation and sale/supply of immovable property, such a person shall charge and account for VAT at the standard rate of 15% & the 5% rate levies. Such other taxable business activities may include:

i. Services supplied in the course of construction and demolition including:
    a. Landscaping
    b. Maintenance of building structures or works
ii. Lease
iii. Professional services
iv. Any taxable activity

9.0 DEDUCTIBLE INPUT TAX CLAIM

(a) An estate developer who accounts for VAT at a standard rate of 15% on the supply of immovable property qualifies for input tax claim on its purchases relating to that supply.

(b) Also a supplier of immovable property for rental purposes who accounts for VAT at a rate of 15% qualifies for input tax claim on its purchases relating to that supply.

Note: An estate developer who also engages in activities mentioned in 9.0 above will be eligible for input tax deductions relating to those standard rated supplies. This implies that non-attributable inputs must be apportioned in the ratios of the value of supplies of immovable property and other supplies.

However, where the taxpayer makes exempt supplies during the period, apply the formula for apportioning deductible tax for mixed taxable and exempt supply. (Section 52 of VAT Act 1151)

Formula
Let:

- X represent taxable value of supplies of immovable property
- Y represents taxable value of other supplies
- Z represents Non-attributable input tax

Deductible input tax = {Y/(X+Y)} x Z

9.1 Illustration 4

In the month of December, 2025 - January 2026, KABA co. Ltd (an estate developer) made the following transactions:

Transaction for January, 2026	Amount (GHS)
Sale of immovable property for a dwelling	800,000.00
Sale of immovable property for commercial activities other than for a dwelling (ie shops & shopping malls)	500,000.00
Rental for dwelling (not furnished)	150,000.00
Rental of office space	100,000.00
Landscaping	15,000.00
Consulting	350,000.00

Purchases (Input Invoices) procured in December, 2025	Amount GHS
Stationery	20,000.00
Audit fee	30,000.00
Hotel bill for the MD	16,000.00
Building material (relating to sale of a dwelling)	150,000.00
Building materials (relating to provision of accommodation in a dwelling)	90,000.00
Building materials (relating to sale of immovable property for commercial activities)	120,000.00

Please note that Sales are all VAT AND LEVIES exclusive and Purchases are tax inclusive

Required:

i. Compute the levies and output tax
ii. Compute input taxes
iii. Compute deductible input tax
iv. Determine the VAT&Levies payable

Solution

i. Computation of output tax

Transaction	COVID LEVY(1%)	NHIL + GETFL(5%)	Standard Rate Supplies(15%)	Flat Rate Supplies(5%)	Exempt (Value)
Sale of immovable property for a dwelling (800,000)	8,000.00		-	40,000.00	-
Sale of immovable property for commercial activities other than for a dwelling @500,000	5,000.00	25,000.00	75,000.00	-	-
Rental for dwellings (150,000.00).This is exempt			-	-	150,000.00
Rental of office space@100,000	1,000.00		.00	5,000-	-
Landscaping (@15,000	150.00	750.00	2,385.00	-	-
Consulting (@350,000)	3,500.00	17,500.00	55,650.00	-	-
Total Output	17,650.00	43,250.00	137,535.00	45,000.00	-

Note: A supply of fully fiurnished accommodation for dwelling such as AirBnB- like rentals qualifies as a commercial rental establishment and therefore subject to the tax at the standard rate.

ii. Computation of Input Tax

No.	Transaction	Amount GHS	Input tax (15%)	Nature of input	Action to be taken
1	Stationery	20,000.00	3,000.00	Non attributable	Apportion
2	Audit fee	30,000.00	4,500.00	Non attributable	Apportion
3	Hotel bill for MD	16,000.00	2,400.00	Non- deductible	Non- deductible
4	Building materials used in making supply of immovable property for dwelling	150,000.00	22,500.00	Directly attributable to standard rate supplies	Deductible
5	Building materials (used in making rentals for dwelling)	90,000.00	13,500.00	Directly attributable to exempt supplies	Non- Deductible
6	Building materials (used in making supplies of immovable properties	120,000.00	18,000.00	Directly attributable to standard rate supplies	Deductible

	for commercial activities)				

iii. Deductible input tax

Step 1

Determine total non- attributable input tax:

	GHS
Stationery	3,000.00
Audit fee	4,500.00
Total	**7,500.00**

See Section 52 of VAT Act, 2025 (Act 1151) for the treatment of deductible input tax for mixed taxable and exempt supply.

Step 2

Ratio of taxable supplies to total supplies (Both Standard Rated and Flat Rated Supplies only):

	GH¢
Value of taxable supplies (800,000+500,000+100,000+15,000+350,000)	1,765,000.00
Value of total supplies (SRS, VFRS and Exempt) (800,000+500,000+150,000+100,000+15,000+350,000)	1,915,000.00

Ratio (%) = 1,765,000.00/1,915,000.00 *100 = 92.17%

Drawing from Section 52 of VAT Act 1151, the taxpayer is entitled to deduct as input tax on purchases, an amount that bears the same ratio as the taxable supplies bears to the total supplies.

Step 3

Apportion non-attributable input of GH¢ 7,500.00 (in Step 1 above) as follows: AXB/C

Where:

- A is the total amount of non-attributable input tax for the period; and

- B is the total amount of standard rated supplies made by the taxable person during the period; and
- C is the total amount of all supplies made by the taxable person during the period.

A = **GH¢ 7,500.00**
B = (500,000.00+350,000.00+15,000) = **GH¢ 865,000.00**
C =(600,000.00+400,000.00+150,000.00+100,000.00+250,000.00+15,000) **=GHS 1,915,000.00**

Therefore;
AxB/C = **7,500.00 x865,000.00/1,915,000.00 =GH¢ 3,387.73**

GH¢ 3,387.73 represent the portion of the non-directly attributable input which relates to making the standard rated supplies only.

Alternatively, Step 3 can be computed as follows:

a. Apportion non-attributable input of GH¢ 7,500.00 (in Step 1 above) as follows:

AXB/C

Where:

- A is the total amount of non-attributable input tax for the period; and
- B is the total amount of taxable supplies made by the taxable person during the period; and
- C is the total amount of all supplies made by the taxable person during the period

Therefore;
AxB/C = **7,500.00 x1,765,000.00/1,915,000.00 = GH¢ 6,912.53**

GH¢ 6,912.53 represent the portion of the non-directly attributable input which relates to making the taxable supplies.

b. Apportion attributable input tax used in making both standard and Flat rate supplies. Because taxpayer engages in the supply of immovable property for dwelling which is chargeable at a flat rate of 5%, the apportioned input tax in **step 3 (GH¢ 6,912.53)** must be further apportioned to ensure that only amount that bear the same ratio as the standard rated supplies bears to the total taxable supplies is deducted.

{Y/(X+Y)} x Z

		GHS
• X represent value of Flat rate supplies	=	900,000.00
• Y represents taxable value of standard rate supplies	=	865,000.00

- Z represents Non-directly attributable input tax = 6,912.53

Portion of deductible input tax relating to only standard rate supplies after considering exempt supplies:

= {865000.00/ (900,000.00+865,000.00)} x 6,912.53= (865,000.00/1,765,000.00) x 6,912.53= **GHC 3,387.73**

Total deductible input tax is as follows:

ii (item 6)	18,000.00
Step 4	3,387.73
Total	**21,387.73**

iv. VAT & Levies payable

	Standard Rate GH¢	**Flat Rate GH¢**
Total Output tax (i) above	137,535.00	45,000.00
Less Total deductible tax (iii) step 4	21,387.73	-
Net VAT payable	**116,147.27**	**45,000.00**

Total VAT payable (116,147.27+45,000.00) = **161,147.27**

Total Levies payable (17,650+43,250.00) = **60,900.00**

10.0 TRANSITIONAL ARRANGEMENTS

10.1 VAT Treatment of Agreements Entered into before & after the Enactment of Act 1151

For Sale Agreements (Contracts) that were signed prior to the passage of Act 1151 and based on the previous classification of the supply as exempt but for which a purchase consideration is received beyond the effective date of the amendment, the Regulation 46(1) & (3) of the VAT Regulations 2016 (L.I.2243) provides guidance.

(1) "where a contract was concluded between two or more parties before the effective date of the tax, and no provision relating to the tax was made in the contract, the supplier shall recover the tax due on any taxable supplies made under the contract after the effective date of the tax."

(2) For the purpose of this regulation, effective date of the tax refers to the date the tax became applicable to the taxable person.

Thus, the above regulations provides that an estate developer,

a. *Be responsible for the VAT that is due at the new rate of 15% and GETFund/NHIL of 5%.*

b. *Update any Sale and Purchase Agreements (SPAs) to incorporate the new VAT provisions as stipulated by the VAT Act, 2025 (Act 1151).*

c. *Recover the VAT component from the recipient of the goods or services, unless an alternative recovery arrangement has been established.*

d. *To retain and provide evidence in appropriate manner details of all transactions. It is incumbent upon the supplier, that is the estate developer, to ensure that the correct rate of VAT and GETFund/NHIL are applied and remitted in accordance with the amended provisions .*

11.2 VAT Treatment of Payment Schedule made before and after the Passage of the VAT Amendment Act, 2025 (Act 1151)

Please find below (Table 2) the time of supply for the various payments made

Table 2:Transactions /Payment prior to the introduction of the Act

S/N	Scenario	Tax Point
1.	Full Payment prior to the enactment of the law, where the units has been supplied.	Vat is not applicable
2.	Full Payment prior to the enactment of the law, where the units has not been supplied.	Vat is not applicable
3.	Part-payment made prior to the enactment of the law on 15% VAT STD Rate on immovable property.	Vat is not applicable on the part-payment made

Appendix 1: Explanation of Commercial Rental Establishment And the Tax Status Under the Value Added Tax Act 2013, Act (870)

No.	Item	Tax Status	Reference
A	Accommodation in a: i. Hotel ii. Motel	Taxable	Section 72

	iii. Inn iv. Boarding house (not in approved educational institution) v. Guest house vi. Hostel vii. Or similar establishment ***Condition:*** • The establishment is able to regularly or normally provide lodging for five or more persons on a daily, weekly, monthly or other periodic charge;		
B	Accommodation in a: i. House ii. Flat iii. Apartment iv. Room ***Condition*** • Exclude item no. 1 above and 3 below • Leased regularly or systematically or held for lease as residential accommodation for continuous periods of not more than 45 days; **OR** • Which is leased with utilities and furnishings provided by the lessor;	Taxable	Section 72
C	Accommodation in a: i. House ii. Flat iii. Apartment iv. Room v. Caravan vi. Houseboat vii. Caravan site viii. Tent site ix. Camping site Which constitute an asset including leased asset of a business undertaking or separately identifiable part of a business undertaking ***Condition*** • Leases or holds for leasing as residential accommodation In the course of a business undertaking; **AND** • Regularly or normally leases or holds for lease as residential accommodation, for a continuous periods of not more than 45 days	Taxable	Section 72
D	Any other accommodation designated by the Minister by Regulations to be a commercial rental establishment other than the accommodation specified under item no. e, f and g below.	Taxable	Section 72
E	Accommodation in a: i. Boarding establishment or ii. Hostel	Exempt	Section 72

	operated by any employer solely or mainly for the benefit of the employees of that employer or a related person of that employer or their dependants ***Condition*** The establishment or hostel is not operated for the purpose of making profits		
F(i)	Accommodation in : i. A boarding establishment or a hostel operated by local authority approved by Minister of Education ii. A boarding establishment or a hostel operated by an educational establishment approved by the Minister for Education	Exempt	Section 72
F(ii)	By implication: Accommodation in : i. A boarding establishment or a hostel operated by local authority without approval from the Minister of Education ii. A boarding establishment or a hostel operated by an educational establishment without approval by the Minister for Education	Taxable	
G	Accommodation in a registered: i. Hospital ii. Maternity home iii. Nursing home iv. Clinic Refer to item no. 4 or first schedule item 2(d)	exempt	Section 72

Signed..

Date....22 JULY, 2026...

ANTHONY KWASI SARPONG
Commissioner - General

FREQUENTLY ASKED QUESTIONS –

VAT ON THE RENTAL OF IMMOVABLE PROPERTY AND THE SUPPLY OF IMMOVABLE PROPERTY BY ESTATE DEVELOPERS

Following the passage of the Value Added Tax Act, 2025 (**Act 1151**), all estate developers are to charge VAT on the supply of immovable property.

S/N	QUESTION	ANSWER
1.	What is the purpose of the provision of vat on the supply of immovable property under Added Tax Act, 2025 (Act 1151)?	It provides for a standard rate of tax for the supply of immovable property.
2.	Which categories of taxpayers does the provision of vat on the supply of immovable property are covers?	• Estate developers • Supplier of immovable property for rental purposes
3.	Who is an estate developer?	According to the Value Added Tax Act 2025, (Act 1107), It is a commercial establishment or an individual engaged in the business of the construction or renovation and supply of immovable property
4.	What is the applicable vat rate charged on the supply of an immovable property?	The rate as provided is 15% VAT on the taxable value
5	Are there other charges associated with the suppy of immovable property?	Yes, these are: 2.5% GETFund levy 2.5% NHI Levy.
6.	What is the threshold for VAT registration?	As per VAT Act 2025, (Act 1151), the registration threshold for supply of goods GH¢750,000.00. However, for supply of services has no registration threshold.
7.	Who is required to charge VAT on the supply of immovable property?	All registered or registrable estate developers and suppliers of immovable property for rental purposes.
8.	Can vat be charged on operational lease and sub-lease agreements?	Yes, VAT must be charged on leases and sub-leases
9.	What is operational lease agreement?	This is a contract that allows a business (I.e lessee to use an asset (eg office space) of a lessor for a specific period without taking ownership of the assets
10.	Is the Vat registered estate developer and a ssupplier of immovable property for rental purposes entitled to input tax?	Yes, the Estate developer must support the vat input claim with the Commissioner-Generals' certified invoice
11.	Are there exemptions from VAT on the supply of land as an immovable property?	Yes, the supply of land by a person other than an estate developer for a dwelling and agricultural purposes is exempt.

12.	Are activities of property management liable to the VAT?	Yes, at the VAT standard rate of 15%.
13.	What are the obligations of an individual who is an estate developer and is into the supply of immovable property?	The estate developer has the following obligations: • Register for the applicable tax type including VAT, • Charge and account for the tax, • issue VAT invoice for all taxable transactions and • Maintain proper records, including contract documents and receipts.
14.	Where an individual has two houses and decides to sell one, does he qualify to charge and account for the Vat?	No, if the individual is not engaged in the business of the construction or renovation and supply of immovable property. However, the individual will be liable for capital gains tax
15.	Will the supply of immovable property through barter arrangement be liable to the Vat standard rate?	Yes
16	Will an estate developer operating through joint venture arrangement be liable to charge Vat on the supply of the immovable property?	Yes, the registered estate developer is obliged to charge and account for the tax
17.	Will a hotel establishment operating both the hotel and the supply of immovable property be liable for Vat?	Yes, both the hotel business and the supply of immovable property will attract Vat at the standard rate.
18.	Is a supply of immovable property to a non – resident person subject to the tax?	Yes, at the standard rate of 15%
19.	Is civil engineering of private works, including private roads and private bridges subject to Vat?	Yes, at the standard rate of 15%.
20.	Are agency fees subject to Vat?	Yes, at the standard rate of 15%
21.	How do I file my returns?	Returns should be filed on the Taxpayer's portal. It should be done on or before the last day of the month following the month in which the transaction was made.
22.	What happens if I fail to charge or remit VAT on a real estate transaction or commercial rental?	Non-compliance will result in penalties, interest, and possible legal action by the Ghana Revenue Authority.
23.	What is the effective date of implementation of the 15% on supply of immovable property?	From 1st January, 2026
24.	What is the VAT rate for the supply of storage or warehousing services?	Standard rate of 15% because it is a supply of immovable property
25.	Are construction services subject to Vat?	The supply of construction services is a taxable supply subject to Vat at the standard rate of 15%

26.	What is the VAT rate for the supply of a storage facility or a warehouse which are immovable properties?	The VAT rate is 15% because these are immovable properties that are made available for rental purposes
27.	What is the time of supply or the tax points for 15 % vat due or applicable?	In line with sections 39 and 40 of the VAT Act, 2025 (Act 1151), Vat is due when the earliest of the following occurs: ▪ A Vat invoice is issued, ▪ Payment is received or ▪ The supply is made
28.	How can I access additional information on the provision for the supply of immovable property?	Contact any Ghana Revenue Authority Taxpayer Service Centre (TSC) or call the **toll-free number 0800 900 110, WhatsApp on 055 299 0000 or 020 063 1664 or send an email to** info@gra.gov.gh.