GHANA REVENUE AUTHORITY

VAT ADMINISTRATIVE GUIDELINES FOR THE VALUE ADDED TAX ACT, 2025 (ACT 1151)

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GUIDELINES FOR THE IMPLEMENTATION OF THE VALUE ADDED TAX ACT, 2025 (ACT 1151)

1.0 INTRODUCTION

The Commissioner-General (CG) of the Ghana Revenue Authority (GRA) is empowered under Section 1(2) of the Revenue Administration Act (RAA), 2016 (Act 915) as amended, to give written directives that are necessary for the administration and implementation of tax laws. Accordingly, this guideline is issued to give guidance on the implementation of the Value Added Tax Act, 2025 (Act 1151).

2.0 THE PURPOSE OF THIS GUIDELINE

The purpose of this guideline is to give clarity and provide guidance to officers of the Ghana Revenue Authority, Tax Practitioners, Consultants, Taxpayers, and the general public on the provisions and implementation of the Value Added Tax Act, 2025 (Act 1151). This is to ensure consistency in the implementation of the Act and also clarify the policy and implementation gaps that may result from the application of the Act.

3.0 INTERPRETATION

In this guideline the word "Act" means the Value Added Tax Act, 2025 (Act 1151).

4.0 DEFINITIONS

Definitions and expressions used in these Guidelines have the same

meaning as in the Act

5.0 TAX RATE

As indicated in Section 3 of the Act, the rate of tax is 15% computed on the value of taxable supplies. See appendix 1 for further details on the tax rate and mechanism.

6.0 COMPUTATION OF VAT

The VAT rate of 15% shall be applied on the value of taxable supplies. **NB**: for the purpose of computing the tax, the NHIL 2.5% & GETFund 2.5% will be applied on the same taxable value for determining or calculating the tax.

Illustration 1

JG Ltd made a supply of 10 pieces of laptops at the cost of GHS100,000.00 to the Ministry of Finance in February 2026.

Required:

Determine the tax payable.

Solution

JG Limited - Computation of the tax payable

	GHS
Cost	100,000.00
GETFL/NHIL (5%*100,000)	5,000.00
VAT (15%*100,000)	15,000.00
	120,000.00

Hence tax payable = (GETFL/NHIL+VAT)

= 5,000 + 15,000

= 20,000.00

7.0. VAT REGISTRATION THRESHOLD AND EXCEPTIONS

7.1 Supply of Service

There is no registration threshold for service providers. This implies that all service providers are registerable expect otherwise directed by Commissioner-General. Therefore, all service providers are required to register within thirty days of commencement of service or 30 days after the effective date of the Act.

Existing service providers who were not required to register under Act 870 due to the registration threshold, are now required to register within thirty days from the effective date of the Act.

A promoter of public entertainment is required to register not less than forty-eight (48) hours before the commencement of the public entertainment event.

For example, SKP who is a promoter of public entertainment is promoting an end-of-year "bash" on 24th of December 2026. The implies that SKP is required to register for the tax not later than 22nd December 2026.

7.2 Supply of Goods

A supplier of taxable goods is required to registere for the tax once the person exceeds the registration threshold of GHS750,000.00 during or at the end of any twelve-month period or less. On the other hand, where there are reasonable grounds to expect that the person will make taxable supplies in the next twelve or less months exceeding GHS750,000.00 as per the thresholds below, the person is required to register.

a. Taxable supplies exceeding GHS375,000.00 during or at the end of a six-month period or less;

b. Taxable supplies exceeding GHS187,500.00 during or at the end of a three-month period or less; and

c. Taxable supplies exceeding GHS62,500.00 at the end of a one-month period or less.

Note: For *auctioneers, irrespective of the threshold, they are required to register within 30 days of becoming an auctioneer.*

8.0 INVOICE AND SALES RECEIPT- NETWORK CONNECTIVITY & SYSTEM UPGRADES

Taxable persons are required to issue a tax invoice or sales receipt to clients through the certified invoicing system of the Commissioner-General when they make taxable supplies.

Where the certified invoicing system of the taxpayer goes offline or becomes inaccessible to the Commissioner-General, the taxpayer is required to inform the Commissioner-General within 24 hours and ensure that the system is restored online and accessible to the Commissioner-General.

System downtime (offline or inaccessible) may arise from either the taxpayers' end (ERP/POS) or the GRA's own system (servers).

The following protocols and communication channels have been established to manage the downtime for each of these scenarios. This is to ensure that taxpayers can continue with their businesses without any disruption.

A. Where the Commissioner-General's System is offline (Servers down)

In the unlikely event that the Commissioner-General's system goes down the following protocol applies:

i. GRA shall immediately notify taxpayers.

ii. GRA shall issue the signature key automatically to taxpayers' preferred contact to avoid disruption to business.

iii. GRA shall notify taxpayers when system is restored.

B. Where the Taxpayer's System (Online E-Invoicing software) is Offline

The following protocol must be adhered to when the taxpayer's system goes down:

i. Taxpayer should immediately notify GRA through evat.support3@gra.gov.gh, or call the GRA help line or assigned Tax Office.

ii. Taxpayer shall upload all transactions that took place when the taxpayers' system was offline on to Commissioner-General's System when connectivity is restored.

C. Where Taxpayer's System (ERP/POS) is Down

i. Taxpayer shall immediately notify the GRA through evat.support3@gra.gov.gh, or call the GRA help line or assigned Tax Office.

ii. GRA will acknowledge receipt of the notification and provide feedback where necessary.

D. Where the Taxpayer intends to upgrade their invoicing system (hardware/software) or install antivirus on the system.

Taxpayer should notify GRA twenty-four (24) hours before undertaking the system upgrade through the official reporting platform by sending an email to **evat.support3@gra.gov.gh**

9.0 UPFRONT PAYMENT

9.1 IMPORTS SUBJECT TO THE UPFRONT PAYMENT

Importers of taxable goods with value exceeding GHS750,000.00 who are required to register under the VAT Act but are currently not registered for VAT are required to make upfront payment of 20% of the customs value of taxable goods at importation in addition to the applicable Customs duties, Import VAT and levies.

The upfront payment is applied to taxable goods imported into the country for home consumption, including uncustomed goods forfeited and auctioned.

Such importers will, however, be allowed to recover the upfront payment when they register and file their VAT returns subsequently, as provided by the Act.

9.2 IDENTIFYING PERSONS LIABLE FOR UPFRONT PAYMENT

The process for identifying persons liable for upfront payment is as follows:

i. An importer will send a Bill of Entry (BOE) declaration to clear goods.

ii. Integrated Customs Management System (ICUMS) will check if the import VAT base of the BOE exceeds GH¢750,000.00.

iii. ICUMS will verify the VAT registration status of the importer when step (b) is met.

iv. Where the importer is registered for VAT, upfront payment will not be charged.

v. Where the importer has not registered for VAT, upfront payment of 20% of the customs value of taxable goods at importation will be charged. ICUMS will display a new tax line called "upfront payment by VAT unregistered importer (Tax Code 101)" on the BOE.

vi. Importers who are charged upfront payment but can prove that the imports are not in furtherance of taxable activity may apply for a waiver through the ICUMS single windows portal.

vii. Where an application for a waiver is approved, the BOE will be amended to exclude the upfront payment.

viii. Where an application is rejected, the importer will be required to make the upfront payment.

9.3 PERSONS NOT LIABLE TO MAKE THE UPFRONT PAYMENT

Unregistered importers whose imports fall under the following categories are not liable to make the upfront payment:

A. ***Exempt imports***

These include imports of goods as per the First Schedule of the Act or imports classified as exempt under the Third Schedule of the Customs Act, 2015 (Act 905) as amended, and the Exemptions Act, 2022 (Act 1083). For purposes of administering the upfront payments, the following may also be considered as exempt imports:

i. Items for personal use.

ii. Imports not meant to be consumed in the country (temporary imports, free zones import, transhipments, transit, ship stores, coastwise, warehoused, and other suspended cargo).

B. Relief imports

This applies to persons listed under the Third Schedule of the Act. For purposes of administering the upfront payment, imports by the following persons may also be considered as relief imports:

i. Government institutions and agencies,
ii. Diplomatic institutions, and
iii. Privileged or exempt persons/institutions/companies.
iv. Imported taxable goods with import VAT base below the threshold of GH¢750,000.00.

Note: *For emphasis, an importer who claims that they are not liable to make the upfront payment may apply to the Commissioner-General stating the reason(s) in the customs management system for exclusion from the charge.*

9.4 COMPUTATION OF THE UPFRONT PAYMENT

The upfront payment is computed at the time of importation at twenty percent (20%) of the customs value of the taxable goods.

9.5 RECOVERY OF THE UPFRONT PAYMENT

An importer may apply to the Commissioner-General for recovery of the upfront payment upon satisfying the following conditions:

i. Provide evidence of upfront payment,
ii. Registered for VAT (where applicable),
iii. Filed the relevant VAT returns

The application for recovery may be made electronically on the '**RECOVERY OF UPFRONT PAYMENT**' form available on the taxpayer's portal (www.taxpayersportal.com) or submitted to the taxpayers' assigned Taxpayer Service Centre(TSC).

Note: *The application shall be submitted within six months after the date on which the upfront payment was made.*

9.6 DECISION ON APPLICATION

Within thirty (30) days of receipt of a recovery application, the Commissioner-General shall consider and make a decision that the Commissioner-General considers appropriate. The Commissioner-General may:

i. Reject the application where the Commissioner-General is of the opinion that the application has not satisfied the conditions for recovery

ii. Apply the upfront payment to reduce any tax liability of the applicant and pay the remainder (if any) to the applicant.

10.0 IMPORT OF SERVICES (SEC. 2C and 72 of the Act)

Import of services as defined means a supply of services to a resident person by;

(a) a non-resident person,
(b) a resident person from a business carried on by the resident person outside the country,
(c) a free zone developer, or
(d) a free zone enterprise

to the extent that the services are utilised or consumed in the country other than to make taxable supplies.

In other words, imported services used in furtherance of taxable supplies cannot be treated as imported services for the purposes of the Act

10.1 Return Filing and Payment of VAT and Levies on Import of Service

Where the Tax is payable on an import of services the person liable for the Tax shall;

i. register for VAT/CST on imported service through the taxpayers' portal,

ii. file import of service return; and

iii. pay the Tax due in respect of the import of service within twenty-one days after the tax period in which the services were imported.

10.2 How to determine the tax due on import of service.

To determine the tax due on import of service, the applicable tax rate (VAT and Levies) is multiplied by the value of the import of service.

Illustration 1

AZ Limited, a resident company, engaged Crown Agency, resident in the USA to perform consultancy services. Per the agreement, AZ limited is paying an equivalent of GHS 100,000 for the service which will be utilised in the production of exempt supplies.

Required:

Determine the tax payable.

Solution:

	GHS
Value of the import of service	100,000.00
GETF/NHIL(100,000 *5%)	5,000.00
VAT (100,000*15%)	15,000.00
	120,000.00

Hence tax payable is **GHS 20,000.00**

To determine the tax due on import of communication service, the applicable tax rates (VAT and Levies) is multiplied by the sum of value of the import of service and the CST.

Illustration 2

SEFKA Limited, a resident company, which operates as a microfinance business engaged Toronto PLC, resident in Canada to provide electronic communication services. Per the agreement, SEFKA limited is paying an equivalent of GHS 100,000.00 for the service which will be utilised in the production of exempt supplies.

Required:

Determine the tax payable.

Solution:

	GHS
Value of the import of service	100,000.00
CST (100,000 *5%)	5,000.00
Taxable Value for (VAT & Levies)	105,000.00
GETF/NHIL(105,000 *5%)	5,250.00
VAT (105,000*15%)	15,750.00
	126,000.00

Hence tax payable is **GHS 26,000.00** (CST+NHIL+VAT)

10.3 How to determine the tax due on import of service where the service is used in furtherance of both taxable and exempt supplies

Where the imported service is applied to both taxable and exempt supplies, the formula below is used in determining the value of the imported services.

$$\frac{A \times C}{B}$$

Where;

- A is the total value of the exempt supply for the period
- B is the total value of taxable supply for the period
- C is the value of the imported service for the period

Illustration 3

Alpha Limited a registered entity engaged in both taxable and exempt supplies, imported service from Tup PLC located in Russia to the tune of GHS 2,000,000.00 which are not attributable to either taxable or exempt supply. The value of taxable supplies for the period June 202X was GHS 4,300,000 and exempt supply was GHS 5,700,000. This service is used by Alpha Limited for the production of both taxable and exempt supplies.

Required:

Determine the tax payable

Solution

(i) Determination of the taxable value of the import of services (for exempt supply)

$$\frac{A \times C}{B}$$

Where;

- A(value of exempt supply) = GHS 5,700,000.00
- B(value of total supplies) = GHS 10,000,000.00
- C(value of imported service) = GHS 2,000,000.00

Therefore,

Value of import of service for exempt supply

$$= \frac{5,700,000 \times 2,000,000}{10,000,000}$$

$$= 1,140,000$$

(ii) Computation of tax payable

Tax due = Taxable Value of import of service for exempt supply * Rate of Levies and Tax (5% and 15% respectively)

	GHS
Value of Import of Service for Exempt Supply	1,140,000

GETF/NHIL(1,140,000*5%)	57,000
VAT(1,140,00*15%)	171,000
Total tax payable = (GETF/NHIL + VAT)	**228,000**

11.0 Implementation of Digital Service Monitoring and VAT Collection System

Where the import of service constitutes a digital service affected by the implementation of the automatic collection of VAT , the following consideration shall apply:

i. Where the service provider, being a non-resident person, is not registered under section 15 of the Act, the VAT Automatic Collection System (VACS) will treat the invoice value as inclusive of the tax. The applicable tax will be withheld at the settlement and paid to GRA. The service importer is not obligated to charge or account for the tax when the service pertains to an exempt supply. It is essential for the importer to maintain fundamental records of the improted transaction(s).

ii. Where the VAT Automatic Collection System collects the tax on the importation of services, and those services are utilized for a taxable supply, the importer may claim the payment as input tax, provided the importer maintains the requisite records for review by the Commissioner-General.

iii. Where the non-resident person is registered under section 15 of the Act, the importer of the service will be invoiced by the registered non-resident person.

iv. When a registered non-resident person charges tax on the importation of a service that is utilized for a taxable supply, the importer of the service may claim the tax component of the payment as input tax, provided the importer maintains the requisite documentation for review by the Commissioner-General.

v. In cases of automatic VAT collection, the importer may not be obligated to comply with the withholding VAT obligation under section 56 of the Act even if appointed under section 55 and the Act

12.1 VAT WITHHOLDING

A. An appointed withholding agent must withhold tax at the rate of 7% of the taxable value of all local taxable supplies made by a taxable person/supplier at the time of payment. The difference of 8% of the taxable value and the levies, along with the taxable value is paid to the taxable person/supplier.

B. The appointed withholding agent shall issue to the supplier a withholding VAT certificate (WHVC) showing;
   i. the amount of VAT withheld.
   ii. TINs of both the Supplier and the Agent,
   iii. serial number on the invoice issued,
   iv. date of certificate issue.
   v. the nature of the transaction
   vi. the period of transaction

C. The withholding agent must file and pay the amount withheld to the Commissioner-General not later than the 15th of the ensuing month.

D. The withholdee (supplier) issued with the withholding VAT credit certificate is entitled to a tax credit in an amount equal to the tax withheld to reduce the tax liability.

E. A Value Added Tax Withholding Agent who withholds Tax and pays to the Commissioner-General is considered to have paid the amount withheld to the withholdee for the purposes of any claim by the withholdee for the payment of the amount withheld.

F. Where the amount of input tax which is deductible by the withholdee exceeds the amount of output tax due in respect of the tax period, the excess amount shall be credited by the Commissioner-General to the withholdee in the next tax period.

12 2. EXEMPTION FROM WITHHOLDING VAT

A VAT registered person, upon good cause shown may apply to the Commissioner-General for exemption from withholding VAT. The Commissioner-General may, on receipt of an application, exempt that person in writing from the withholding Tax. For the purpose of this, good cause may include;

(i) Submitted all tax returns on time
(ii) Payment of all taxes on time
(iii) Proper record keeping
(iv) Any other compliance requirement as determined by the Commissioner-General

13.UPDATE OF UPFRONT RELIEF REGISTER FOR MANUFACTURERS

The Upfront Relief Register for VAT is published by the Commissioner-General on the 1st of January of each year and subsequently updated every six months. All updates are done to take effect from the 1st of January and 1st July of each year.

14. SERVICES TO FREEZONE (Parag. 6 of 2nd Sch)

A supply of goods to a free zone developer or free zone enterprise is treated as a zero- rated supply provided that the developer or enterprise provides satisfactory documentation that its operations and the procedure for the acquisition of the supply satisfies the requirements of the Free Zone Act, 1995 (Act 504) as provided in the Practice Note on Supplies to and from Free Zones issued by the Commissioner-General.

However, a supply of service to a free zone developer or a free zone enterprise is taxable at the standard rate.

15.0 TRANSITIONAL PROVISION

15.1 REGISTRATION

- All VAT registered taxpayers remain registered until deregistered by the Commissioner-General.
- Service providers are required to register unless directed by the Commissioner-General to do otherwise.

15.2 CONVERSION

- All taxpayers currently under the VAT flat rate whose annual turnover exceeds GHS750,000.00 will be converted to the standard rate.
- Real Estate Developers will be converted to the standard rate.
- VAT registered individuals who do not meet the threshold following a verification by the Commissioner-General will be deregistered and migrated to the Modified Taxation System.

15.3 APPLICATION OF VAT RATE

- All VAT registered taxpayers are to charge the VAT at the standard rate
- The VAT rate and the Levies (GET/fund and NHIL) are imposed on the same taxable value
- For the supply of electronic communications service, the CST is to be charged and added to the cost to arrive at the taxable value before charging the VAT and levies. In other words, the CST is to be charged to determine the taxable value for computing the VAT and the levies.
- In the case of Excise, the Excise is to be charged and added to the cost (ex-factory price) to arrive at the taxable value before charging the VAT and levies.

15.4 FILING OF RETURNS

- The filing of VAT returns has not changed. VAT taxpayers are required to file their returns on or before the last day of the month immediately following the month to which the return relates.

- All VAT registered taxpayers who do not meet the annual turnover threshold of GHS750,000.00 would be required to charge and file returns until verified and deregistered.

- Registered taxpayers who have been verified by the Commissioner- General not to have met the threshold will be required to file NIL returns until deregistered.

- After deregistration, the taxpayer would not be required to charge and file a return.

- Individuals who do not meet the threshold following a verification by the Commissioner-General will be migrated to the modified taxation system.

15.5 TREATMENT OF INVENTORY

- When a flat rate taxpayer, including real estate developers, gets converted to standard rate, the Commissioner- General may grant input tax deduction on on-hand inventory so long as it has been declared in their filed VAT flat rate returns.

- An input tax deduction shall not be made
  (a) more than once; or

  (b) after the expiration of a period of six months after the date the deduction accrued

- Where the VAT flat rate person has not declared purchases (inputs), the taxpayer cannot make any claim. However, inputs relating to invoices of undeclared purchases within six (6) months may be claimed by the taxpayer.

- VAT flat rated persons who are deregistered (i.e. not qualified for VAT) should add the input tax to the cost.

- Standard rated taxpayers who are deregistered shall treat their unutilised input VAT as part of their cost.

15.6 UNUTILISED VAT/ VAT INVOICE IN USE

The VAT invoice currently in use contains a field for Covid-19 Health Recovery Levy. In completing the invoice, ignore the covid-19 levy field since the Covid-19 levy Act has been repealed.

Taxpayers who are still in possession of unutilised VAT flat rate invoices should return them to their assigned offices for the standard rate invoice booklet.

15.7 TAXPAYERS USING OWN COMPUTER-GENERATED INVOICES

Taxpayers with own computer-generated invoices approved by the Commissioner-General are required to configure their systems to reflect the prevailing VAT rate by the effective date of the implementation of the Act (i.e. 1st January 2026)

15.8 RELIEF FOR HOLDERS OF RECONNAISSANCE OR PROSPECTING LICENCE (3rd Schedule of the Act)

For the purposes of subsection (2) of section 38 of the Act, unless otherwise directed by the Minister, a person entitled to the relief shall be required to pay the tax and apply for refund in accordance with section 53 of the Act.

Holders of reconnaissance or prospecting licence issued under the Minerals and Mining Act, 2006 (Act 703) and registered with the Ghana Revenue Authority are entitled to the relief. Such persons shall be required to pay the tax and apply for refund in accordance with section 53 of the Act.

15.9 DEREGISTRATION

All suppliers of goods, whose annual turnover does not exceed GHS750,000.00 may be deregistered from the tax.

Cancellation of VAT registration may be initiated by the Commissioner-General where the taxpayer does not meet the threshold for registration. On the other hand, a taxpayer may apply to the Commissioner-General to be deregistered when the taxpayer satisfies the conditions for deregistration.

Signed..... Date.31-12-2025

Dr. Martin Kolbil Yamborigya
Ag. Commissioner, Domestic Tax Revenue Division
For: Commissioner General

Appendix

DERIVATION OF THE FRACTIONS

C = Cost

2.5% = 0.025 = NHIL

2.5% = 0.025 = GETfund Levy

9% = 0.09 = CST

12.5% = 0.125 = VAT

If C = the value of the service without taxes and the levies,

Then:

→ TOTAL INCLUSIVE VALUE = C + 0.025C + .025C +0.09C + [(0.125)(1.14C)

Where:

C = the value of the service without taxes and the levies

0.025C = the GETfund charged

0.025C = the NHIL charged

0.09C = the CST charged

(0.125)(1.14C = the VAT charged

Since C + 0.025C + .025C +0.09C = 1.14C

→ C + 0.14C + 0.1425C = 1.2825C

→ 1.2825C = Cost + NHIL + GETfund + CST + VAT

The NHIL and Get/Fund fractions are derived as:

2.5%/1.2825 = 0.025/1.2825 multiply through by 10,000 to remove the decimals

250/12825 dividing through with 25 yield **10/513** as the fraction for both NHIL and Get/Fund

The CST fraction is derived as:

9%/1.2825 = 0.09/1.2825 multiplying through by 10,000 to remove the decimals yield

900/12825 dividing through by 25 yield **36/513** as the fraction for extracting the CST.

VAT fraction is derived as:

12.5%/1.2825 = 0.1425/1.2825 multiplying through with 10,000 to remove the decimals yield

1425/12825 dividing through with 25 yields 57/513 as the VAT fraction.