

**ADMINISTRATIVE GUIDELINES FOR IMPLEMENTATION OF
THE NATIONAL HEALTH INSURANCE AND GHANA
EDUCATION TRUST FUND AMENDMENT ACTS**

AUGUST 24, 2018

1.0 INTRODUCTION

1.1 NATIONAL HEALTH INSURANCE LEVY (NHIL)

To give effect to the conversion of the NHIL into a levy that is not subject to the input-output mechanism, and delinking it from VAT by removing the option of input tax deductibility, Parliament amended the NHIA, 2012 (Act 852) by passing the National Health Insurance (Amendment) Act, 2018 (Act 971)

The levy is chargeable at a rate of 2½ % on the value of

- (i) every supply of goods and services provided in Ghana
- (ii) every importation of goods and
- (iii) supply of imported service,

unless otherwise exempted in the VAT Act, 2013 (Act 870) or Regulations made under it.

That the NHIL is imposed under a legislation (Act 852) which is separate and apart from the VAT Act, 2013 (Act 870) gives it a unique and different legal identity from VAT.

This distinction between VAT and the Levy emanating from their separate origins and basis in law needs to be upheld to the consumer (ie the general public) on whom falls the incidence of the imposts.

NOTE: In this Amendment (Act 971) also, any goods on which the VAT Flat Rate is imposed is not subject to the NHIL

1.2 GHANA EDUCATION TRUST FUND LEVY (GETFL)

In pursuit of the conversion of the GETFL into a levy not subject to the input-output mechanism, and delinking it from VAT by removing the option of input tax deductibility, Parliament amended the Ghana Education Trust Fund Act, 2000 (Act 581) by passing the Ghana Education Trust Fund (Amendment) Act, 2018 (Act 972)

The levy is chargeable at a rate of 2½ % on the

- i) Value of the taxable supply of goods or services provided in Ghana
- ii) Value of importation of goods
- iii) Supply of imported services,

unless otherwise exempted in the VAT Act 2013 (Act 870) or Regulations made under it.

That the GETFL is imposed under an amendment Act 972 which is separate and apart from the VAT Act, 2013 (Act 870) gives it a unique and different legal identity from VAT.

This distinction between VAT and the GETFund Levy emanating from their separate origins and basis in law needs to be upheld to the consumer (ie the general public) on whom falls the incidence of the imposts.

NOTE: In this Amendment (Act 972) also, any goods on which the VAT Flat Rate is imposed is not subject to the GETFL

It should also be noted that both amendments provide for the application of the VAT Act, 2013 (Act 870) and its amendments, with the necessary modifications to the collection of the levies.

2.0 KEY FEATURES OF THE NHIL & GETFL

Other important facts that need to be upheld to the consumer and VAT Registered Taxpayers are that:

- i) VAT Registered Taxpayers cannot claim the NHIL & the GET fund levies charged on their purchases (ie the levies are not subject to input tax deduction)
- (ii) Goods charged at the VAT Flat Rate of 3% by wholesalers and retailers are not subject to the NHIL & the GET fund Levies
- (iii) The levies are to be charged at every stage that a VAT Standard rated supply is made by a VAT Registered Taxpayer

The application of the provisions of the VAT Act, 2013 (Act 870) to the collection of the GETFL as provided under the GETF (Amendment) Act 2018 (Act 972) and the collection of the NHIL as provided by NHI (Amendment) Act 2018 (Act 971) implies that, unless otherwise directed or specified by the Commissioner General, the processes, procedures, documentation and compliance requirements for the collection of VAT shall hold good for the collection of both levies.

In both Amendments the Ghana Revenue Authority is responsible for the collection of both levies and the Revenue Administration Act 2016 (Act 916) would be used in the administration of both levies

NOTE:

- a. The amendment also implies that VAT registered persons are to now account for NHI and GETFund levies on imported services (which include management and technical services, patents, licenses, etc.) on monthly NHIL and GETFund returns.
- b. Supplies in respect of matters set out in the Second Schedule of the VAT Act, 2013 (Act 870) are also zero-rated as regards the two levies.
- c. It can be inferred from (ii) above that all standard rated VAT registered taxpayers who are manufacturers or service providers are affected by these amendments

3.0 THE BASE OR THE TAXABLE VALUE TO CHARGE THE LEVIES

In view of the fact that both amendments (Act 971 and Act 972) indicate that the Revenue Administration Act, 2016 (Act 915) and the VAT Act 2013 (Act 870) apply in the administration and collection of the NHIL and GETFL, then the base or taxable value on which the levy would be applied would be the value of the supply, excluding the chargeable levies and the deductible VAT.

By implication, all non-deductible levies and taxes should be factored into the cost build up (i.e. treated as costs) to the base on which to compute the NHI and GETFund levies. These costs (levies and taxes) incurred can however be treated as deductible expenses in the financial statements.

4.0 COMPUTATION OF THE NHIL , GETFL & VAT

- i) The 2½% NHIL and the 2½% GETFL shall be computed on the value of the taxable supply which includes all cost incurred except deductible VAT
- ii) The 12½% VAT shall be computed on the NHIL and GETFL charged inclusive value of the taxable supply

Example

| TAXPAYER 1 | | | GHS |
|-------------------|--------------------------------|---------|----------------|
| A | TAXABLE VALUE | | 100 |
| B | GET FUND(2.5%) | | 2.5 |
| C | NHIL(2.5%) | | 2.5 |
| D | TOTAL(A+B+C) | | 105 |
| E | VAT(12.5%) | 12.5%*D | 13.125 |
| F | INVOICE VALUE (D+E) | | 118.125 |

| TAXPAYER 2 | | | |
|-------------------|----------------------------------|---------|------------------|
| F | COST | A+B+C | 105 |
| G | MARGIN | | 10 |
| H | TAXABLE VALUE 2 | F+G | 115 |
| I | GET FUND(2.5%) | H*2.5% | 2.875 |
| J | NHIL(2.5%) | H*2.5% | 2.875 |
| K | TOTAL VALUE | H+ I+ J | 120.75 |
| L | VAT(12.5%) | K*12.5% | 15.09375 |
| | INVOICE VALUE 2 (K+L) | | 135.84375 |

5.0 EXTRACTING THE VAT & LEVIES FROM THE LEVIES INCLUSIVE AMOUNT

- (i) The new fraction for extracting the VAT (ie 12½% of the VAT inclusive price) is applying **1/9** to the inclusive amount (ie Selling price)
- (ii) The fraction for extracting the **NHIL** is by applying **4/189** to the inclusive amount
- (iii) The fraction for extracting the **GETF** Levy is by applying **4/189** to the inclusive amount

6.0 VAT, NHIL & GET FUND LEVY INVOICE

Modified Commissioner General invoices would be made available to reflect the change, that is, isolating the levies from VAT. In the issuance of these invoices, the fields for VAT and NHIL & GET FUND LEVY should be completed.

7.0 AUTHORIZED OWN COMPUTER GENERATED INVOICE

- i) VAT Registered taxpayers authorized to print own computer generated invoice are obliged to ensure that the invoices they issue contain all the information required under Regulation 22 of the VAT Regulation, 2016 (LI 2243).
- ii) Authorized computer generated invoice must be modified to provide specifically for the following in ***addition to the VAT of 12½%***:
 - a) a separate line for NHIL at a rate of 2½ %
 - b) a separate line for GET FUND LEVY(GFL) at a rate of 2½ %
 - c) a line for the total of NHIL & GFL

8.0 RETURNS SUBMISSION RELATING TO NHIL & GET FUND LEVY

All taxpayers charging the NHIL & GETF levies are required to file NHIL & GETF levy returns and pay the related levies by the last working day of the month immediately following the month to which the return relates (**Copy attached**).

For instance, returns for the month of August 2018 are required to be filed (and the related levies paid) by the last working day of September 2018, and should reflect all changes occasioned by the amendments. For example, no input tax is to be claimed on the levies on these returns.

Where no NHIL and GETF levy is charged with respect to a period for which the taxpayer would otherwise remit the levies to the Commissioner General, the taxpayer shall furnish the Commissioner-General with a return showing that no levies were charged in that period. That is the taxpayer would file a NIL Return.

9.0 RECORD-KEEPING REQUIREMENTS

In order to facilitate the conduct of compliance activities by GRA, Taxpayers charging the levy are expected to maintain the required

records in line with the relevant provisions of the VAT Act, 2013 (Act 870), as amended, and the VAT Regulations, 2016 (L. I. 2243).

10.0 TRANSITIONAL PROVISIONS

i) Stocks of Outstanding Standard VAT/NHIL Invoice

Booklets

To ensure a smooth transition VAT Registered Taxpayers would continue to issue to their clients the Commissioner General's VAT invoices in their possession while arranging to either acquire the *modified Commissioner General's Invoice* or modify *their accounting software to accommodate these levies*,

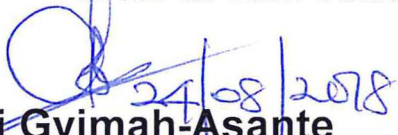
Taxpayers should indicate on sales invoices issued to their clients that '**AMOUNT IS INCLUSIVE OF VAT, NHIL & GETFL**' or

'VAT, NHIL & GETFL INCLUSIVE AMOUNT'

VAT Registered Taxpayers should also ensure that they compute the VAT on the NHIL and GETFL charged inclusive value of the taxable supply.

ii) Outstanding VAT/NHIL Returns

All VAT registered persons who are supposed to account for the levies on the new NHI and GETFund levy return but have VAT/NHIL returns outstanding as at July 31, 2018, are required to file all such outstanding returns before September 30, 2018.


Kwasi Gyimah-Asante
Commissioner
Domestic Tax Revenue Division

DATED: AUGUST 24, 2018



GHANA REVENUE AUTHORITY



DOMESTIC TAX REVENUE DIVISION

MONTHLY NHIL & GET Fund LEVY RETURN

(PLEASE REFER TO THE COMPLETION NOTES OVERLEAF FOR GUIDANCE IN COMPLETING THIS RETURN)

CURRENT TAX OFFICE

| | | | |
|-----|-----|-----|--|
| LTO | MTO | STO | |
|-----|-----|-----|--|

(Tick one)

Name of GRA Office

FOR THE PERIOD

MM/YYYY

NAME

TIN

| | | | | | | | | | |
|--|--|--|--|--|--|--|--|--|--|
| | | | | | | | | | |
|--|--|--|--|--|--|--|--|--|--|

CURRENCY (GHS)

If Return for the period is "NIL" tick HERE 0 then proceed to the **DECLARATION**

| SUPPLY OF GOODS AND SERVICES: OUTPUTS DURING THIS MONTH | TAXABLE VALUE | | RATE % | LEVY |
|--|---------------|--|--------|------|
| NHIL | 1 | | 2 | 3 |
| GETFund LEVY | 4 | | 5 | 6 |
| | | | | |
| TOTAL NHIL & GETFund LEVY PAYABLE | | | | 7 |
| Zero Rated | 8 | | | |
| Relief | 9 | | | |
| TOTAL VALUE OF TAXABLE SUPPLIES - (SUM UP BOXES 1, 8 AND 9) | 10 | | | |
| Exempt | 11 | | | |
| Total Supplies (SUM BOXES 10 & 11) | 12 | | | |

DECLARATION

I, _____ hereby declare that the information above is complete and accurate.
Name of Declarant

Designation / Position

Contact No.

Signature

Date

For official use only

Vetted By:

Full Name

Rank / Staff No.

Signature

Date

Stamp

MONTHLY NHIL & GET FUND LEVY RETURN COMPLETION NOTES

If you need further clarification or assistance in completing this form please contact your nearest Domestic Tax Revenue Division Office

The return should be completely filled. (Note instructions for Box 0). All boxes should be completed.

Where a response is not applicable enter N/A for text or zero (0) for value or number boxes.

| |
|--|
| CURRENT TAX OFFICE: The present GRA office assigned to a taxpayer where taxpayer transacts business |
| FOR THE PERIOD: This is the month and year for which NHIL & GET FUND LEVY had been charged and to be accounted for(e.g. the period of NHIL & GET FUND LEVY Return for June 2013 should be completed as 06/2013) |
| NAME: This is the legally registered name of the company at the Registrar General Department. OR an Individual in terms of Sole Proprietors |
| TIN : This is the Eleven (11) character Taxpayer Identification Number |
| BOX 0. If for any reason there has been no trading during the period (i.e. month) the form must still be completed as a 'NIL' return by entering a tick in the BOX provided. Remember that no other BOX entries are required but the DECLARATION must still be completed and the form submitted by the due date |
| BOX 1. Enter the VAT & NHIL & GET FUND LEVY exclusive value of taxable goods AND SERVICES made during the month. Remember to exclude the values of zero rated supplies, supplies on which the VAT & NHIL&GET FUND LEVY has been remitted/relieved and supplies exempted from the VAT & NHI& GET FUND LEVY. |
| BOX 2. Enter the Rate of NATIONAL HEALTH INSURANCE LEVY applicable |
| BOX 3. Enter the amount of NATIONAL HEALTH INSURANCE LEVY charged |
| BOX 4. Enter the VAT & NHILGET FUND LEVY exclusive value of taxable goods AND SERVICES made during the month. Remember to exclude the values of zero rated supplies, supplies on which the VAT & NHIL & GET FUND LEVY has been remitted/relieved and supplies exempted from the VAT & NHI& GET FUND LEVY . |
| BOX 5. Enter the Rate of GET FUND LEVY applicable |
| BOX 6. Enter the amount of NATIONAL HEALTH INSURANCE LEVY charged. |
| BOX 7. Enter the SUM OF NHIL & GET FUND LEVY CHARGED |
| BOX 8 Enter the VAT & NHIL & GET FUND LEVY to be charged exclusive value of any Exports and the proceeds from the supply of goods as part of a transfer of a going concern made during the month |
| BOX 9 Enter the VAT & NHIL & GET FUND LEVY to be charged exclusive value of any supplies made during the month on which authority has been granted to REMIT/RELIEF (not charged) the VAT & NHIL amount which would normally have been chargeable. |
| BOX 10 Enter the VAT & NHIL & GET FUND LEVY to be charged exclusive value of total supplies made during the month, i.e. the sum of Boxes 1, 8 and 9. |
| BOX 11 Enter the VAT & NHIL & GET FUND levy to be charged exclusive value of any EXEMPT supplies made during the month |
| BOX 12 Enter the value of Total Supplies made during the month. Sum up amounts in Boxes 6 and 7 |

The DECLARATION must be signed as follows:

- Sole Proprietor- only by the Sole Proprietor
- Partnership –one of the Partners
- Company - A Director or Company Secretary