

## AMENDMENTS TO THE INTERNAL REVENUE ACT 2000(ACT 592)

The Commissioner-General of the Ghana Revenue Authority (GRA) wishes to bring to the attention of the general public that the following amendments have been made to the Internal Revenue Act 2000 (Act 592) by Act 839. The amendments are as follows:

### 1. Section 11(8)

The twenty years (20 years) tax holiday enjoyed by the Ghana Stock Exchange has been extended by another five years. The income of the Ghana Stock Exchange shall therefore be exempt from tax for a period of twenty five years (25years) from the commencement of operations.

### 2. Section 23

A new subsection (1A) has been inserted. The new subsection prevents a person engaged in mining operations from deducting expenses incurred in one mining area against revenue derived from another mining area belonging to that person or in which that person has an interest in determining that person's chargeable income for a basis period.

### 3. Section 97(3)a)

The twenty years (20yrs) tax holiday from capital gains on the securities of a company listed on the Ghana Stock Exchange has been further extended by five (5) years. The securities of a company listed on the Ghana Stock Exchange shall therefore not be subject to capital gains tax for twenty five years (25years) after the establishment of the Ghana Stock Exchange.

### 4. First Schedule to Act 592

Act 839 has revised the First Schedule to Act 592 by reviewing upwards the income tax bands applicable to resident individuals. Consequently, the tax bands applicable to resident individuals are:

#### INCOME TAX RATES APPLICABLE TO RESIDENT INDIVIDUALS

##### ANNUAL TAX RATES

CHARGEABLE INCOME GH¢	RATE %	TAX GH¢	CUMULATIVE CHARGEABLE INCOME GH¢	CUMULATIVE TAX GH¢
First 1,440	Free	Nil	1,440	Nil
Next 720	5%	36.00	2,160	36.00
Next 1,008	10%	100.80	3,168	136.80
Next 25,632	17.5%	4,485.60	28,800	4,622.40
Exceeding 28,800	25%			

MONTHLY TAX RATES

CHARGEABLE INCOME GH¢	RATE %	TAX GH¢	CUMULATIVE CHARGEABLE INCOME GH¢	CUMULATIVE TAX GH¢
First 120	Free	Nil	120.00	Nil
Next 60	5%	3.00	180.00	3.00
Next 84	10%	8.40	264.00	11.40
Next 2,136	17.5%	373.80	2,400.00	385.20
Exceeding 2400	25%			

**5. Part II of the First Schedule(paragraph 2)**

Rates of Income Tax Upon Companies

Act 839 has reduced the corporate income tax rate applicable to a company principally engaged in the hotel industry from 22% to 20%

**6. Paragraph 6A of Part II Inserted.**

A new paragraph 6A of part II of the First Schedule has been inserted. The new paragraph 6A increases the corporate income tax rate applicable to a company engaged in mining from 25% to 35%

**7. Third Schedule to Act 592**

**Capital Allowances**

The Third Schedule to Act 592 which is on Capital Allowances has been amended as follows:

(a).The new heading for Paragraph 3 is

“Class 1, 2 and 4 depreciable assets”

(b). “3” in the first line of paragraph 3(1) is deleted

(c). Paragraph 3(2) has been amended to read “the depreciation rate applicable to the pools of depreciable assets referred to in subparagraph (1) are:

Class	Rate
1	40%
2	30%
4	20%

That is deleting class 3 and its rate

(d). Paragraph 3(3)(b) is now deleted

(e). The new heading for paragraph 4 is “Class 3, 5 and 6 depreciable assets”

(f). Subparagraphs (1A) and (1B) have been inserted after paragraph 4(1):-

Subparagraph (1A) reads

A person shall be granted for each year of assessment a capital allowance for each Class 3 depreciable asset with respect to a basis period ending within the year calculated using the formula

$$A \times B \times C / 365$$

Where

- A. Is the cost base of the asset
- B. Is the rate of 20%
- C. Is the number of days in the basis period

Subparagraph (1B) reads

The written down value of the pool of Class 3 depreciable assets of a person in the year of assessment immediately preceding the year of assessment in which Act 839 comes into effect shall, for the purpose of the subparagraph (1A) of this paragraph, be regarded as the cost base of a Class 3 depreciable asset acquired in the year of assessment in which Act 839 commences

(g). "3" inserted in paragraph 4(3) before "5" **to read 3,5 or 6 depreciable assets**

(h). "3" inserted in paragraph 4(4) before "5" **to read 3,5 or 6 depreciable assets**

#### **8. Revocation of L.I. 1996**

Act 839 has revoked the Internal Revenue Act (Schedule) (Amendment) Regulations 2011, (L.I. 1996)

These amendments came into effect on 9<sup>th</sup> March, 2012. The Commissioner-General requests the general public particularly taxpayers, businesses, accountants, auditors, tax consultants and advisors and paymasters to take note and comply accordingly.

**COMMISSIONER-GENERAL  
GRA-INTEGRITY FAIRNESS SERVICE**