

GMS Flash Alert



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Ghana - Changes to Personal Income Tax Bands and Reliefs

Recent changes to Ghana's personal income tax regime amend the tax bands for resident individuals and increase their personal relief deductions in arriving at taxable income.

The revised personal income tax band took effect from 1 January 2020.¹

The annual maximum tax rate applicable on chargeable income exceeding GHS 240, 000 remains at 30 percent.

WHY THIS MATTERS

The change in the tax brackets and personal relief will increase the net earnings of resident individuals and consequently result in a marginal decrease in taxes for the respective bands.

With the amendment of the tax band, employees within the 5-percent to 30-percent bands will save between GHS 18.60 and GHS 57.00 per annum while providing a total relief for *minimum wage earners. In addition, resident individuals who qualify for any of the reliefs as outlined below will benefit from some degree of marginal tax savings.

Tax costs and budgeting for assignments to and from Ghana could therefore be reduced following the modification to the income tax bands (which we discuss further below). Employers may need to make the necessary payroll adjustments and update hypothetical taxes for tax-equalised assignees.

Residents: Rates & Bands

The revised graduated tax bands are shown below:

Chargeable Income Tax	(Annual)	Rates
	GHS	
First	3,828	Nil
Next	1,200	5%
Next	1,440	10%
Next	36,000	17.5%
Next	197,532	25%
Exceeding	240,000	30%

Non-Residents: Rates & Bands

The tax rate applicable to the income of non-resident individuals remains set at 25 percent.

Tax Incentives and Savings

The revised income tax bands present the below incentives and savings:

1. Total relief for minimum wage earners*
2. Marginal decrease in taxes for each tax band presents the below tax savings:

Tax Band	Tax Savings per annum GHS
5%	18.60
10%	37.20
17.5%	47.10
25%	57.00
30%	57.00

*Minimum wage earners are individuals who earn GHS 11.82 a day.

Personal Reliefs

In arriving at the chargeable income of a resident individual for a year of assessment, a deduction can be made for the below personal reliefs upon certification by the Commissioner-General:

Relief	Previous (GHS)	Amended (GHS)
Dependent Spouse or at least two (2) dependent children	200	1,200
Old Age (60 years and above)	200	1,500
Children's Education (per child) – up to maximum of three (3)	200	600
Disability Relief	25% of the assessable income of the disabled individual	No change
Aged Dependents (per dependent) – up to maximum of two (2) aged dependent relatives	100	1,000
Training and Development Relief	Maximum of 400	2,000

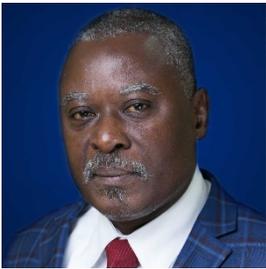
FOOTNOTE:

1 The Income Tax (Amendment) Act, 2019 (Act 1007), which amends the tax bands and the personal relief for resident individuals in the First and Fifth Schedules of the Income Tax Act, 2015 (Act 896) respectively. For coverage of the changes in 2019 budget, see GMS [Flash Alert 2019-009](#) (23 January 2019).

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Contact us

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