

# Tax Flash Alert

January 2020



## Revision of Personal Income Tax Band

The government of Ghana has on 28 December 2019 amended the tax brackets for personal income earners, effective January 2020.

In the bid to increase the **net earnings of resident individuals**, the government has legislated the Income Tax (Amendment) Act, 2019 (Act 1007) to amend the **Graduated Tax Bands** for resident individuals in the First Schedule of the Income Tax Act, 2015 (Act 896). The graduated tax rates, however, remain the same with the highest tax band at 30%.

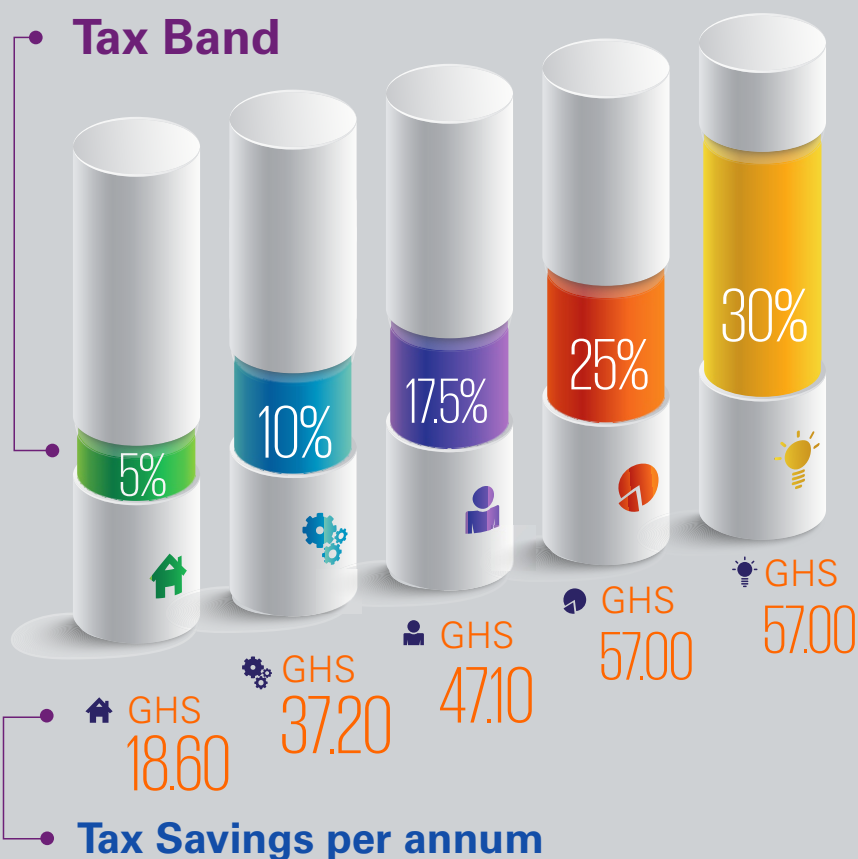


### The amended graduated tax rates are as follows:

Chargeable Income Tax	Annual (GHS)	Monthly (GHS)	Rates
1 First	3,828	319	Nil
2 Next	1,200	100	5%
3 Next	1,440	120	10%
4 Next	36,000	3,000	17.5%
5 Next	197,532	16,461	25%
6 Exceeding	240,000	20,000	30%

- Total relief for minimum wage earners
- Marginal decrease in taxes for the respective tax bands

Individuals who are within 5% to 30% tax bands will enjoy the below tax savings.



## Revision of Personal Reliefs

The amendment also provides for an increase in the personal relief deductions of resident individuals in arriving at the taxable income.

### The amended personal reliefs are as follows:

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

### Temporary Concession

The Sixth Schedule of Act 896 is amended to provide temporary concession for manufacturers and assemblers of automobiles under the Ghana Automotive Manufacturing Development Programme.

#### Type of Manufacture/Assembling

#### Tax Exemption Period

Semi-knocked down vehicles	3 years
Complete-Knocked down vehicles	10 years

#### Note:

- The concessions provided are cumulative
- A manufacturer or assembler who starts with semi-knocked down vehicles and converts to complete-knocked down vehicles is entitled to a concessionary period not greater than an aggregate of 10 years.

## Contact



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