FOREWORD

A country’s tax regime is always a key factor for any business considering moving into new markets. What is the corporate tax rate? Are there any incentives for overseas businesses? Are there double tax treaties in place? How will foreign source income be taxed?

Since 1994, the PKF network of independent member firms, administered by PKF International Limited, has produced the PKF Worldwide Tax Guide (WWTG) to provide international businesses with the answers to these key tax questions. This handy reference guide provides clients and professional practitioners with comprehensive tax and business information for over 90 countries throughout the world.

As you will appreciate, the production of the WWTG is a huge team effort and I would like to thank all tax experts within PFK member firms who gave up their time to contribute the vital information on their country’s taxes that forms the heart of this publication.

I hope that the combination of the WWTG and assistance from your local PFK member firm will provide you with the advice you need to make the right decisions for your international business.

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richard.sackin@eisneramper.com
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PREFACE

The PKF Worldwide Tax Guide 2013 (WWTG) is an annual publication that provides an overview of the taxation and business regulation regimes of the world’s most significant trading countries. In compiling this publication, member firms of the PKF network have based their summaries on information current on 1 January 2013, while also noting imminent changes where necessary.

On a country-by-country basis, each summary addresses the major taxes applicable to business; how taxable income is determined; sundry other related taxation and business issues; and the country’s personal tax regime. The final section of each country summary sets out the Double Tax Treaty and Non-Treaty rates of tax withholding relating to the payment of dividends, interest, royalties and other related payments.

While the WWTG should not to be regarded as offering a complete explanation of the taxation issues in each country, we hope readers will use the publication as their first point of reference and then use the services of their local PKF member firm to provide specific information and advice.

In addition to the printed version of the WWTG, individual country taxation guides are available in PDF format which can be downloaded from the PKF website at www.pkf.com

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MAY 2013

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ABOUT PKF INTERNATIONAL LIMITED

PKF International Limited (PKFI) administers the PKF network of legally independent member firms. There are around 300 member firms and correspondents in 440 locations in around 125 countries providing accounting and business advisory services. PKFI member firms employ around 2,270 partners and more than 22,000 staff. PKFI is the 11th largest global accountancy network and its member firms have $2.68 billion aggregate fee income (year end June 2012). The network is a member of the Forum of Firms, an organisation dedicated to consistent and high quality standards of financial reporting and auditing practices worldwide.

Services provided by member firms include:

- Assurance & Advisory
- Insolvency – Corporate & Personal
- Financial Planning/Wealth management
- Taxation
- Corporate Finance
- Forensic Accounting
- Management Consultancy
- Hotel Consultancy
- IT Consultancy

PKF member firms are organised into five geographical regions covering Africa; Latin America; Asia Pacific; Europe, the Middle East & India (EMEI); and North America & the Caribbean. Each region elects representatives to the board of PKF International Limited which administers the network. While the member firms remain separate and independent, international tax, corporate finance, professional standards, audit, hotel consultancy and business development committees work together to improve quality standards, develop initiatives and share knowledge and best practice cross the network.

Please visit www.pkf.com for more information.
STRUCTURE OF COUNTRY DESCRIPTIONS

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I. TREATY AND NON-TREATY WITHHOLDING TAX RATES
INTERNATIONAL TIME ZONES

AT 12 NOON, GREENWICH MEAN TIME, THE STANDARD TIME ELSEWHERE IS:

A
Algeria .......................... 1 pm
Angola .......................... 1 pm
Argentina ........................ 9 am
Australia -
  Melbourne .......................... 10 pm
  Sydney .......................... 10 pm
  Adelaide .......................... 9.30 pm
  Perth .......................... 8 pm
Austria .......................... 1 pm

B
Bahamas .......................... 7 am
Bahrain .......................... 3 pm
Belgium .......................... 1 pm
Belize .......................... 6 am
Bermuda .......................... 8 am
Brazil .......................... 7 am
British Virgin Islands .......................... 8 am

C
Canada -
  Toronto .......................... 7 am
  Winnipeg .......................... 6 am
  Calgary .......................... 5 am
  Vancouver .......................... 4 am
Cayman Islands .......................... 7 am
Chile .......................... 8 am
China - Beijing .......................... 10 pm
Colombia .......................... 7 am
Cyprus .......................... 2 pm
Czech Republic .......................... 1 pm

D
Denmark .......................... 1 pm
Dominican Republic .......................... 7 am

E
Ecuador .......................... 7 am
Egypt .......................... 2 pm
El Salvador .......................... 6 am
Estonia .......................... 2 pm

F
Fiji .......................... 12 midnight
Finland .......................... 2 pm
France .......................... 1 pm

G
Gambia (The) .......................... 12 noon
Germany .......................... 1 pm
Ghana .......................... 12 noon
Greece .......................... 2 pm
Grenada .......................... 8 am
Guatemala .......................... 6 am
Guernsey .......................... 12 noon
Guysey .......................... 7 am

H
Hong Kong .......................... 8 pm
Hungary .......................... 1 pm

I
India .......................... 5.30 pm
Indonesia .......................... 7 pm
Ireland .......................... 12 noon
Isle of Man .......................... 12 noon
Israel .......................... 2 pm
Italy .......................... 1 pm

J
Jamaica .......................... 7 am
Japan .......................... 9 pm
Jordan .......................... 2 pm

K
Kenya .......................... 3 pm

L
Latvia .......................... 2 pm
Lebanon .......................... 2 pm
Luxembourg .......................... 1 pm

M
Malaysia .......................... 8 pm
Malta .......................... 1 pm
Mexico .......................... 6 am
Morocco .......................... 12 noon

N
Namibia .......................... 2 pm
Netherlands (The) .......................... 1 pm
New Zealand .......................... 12 midnight
Nigeria .......................... 1 pm
Norway .......................... 1 pm

O
Oman .......................... 4 pm

P
Panama .......................... 7 am
Papua New Guinea .......................... 10 pm
Peru .......................... 7 am
Philippines .......................... 8 pm
Poland .......................... 1 pm
Portugal .......................... 1 pm
Q
Qatar .......................... 8 am

R
Romania .......................... 2 pm

VI
Russia -
  Moscow . . . . . . . . . . . . . . .3 pm
  St Petersburg. . . . . . . . . . . .3 pm

S
  Singapore . . . . . . . . . . . . . . . . . .7 pm
  Slovak Republic . . . . . . . . . . . . . .1 pm
  Slovenia . . . . . . . . . . . . . . . . . . .1 pm
  South Africa . . . . . . . . . . . . . . . . .2 pm
  Spain . . . . . . . . . . . . . . . . . . . .1 pm
  Sweden . . . . . . . . . . . . . . . . . . .1 pm
  Switzerland . . . . . . . . . . . . . . . . .1 pm

T
  Taiwan . . . . . . . . . . . . . . . . . . . .8 pm
  Thailand . . . . . . . . . . . . . . . . . . .8 pm
  Tunisia . . . . . . . . . . . . . . . . . . .12 noon
  Turkey . . . . . . . . . . . . . . . . . . . .2 pm
  Turks and Caicos Islands . . . . . . .7 am

U
  Uganda . . . . . . . . . . . . . . . . . . .3 pm
  Ukraine . . . . . . . . . . . . . . . . . . .2 pm
  United Arab Emirates . . . . . . . . . . .4 pm
  United Kingdom . . . . . . (GMT) . . . .12 noon
  United States of America -
    New York City . . . . . . . . . . . . . . .7 am
    Washington, D.C. . . . . . . . . . . . . .7 am
    Chicago . . . . . . . . . . . . . . . . . . .6 am
    Houston . . . . . . . . . . . . . . . . . . .6 am
    Denver . . . . . . . . . . . . . . . . . . .5 am
    Los Angeles . . . . . . . . . . . . . . . . .4 am
    San Francisco . . . . . . . . . . . . . . . .4 am
    Uruguay . . . . . . . . . . . . . . . . . . .9 am

V
  Venezuela . . . . . . . . . . . . . . . . .8 am

Z
  Zimbabwe . . . . . . . . . . . . . . . . . .2 pm
A. TAXES PAYABLE

National taxes and levies apply in all ten regions of the country.

In 2001, a new tax law, The Internal Revenue Act 2000 (Act 592), was passed to administer Direct Taxes. The Internal Revenue Regulations, 2001 (L. I. 1675) was also introduced. There have been a number of amendments to the law and regulations.

The only notable national levies in the country are:

a) the National Health Insurance Levy of 2.5% imposed on certain goods and services
b) The National Fiscal Stabilisation Levy of 5% imposed on profit before tax of companies and institutions of certain listed sectors of the economy (abolished in 2012).
c) The National Health Insurance Levy is administered on the lines of the value added tax.

Taxes consist of the income taxes, sales and service taxes administered by the Domestic Tax Revenue Division (DTRD) of the Ghana Revenue Authority (GRA) and customs and excise duties administered by the Customs Division (CD) of the GRA.

COMPANY TAX

Unless specifically exempted in the law, companies (both resident and non-resident) are required to pay tax on income relating to business and investment derived from, accrued in, brought into or received in Ghana after the necessary adjustment are made. The rate of tax generally is 25%. There are different rates applicable to certain companies (see ‘Incentives’ below). From 2012, mining companies are to pay corporate tax at a rate of 35%.

The corporate entity is taxed separately from its shareholders.

All companies have to file returns four months after their accounting year. It is also required that they make quarterly tax payments on the current year’s income based on the provisional assessment made by the DTRD or the company itself (where the DTRD has granted that permission).

CAPITAL GAINS TAX

Businesses are required to pay tax on gains made on realisation of chargeable assets. Chargeable assets include land (which is not for agriculture in Ghana), buildings, shares, goodwill and business assets, among others.

Chargeable assets do not include trading stock, securities of a company listed on the Ghana Stock Exchange during the first 15 years of the establishment of the Stock Exchange or Classes 1, 2, 3 and 4 assets (e.g. vehicles, plant and machinery, air and sea transport, computers, etc).

EXEMPTIONS

The following exemptions apply:

(1) gains derived from mergers, amalgamations or re-organisation of the company where there is continuity of underlying ownership in the asset of at least 25%
(2) capital gains of up to Gh¢ 50.00
(3) where the person uses up the amount received to acquire a replacement asset
(4) transfer of ownership of an asset to a former spouse in divorce settlement or genuine separation
(5) transfer of asset to spouse or certain relatives.

The capital gain is calculated as the excess of consideration received from the realisation over the cost base of the asset at the time of realisation. The tax is imposed at the rate of 15%.

Attention is now devoted to appreciation in owner capital arising from changes in ownership structure through takeover and acquisition.
BRANCH PROFITS TAX
A branch of any foreign company doing business in Ghana is taxed at 10% on repatriated funds.

SALES TAX/ VALUE ADDED TAX (VAT)
These are indirect taxes paid by consumers on some goods and services to the state through registered individuals or businesses. The rate is 12.5% for businesses and individuals whose turnover for a 12 month period is GHS120,000 or above on the value of goods and services. This excludes the National Health Insurance Levy of 2.5%.

Businesses and individuals whose turnover for a 12 month period falls below GHS120,000 are to pay a presumptive tax of 6% of their turnover. (No input or output VAT is computed.) There are exemptions specified in the VAT law. Exempt supplies include agricultural products and inputs, printed matter, approved medical and pharmaceutical supplies, transport, financial services, land, building and construction.

Imports are taxable. Exports are zero rated. Under Excise Duty, the rate for Environmental Tax has been reduced from 20% to 15%. Also excise duty rates are to be reduced on a sliding scale to companies using local raw materials as substitutes in the production of excisable goods.

FRINGE BENEFITS TAX
With the exception of dental, medical, and health insurance expenses, all fringe benefits derived from employment are taxable. Benefits relating to accommodation and cars have their own treatment specified in the Tax Law. For all other benefits, the open market value or a reasonable value is added to taxable income and subject to tax. For some services provided to its employees (e.g. food offered in a canteen, office outings, transportation of employees, accident insurances and payments to retirement funds), the employer has the option to pay the income tax on account for the employee.

LOCAL TAXES
Taxes are collected by the District, Municipal and Metropolitan Assemblies (authorities) from persons doing business within their localities. They also are responsible for the collection of property taxes.

OTHER TAXES
GIFT TAX
Subject to certain exemptions, gift tax is payable by every person on the total value of taxable gifts received by the person by way of gifts within a year of assessment. The rate ranges from 5% to 15%.

STAMP DUTY
Stamp duty is paid at various rates by a person who undertakes certain transactions including the following:
(a) conveyance or transfer on the sale of any property
(b) appointment of a new trustee
(c) natural resource lease or licence (e.g. mining and timber)
(d) agreement or memorandum of agreement
(e) award of cost in a matter of dispute
(f) bill of exchange (e.g. issue of cheques)
(g) bill of lading
(h) insurance policy..

MINERAL ROYALTIES
Holders of mining leases are required to pay royalties at specified rates to the Government on a monthly basis.

COMMUNICATION SERVICE TAX
This is a tax on communication service providers based on turnover. The coverage of this tax has been extended to include the following:
(a) Public/corporate data operators
(b) Providers of radio(FM) broadcasting services
(c) Providers of free-to-air television services.

TAX STAMP
This a tax imposed on operators in the informal sector. The amount paid is based on turnover and nature of product but not on profit.

VEHICLE INCOME TAX
This is a tax imposed on commercial vehicles. It is paid quarterly.
AIRPORT TAX
This is imposed on both domestic and international travels. It varies depending on the passenger class and the place of destination.

The current rates are:
- Domestic travel: $5
- Regional travel within West Africa: $60
- International travel:
  - a) Economy class travel outside West Africa: $100
  - b) Business class travel outside West Africa: $150
  - c) First class travel outside West Africa: $20

NATIONAL FISCAL STABILIZATION LEVY
This levy was imposed on businesses in 2009 but has been abolished from January 2012.

WINDFALL TAX
Mining companies pay a windfall tax of 10%.

TAX AMNESTY
Effective 1 January 2012 a tax amnesty was granted to companies and individuals who have evaded taxes. This concession expired on 30 September 2012.

B. DETERMINATION OF TAXABLE INCOME

Chargeable income of a person is defined in the Internal Revenue Act 2000 (Act 592) as:
"the total of a person's assessable income, from each business, employment, and investment, less the total amount of deductions allowed to that person for the year under sections 13 to 22 (relating to general and specific deductions), s 39 (relating to reliefs), s 57 (relating to life insurance), and s 60 (relating to contributions to retirement funds).

CAPITAL ALLOWANCES
Capital allowances are granted in respect of fixed assets (depreciable assets), both tangible and intangible, acquired by persons in businesses for each year of assessment. To qualify for these allowances, however, the following conditions must be met:
- a) the assets should be capital in nature
- b) the asset should be owned by the business
- c) the asset should be in the business up to the end of the year
- d) the asset should be used in carrying on business during the period
- e) the Commissioner of IRS should be informed of any new asset acquired one month after its usage in the business.

Depreciable assets are categorised into six classes. Classes 1–4 assets are put in different pools and depreciated at various rates ranging from 20% to 80% on reducing- balance method. Class 5 (buildings) attract a rate of 10% on cost and Class 6 (intellectual or industrial property) is depreciated over its estimated useful life.

<table>
<thead>
<tr>
<th>Class</th>
<th>Assets</th>
<th>Rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Computers and data handling equipment</td>
<td>40%</td>
</tr>
<tr>
<td>2</td>
<td>Automobiles, plant and machinery used in manufacturing</td>
<td>30%</td>
</tr>
<tr>
<td>3 (f)</td>
<td>Assets in respect of long term crop planting costs</td>
<td>30%</td>
</tr>
<tr>
<td>3 (f)</td>
<td>Assets relating to minerals and petroleum industry</td>
<td>80% of cost in year of purchase and 50% each year thereafter</td>
</tr>
<tr>
<td>4</td>
<td>Rail, water and air transport, plant and machinery, fixtures, furniture and equipment, and any other asset not included in any other class</td>
<td>20%</td>
</tr>
<tr>
<td>5</td>
<td>Buildings, structures and works of permanent nature other than those in Class 3</td>
<td>10% (straight line)</td>
</tr>
<tr>
<td>6</td>
<td>Intangible assets other than those in Class 3</td>
<td>Estimated use life</td>
</tr>
<tr>
<td></td>
<td>(1) the second year of any new asset, 5% of cost of asset is added to the written down value.</td>
<td></td>
</tr>
</tbody>
</table>

From 2012, mining and oil companies are to have a uniform regime for capital allowance of 20% for five years.
DISPOSAL
When an asset belonging to Classes 1 to 4 is disposed, the realised value is taken out of the class it came from before the rate of capital allowance is applied on the residue. Where the sale of an asset leads to the wiping off of the written-down value of the pool but there is still an excess of the disposal proceeds, the excess is included in the income of the year and taxed. Where all assets in a pool are disposed of but there are not enough proceeds to take care of the written down value, capital allowance is granted on the outstanding written down value to reduce the pool to zero at the end of the year.

In case of Classes 5 and 6 assets, a different method is adopted. This method ensures that businesses recover the cost in the case of a loss on disposal and are also not overly taxed in the case of gains.

CAPITAL ALLOWANCE ON LEASED ASSETS
The lessee of an asset, whether under finance or operating lease, is not entitled to capital allowance on the asset. The rental payments made to the lessor are treated as allowable expense for tax purposes.

In the case of the lessor, capital allowance is claimed under an operating lease. The full amount of rent received is included in the lessor’s income for the year. Where the arrangement is a finance lease, the lessor does not qualify for capital allowance. The amount of rent payment included in taxable income for the year is reduced by capital amounts determined by the Commissioner.

DEPRECIATION
Depreciation of any fixed asset is not an allowable deduction in arriving at the assessable income. This is compensated for by the granting of capital allowance.

STOCK/INVENTORY
For the purpose of tax, stock and work in progress is valued at the lower of cost or market value. However, any method of stock valuation accepted by accounting principle that is consistently applied is accepted.

CAPITAL GAINS AND LOSSES
Gains or Losses on disposal of assets, as reported in financial statements, are not taxable or allowable respectively. Gains are deducted from profits and losses added to profits. This is in line with the IRS law that does not recognise depreciation policies set out by businesses. The pool system adopted by the IRS for capital allowance purposes makes it almost impossible to ascertain whether a loss or gain was made on the disposal of a particular asset.

However, there are adequate provisions for recovery of full cost of fixed assets disposed of (refer to disposal of fixed assets under ‘Capital allowance’). Classes 1 to 4 assets do not attract capital gains tax on disposal. Assets disposed of are subject to VAT.

DIVIDENDS
A tax is paid by a resident or non-resident person or partnership who or which is paid a dividend by a resident company, other than exempt dividends, at 8%. A capitalisation of profit is treated as dividend paid to each of the company’s shareholders in proportion to their respective interest in the company and is taxed at 8%.

Where a company (controlled by not more than five persons) records profit over a reasonable period but does not declare dividends, the Commissioner has the authority to treat part of the company income as distributed and demand tax on dividends.

EXEMPTION
Dividends paid by a resident company to another resident company where the recipient company controls directly or indirectly 25% of the voting power of the company paying the dividend are exempt. This exemption does not apply if the dividend paid is intended as a profit or dividend stripping arrangement.

INTEREST DEDUCTIONS
Interest incurred in respect of a borrowing employed by a business entity in the production of income is a deduction allowed for the purpose of ascertaining the assessable income of the person.

LOSSES
TAX LOSSES
Tax losses are arrived at after adjusting losses reported in financial statements in line with tax principles. Manufacturing industries which export their products and farming and mining concerns are allowed to deduct the losses over a five-year period subsequent to the year in which the loss was incurred.
FOREIGN CURRENCY EXCHANGE LOSSES
Any foreign currency exchange loss, other than a loss of capital nature, in respect of any debt claim, debt obligation, or foreign currency holding, incurred for the purpose of producing an income is an allowable deduction but subject to the fulfillment of certain conditions.

FOREIGN SOURCED INCOME
Foreign sourced income brought into or received in Ghana by resident persons is included in that person’s income for the year and taxed. However, the person is allowed the deduction of foreign tax credits or entitled to some reliefs where there is a double taxation agreement.

INCENTIVES
There are a number of incentives provided for in the IRS law and other laws and enactments geared towards the development of certain sectors of industry and/or certain parts of the country. These incentives include reduced rate of taxes, exemption from the payment of duties and other taxes for specified periods, higher rate of capital allowance, among others. These cannot be exhaustibly dealt with but below are a few of such concessions granted.

1. Carry Over Losses
This applies to business engaged in farming, manufacturing or mining (refer to ‘Losses’ above).

This concession is also to be granted to venture capital investment on losses incurred on the disposal of shares, agro-processing, tourism and ICT industries from year 2006.

2. Locational Incentives For Manufacturing Business

| Location within Accra and Tema | 25% |
| Location in regional capitals of Ghana | 18.75% |
| Location in free zone enclave | 0% |
| Location elsewhere in Ghana | 12.5% |

3. Locational Incentives For Agro-Processing Business

Tax rates for manufacturing concerns vary depending upon the location of the business and are as follows:

| Location within Accra and Tema | 20% |
| Location in regional capitals of Ghana: | |
| – except the three northern regions | 10% |
| – the three northern regions | 0% |
| Outside Regional Capitals | 0% |

4. Sectorial Incentives (Reduced Tax Rates)

Tax rates vary depending upon the area (sector or industry) from which the income is coming from as shown below:

| Hotel industry | 20% |
| Export of non-traditional production | 8% |
| Loans granted to a farming enterprise | 20% |
| Loans granted to a leasing company | 20% |
| Companies listed on the Ghana Stock Exchange | 25% |
| Companies listed on the Ghana Stock Exchange after 1 January 2004 | 22% (for first 3 years) |

5. Industrial Concessions (Exemption Period)

The income of a person from the following industry or sector of the economy is exempted from tax for the years stated against them:

| Farming tree crops | 10 years |
| Livestock | 5 years |
C. FOREIGN TAX RELIEF

Foreign tax credits are available to relieve double taxation on overseas income. Credits are calculated separately for each source of business, employment and investment income and may not exceed the average rate of Ghanaian income tax of that person for the year of assessment applied to that person’s taxable foreign income for the year.

D. CORPORATE GROUPS

Corporate groups, irrespective of their affiliations, prepare accounts separately and are taxed separately. Capital allowance is not transferable.

E. RELATED PARTY TRANSACTIONS

Although nothing in the law disallows related party transactions, the Commissioner has authority to disregard or reverse any transaction that is geared towards tax avoidance.

F. WITHHOLDING TAX

Tax is withheld at various rates for the following transactions:

<table>
<thead>
<tr>
<th>Income: Residents</th>
<th>Rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>Payment of employees</td>
<td>graduated</td>
</tr>
<tr>
<td>Directors’ fees</td>
<td>10%</td>
</tr>
<tr>
<td>Payment of interest (excluding individuals)</td>
<td>8%</td>
</tr>
<tr>
<td>Fees to part-time lecturers, teachers, examiners, etc</td>
<td>10%</td>
</tr>
<tr>
<td>Payment of dividend to shareholders</td>
<td>8%</td>
</tr>
<tr>
<td>Commission to insurance and sales agents</td>
<td>10%</td>
</tr>
<tr>
<td>Commission to lottery agents and receivers</td>
<td>5%</td>
</tr>
<tr>
<td>Payment for goods and services supplied</td>
<td>5%</td>
</tr>
<tr>
<td>Rent</td>
<td>8%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Income: Non-Residents</th>
<th>Rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>Management and technical service fees</td>
<td>15%</td>
</tr>
<tr>
<td>Royalties, natural resource payments and rents</td>
<td>10%</td>
</tr>
<tr>
<td>Endorsement fees</td>
<td>15%</td>
</tr>
<tr>
<td>Dividends</td>
<td>8%</td>
</tr>
<tr>
<td>Repatriated branch after tax profits</td>
<td>8%</td>
</tr>
<tr>
<td>Interest</td>
<td>8%</td>
</tr>
<tr>
<td>Short-term insurance premium</td>
<td>5%</td>
</tr>
</tbody>
</table>
G. EXCHANGE CONTROL

Ghana has an Exchange Control Act that regulates, among other things, the following:

a. Use of foreign exchange among residents
b. Trading in gold (coins and/or bullion)
c. Exports and import on bank notes
d. Exports and export proceeds
e. Capital and money market instruments.

The DTRD Regulations set a formula for calculating the amount of profits that a foreigncompany may repatriate to its home country at every point in time. There are restrictions to the amount allowed to be repatriated.

H. PERSONAL TAX

Individuals are required to pay tax on gains or profit from employment, business or investment. For a resident person, he or she is to pay tax on income accruing in, derived from, brought into, or received in Ghana. A non-resident person pays tax on income accruing in, and derived from, Ghana regardless of whether the income is received in Ghana. An individual is considered resident if he or she has stayed in Ghana for an aggregate period of 183 days or more in any 12 month period. All incomes are aggregated and taxed after the various adjustments relating to the type of income earned are made. The aggregated income excludes capital gains, gifts and rent income.

The tax rates are graduated with rates ranging from 0% to 25%. Annual income up to Ghana Cedis1,200 is taxed at 0%. Any income in excess of Ghana Cedis 25,920 is taxed at 25%.

I. TREATY AND NON-TREATY WITHHOLDING TAX RATES

In the absence of any treaty with the Government of Ghana, the provisions of the income tax law applies for the treatment of all tax matters. Thus, tax rates applicable on various incomes apply.Where there is a treaty with the Government of Ghana, the terms of the treaty prevail over all provisions of the income tax law. However, where the rates of taxes set out in a treaty are higher than those of the laws of Ghana, the lower rates are used. Currently, notable double taxation treaties Ghana has are with the United Kingdom, France, Italy, South Africa, Belgium and Germany.

Tax Rates in percentages are as follows:

<table>
<thead>
<tr>
<th>Income</th>
<th>Germany</th>
<th>South Africa</th>
<th>Belgium</th>
<th>Italy</th>
<th>Netherlands</th>
<th>UK</th>
<th>France</th>
</tr>
</thead>
<tbody>
<tr>
<td>Technical/Management fees</td>
<td>8</td>
<td>10</td>
<td>10</td>
<td>10</td>
<td>8</td>
<td>10</td>
<td>10</td>
</tr>
<tr>
<td>Interest</td>
<td>10</td>
<td>10</td>
<td>10</td>
<td>10</td>
<td>8</td>
<td>12.5</td>
<td>10</td>
</tr>
<tr>
<td>Royalties</td>
<td>8</td>
<td>10</td>
<td>10</td>
<td>10</td>
<td>8</td>
<td>12.5</td>
<td>10</td>
</tr>
<tr>
<td>Dividends:</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>All other cases</td>
<td>15</td>
<td>15</td>
<td>15</td>
<td>15</td>
<td>10</td>
<td>15</td>
<td>15</td>
</tr>
</tbody>
</table>

PENALTIES

FILING OF RETURN OF INCOME

Any company or a self-employed person who fails to provide a return of income to the DTRD within the time required is liable to pay a penalty as follows:

Company Two (2) Currency Points for each day of default.
Self employed One (1) Currency Points for each day of default.

PAYMENT OF TAX

The penalties for failure to pay tax on due date are as follows.

(a) up to three months – 10% of the unpaid tax
(b) exceeding three months – 20% of the unpaid tax.

A further penalty 5% of the tax and penalty shall be imposed if the total amount remains unpaid.
The penalties for failure to withhold tax and/or failure to pay withheld tax are as follows:
(a) Up to three months – 20% of the unpaid amount
(b) Exceeding three months – 30% of the unpaid amount.

A further penalty of 5% of the tax plus penalty shall be imposed if the total amount remains unpaid.