



GRA

GHANA REVENUE AUTHORITY

PRACTICE NOTE ON PAYMENT OF TAX REFUND UNDER THE REVENUE ADMINISTRATION ACT, 2016 (ACT 915)

Practice Note No: RAA/2020/05
Date of Issue: 30th April, 2020

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1.0 PREAMBLE

The Practice Note is issued in respect of Payment of Tax Refund under sections 66 to 68 of the Revenue Administration Act, 2016 (Act 915).

2.0 INTERPRETATION

In this Practice Note, the word “Act” means the Revenue Administration Act, 2016 (Act 915). 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 66 to 68 which provides for Payment of Tax Refund under the Act.

4.0 APPLICATION OF THE LAW

4.1 PAYMENT OF TAX REFUND

Where the Commissioner-General is satisfied that a refund has to be made, he shall

1. use the refund to reduce any outstanding tax liability (all tax types) of the taxpayer; and
2. pay any excess after the reduction above to the taxpayer within ninety days from the date of making the decision.

4.2 PRESCRIBED RULES FOR PAYMENT OF TAX REFUND UNDER THE LAW

1. A refund process may be initiated through an application by a taxpayer within three years of the relevant date or at the instance of a court order.
2. The Commissioner General must be satisfied that a person has paid excess taxes through a verification process which may include a tax audit.

3. The Commissioner General shall, within sixty days of receipt of an application for a refund consider and make a decision that the Commissioner - General considers appropriate and shall communicate the decision of the Commissioner –General to the applicant in writing.

4. Upon establishing that the applicant has paid excess tax, the Commissioner General shall

- (i) apply the excess to defray any outstanding tax liability of the applicant and
- (ii) refund the remainder to the person within ninety days of making the decision

5. An overpayment established under a particular tax type may be used to defray a liability of another tax type in an order of payment to be determined by the Commissioner General

6. Where the Commissioner General is not satisfied that the applicant has paid excess tax, the Commissioner General may request further information as may be necessary in order to make a final decision on the application

7. Where the Commissioner–General refund tax in error, the Commissioner may recover the refund as a tax liability

8. Where the Commissioner–General fails to refund the excess tax within ninety days, the Commissioner General is liable to pay interest on the amount to the taxpayer

ILLUSTRATION 1

1. Love All Company Ltd, is a taxpayer registered at the Osu MTO.

The company is registered with the following tax types:

- I. Company Income Tax
- II. Pay As You Earn

III. Value Added Tax

IV. Withholding Taxes

The following details were extracted from the tax file of the company.

Year 2019.

- I. Company Tax: Tax Charged.....GHC 200,000.00
- II. Company Tax: Tax Paid..... GHC 350,000.00
- III. Withholding Taxes: (Per Returns)... GHC 180, 000.00
- IV. Withholding Tax: Tax Paid.....GHC 180,000.00
- V. PAYE (Per Tax Return).....GHC 320,000.00
- VI. PAYE Tax Paid..... GHC 320,000.00
- vii. VAT Output tax outstanding..... GHC80, 000.00

A tax audit conducted in 2020 in respect of 2019 year of assessment revealed the following details:

- PAYE: Additional Assessment.GHC60,000.00
- PAYE: Interest..... GHC18,000.00

REQUIRED

- I. Determine the tax position of each tax type and use any overpayment from a tax type to reduce the outstanding in any other tax types in 2019 year of assessment.

The company's tax position shall be extracted as follows:

Y/A	TAX TYPE	TAX CHARGE	TAX PAID	TAX OUTSTANDING	TAX REPAYABLE
2019	CIT	200,000	350,000.00	-	150,000
2019	PAYE	398,000	320,000-	78,000.00	-

2018	WHT	180,000	180,000	-	
2018	VAT	80,000	-	80,000	
TOTAL		858,000	850,000	158,000	150,000
PAYMENT /REFUND				158,000- 150,000 = 8,000.00	

ILLUSTRATION 2

PREVIOUS YEAR'S ARREARS BEING USED TO REDUCE CURRENT YEAR'S OVERPAYMENT

Assuming Love All Company Ltd has a tax overpayment of GHC150,000 in respect of corporate taxes for 2018 Year of Assessment.

The following details were extracted from the tax file of the company.

Year 2019.

- I. Company Tax: Tax Charged.....GHC 200,000.00
- II. Company Tax: Tax Paid..... GHC 150,000.00
- III. Value Added Input Tax Claimed.....GHC 80,000.00

REQUIRED

Extract the final tax position for the period (2018 and 2019)

The company's tax position shall be extracted as follows:

Y/A	TAX TYPES	TAX CHARGED	TAX PAID	TAX OUSTANDING	TAX REPAYABLE
2018	CIT	200,000	350,000	NIL	150,000
2019	CIT	200,000	150,000	50,000	
2019	VAT(INPUT)		80,000		80,000
TOTAL		400,000	580,000	50,000	230,000
PAYMENT/ REFUND					230,000- 50,000 = 180,000

Signed.....


Date 28/5/20

Ammishaddai Owusu-Amoah
Ag. Commissioner-General