



GRA

GHANA REVENUE AUTHORITY

PRACTICE NOTE ON ACCEPTING SECURITY UNDER THE REVENUE ADMINISTRATION ACT, 2016 (ACT 915)

Practice Note No: RAA/2020/03

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1.0 PREAMBLE

This Practice Note is issued in respect of Accepting Securities for an obligation under section 8 of the Revenue Administration Act, 2016 (Act 915).

2.0 INTERPRETATION

In this Practice Note the word “Act” means the Revenue Administration Act. Definitions and expressions used in this Practice Note have the same meaning as they have in the Act.

3.0 THE PURPOSE

This Practice Note provides direction and guidance on the interpretation and application of Section 8 of the Act which provides for Accepting Securities for an obligation under the tax law on terms and condition specified by the Commissioner – General.

4.0 APPLICATION OF THE LAW

For the purpose of this practice note, security constitutes satisfactory arrangement between the Commissioner- General and the taxpayer that an obligation to the Ghana Revenue Authority will be fulfilled.

4.1 FORMS OF SECURITIES

The security which shall be accepted for an obligation under the Act may take the following forms:

- a. bank deposit or banker’s draft;
- b. cash deposit or the equivalent of a cash deposit;
- c. bond or guarantee;
- d. undertaking by an authorized economic operator;
- e. charge, lien, mortgage or other fixed interest over property; or
- f. letters of credit
- g. a combination of “a” to “f” above

For the purposes of this practice note, the securities listed above have the following meanings:

- a) **Bank deposit or banker's draft:** A document, ordering the payment of money, drawn by one person or bank on another.
- b) **Cash deposit or the equivalent of a cash deposit:** A sum of money lodged as a guarantee for the payment of tax or other sums as may become chargeable. **The equivalent of cash deposit** is any financial instrument capable of being converted into cash immediately which is acceptable to the Commissioner-General.
- c) **Bond:** A bond is a written and signed promise to pay a certain sum of money on a certain date, or on fulfilment of a specified condition. It is an undertaking in due legal form by which a person binds himself to the Commissioner-General to do or not to do some specific act.
- d) **Guarantee:** A pledge on a part of a bank or any other financial institution to make a taxpayer's debt good in the event that he/she cannot pay it.
- e) **Undertaking by an Authorised Economic Operator:** Undertaking by an Authorised Economic Operator (AEO) as defined under section 108 of the Act.
- f) **Charge:** interest in property granted as security for a loan
- g) **Lien:** A right to keep possession of property belonging to another person until a debt owed by that person is discharged. A lien could also be a charge or encumbrances upon property for the satisfaction of a debt or other duty that is created by the agreement of the parties or especially by operation of law;
- h) **Mortgage:** a lien against a property that is granted to secure an obligation (as a debt) and that is extinguished upon payment or performance according to stipulated terms.
- I) **a combination of securities:** where more than one security is accepted to secure an obligation under the tax law, the total security shall be equal to the tax liability.
- J) **letters of credit:** are written undertaking by a bank (issuing bank) acting at the request and on the instructions of the taxpayer to make payment to the Commissioner – General.

4.2 CONDITIONS FOR ACCEPTING SECURITY:

The taxpayer shall comply with the following conditions when providing a security for an obligation under the Act:

- a) The taxpayer or the person providing security for the taxpayer shall be duly registered for Taxpayer Identification Number
- b) The taxpayer shall be in good standing with respect to compliance with the tax law.
- c) The credibility of the taxpayer's guarantor shall be to the satisfaction of the Commissioner General.
- d) With respect to land and building, the taxpayer shall have a title deed and other proof of ownership and the land and building shall be free from all encumbrances or the taxpayer must have sufficient interest in the property to meet the requirement of the liability.
- e) With respect to 4.2(d) above the land/Building shall be valued by a registered valuer at the expense of the taxpayer.
- f) Notwithstanding the conditions above (a to e), the Commissioner – General may request for any other conditions where the Commissioner – General considers appropriate.

4.3 SURETY OF SECURITY:

A surety under a bond or other securities taken for the purpose of tax obligation shall be jointly and severally liable with the principal of the bond.

The Commissioner General may require a person to execute a new bond or any form of security required by this Act, where for any reason, in the opinion of the Commissioner General the person is unable to satisfy the bond.

4.4 RELEASE AND CANCELLATION OF SECURITY:

The conditions for release and cancellation of a security are spelt out in the bond or security agreement.


4.5 VALIDITY OF SECURITY

The validity of a security shall be the same validity term spelt out in the bond or security agreement.

4.6 ENFORCEABILITY OF SECURITY:

The enforceability of a security shall be in accordance with the terms as spelt out in the bond or security agreement.

Signed 

Date 

Ammishaddai Owusu-Amoah
Ag. Commissioner-General