



GMS Flash Alert



2018-108 | August 21, 2018

Ghana - Amendments to Personal Income Tax System Are Enacted

In this *GMS Flash Alert*, we report on recent changes to Ghana's personal income tax regime which include the introduction of a new top income tax rate. This follows the approval of the 2018 Mid-Year Budget Review and subsequent gazette notification issued on 1 August 2018, to amend certain paragraphs of the First Schedule of the Income Tax Act, 2015 (Act 896).

WHY THIS MATTERS

Tax costs and budgeting for assignments to and from Ghana could be affected by the modification in income tax rates and bands (which we discuss further below). With the new top rate of tax, employers with high-income assignees to and from Ghana who are subject to Ghana income tax may see their assignment costs increase.

Employers may need to make the necessary payroll adjustments and update hypothetical taxes for tax equalized assignees.

Residents: Rates & Bands

A new 35-percent tax rate has been included in the graduated tax bands to be applied on chargeable income exceeding GHS 120,000 per annum. The amended graduated tax rates are as shown on the next page.

Chargeable Income Tax	(Annual)	Rates
	GHS	
First	3,132	Nil
Next	840	5%
Next	1,200	10%
Next	33,720	17.5%
Next	81,108	25%
Exceeding	120,000	35%

The erstwhile tax table, which was effective from 1 January 2018 to 31 July 2018, was identical except for the imposition of the 35-percent rate. Then, the top rate was 25 percent applying to income over GHS 38,892.

Nonresidents: Rates & Bands

The tax rate applicable to nonresident individuals has been increased from a flat rate of 20 percent to 25 percent of the chargeable income for a year of assessment.

In Brief: Who Is Resident?

An individual is deemed resident for a year of assessment if that individual is:

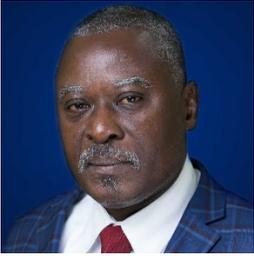
- a citizen of Ghana (other than one with a permanent residence outside Ghana who lives in that home for the whole year of assessment);
- present in Ghana for a period, or periods, amounting in total to 183 days or more in any 12-month period that commences or ends during the year of assessment;
- an employee or official of the Ghana government on a posting abroad;
- a citizen who is temporarily absent from Ghana for not more than three hundred and sixty-five (365) continuous days (where the individual has a permanent home in Ghana).

* * * *

GHS 1 = USD 0.207
GHS 1 = EUR 0.179
GHS 1 = GBP 0.161

Contact us

For additional information or assistance, please contact your local GMS or People Services professional or the following professional with the KPMG International member firm in Ghana:



Emmanuel Obeng Asiedu
Head of Tax
Tel. +233 302 770 618
easiedu@kpmg.com

The information contained in this newsletter was submitted by the KPMG International member firm in Ghana.

© 2018 KPMG, a partnership incorporated under Ghanaian law and a member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative (“KPMG International”), a Swiss entity. All rights reserved.

www.kpmg.com

kpmg.com/socialmedia



© 2018 KPMG LLP, a Delaware limited liability partnership and the U.S. member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative (“KPMG International”), a Swiss entity. All rights reserved. Printed in the U.S.A. NDPPS 530159

The KPMG name and logo are registered trademarks or trademarks of KPMG International.

The KPMG logo and name are trademarks of KPMG International. KPMG International is a Swiss cooperative that serves as a coordinating entity for a network of independent member firms. KPMG International provides no audit or other client services. Such services are provided solely by member firms in their respective geographic areas. KPMG International and its member firms are legally distinct and separate entities. They are not and nothing contained herein shall be construed to place these entities in the relationship of parents, subsidiaries, agents, partners, or joint venturers. No member firm has any authority (actual, apparent, implied or otherwise) to obligate or bind KPMG International or any member firm in any manner whatsoever. The information contained in herein is of a general nature and is not intended to address the circumstances of any particular individual or entity. Although we endeavor to provide accurate and timely information, there can be no guarantee that such information is accurate as of the date it is received or that it will continue to be accurate in the future. No one should act on such information without appropriate professional advice after a thorough examination of the particular situation.

Flash Alert is a GMS publication of KPMG LLP’s Washington National Tax practice. To view this publication or recent prior issues online, please click [here](#). To learn more about our GMS practice, please visit us on the Internet: click [here](#) or go to <http://www.kpmg.com>.