VALUE ADDED TAX (AMENDMENT) ACT, 2023 Act 1107

ARRANGEMENT OF SECTIONS

Section

1. Section 3 of Act 870 amended
2. Sections 47D and 47E inserted
3. Section 48 of Act 870 amended
4. First Schedule to Act 870 amended
5. Second Schedule to Act 870 amended

Act 1107

THE ONE THOUSAND ONE HUNDRED AND SEVENTH

ACT

OF THE PARLIAMENT OF THE REPUBLIC OF GHANA
ENTITLED

VALUE ADDED TAX (AMENDMENT) ACT, 2023

AN ACT to amend the Value Added Tax Act, 2013 (Act 870) to provide for a flat rate of tax on the rental of commercial premises other than commercial rental establishments; to provide for a flat rate of tax on the supply of immovable property by an estate developer; to extend the zero tax rate for locally manufactured textiles and locally manufactured vehicles; to introduce a zero tax rate for locally manufactured sanitary towels; to waive the tax on electric vehicles for public transportation; to review the exemptions for specified goods and services and provide for related matters.

DATE OF ASSENT: *29th December, 2023.*

PASSED by Parliament and assented to by the President

Section 3 of Act 870 amended

1. The Value Added Tax Act, 2013 (Act 870) referred to in this Act as the "principal enactment" is amended in section 3 by the insertion after subsection (3), of

"(4) Where a taxable person makes a taxable supply of an immovable property for rental purposes

other than for accommodation in a dwelling or in a commercial rental establishment, that person shall account for the tax payable under this section at a flat rate of five per cent calculated on the value of the taxable supply.

(5) Where a taxable person who is an estate developer makes a taxable supply of an immovable property, that person shall account for the tax payable under this section at a flat rate of five per cent calculated on the value of the taxable supply.".

Sections 47D and 47E inserted

2. The principal enactment is amended in section 47 by the insertion after section 47C, of

"47D. An appointed withholding agent who fails to withhold Value Added Tax and remit to the Commissioner-General by the 15th day of the month following that in which the amount was due under this section shall pay

(a) the Value Added Tax that should have been withheld; and

(b) a penalty of thirty per cent of the amount.

47E. An appointed withholding agent who fails to withhold Value Added Tax but pays the Value Added Tax that should have been withheld to the Commissioner-General is entitled to recover an equal amount from the person receiving or entitled to receive a payment from which Value Added Tax is required to be withheld under this section.".

Section 48 of Act 870 amended

3. The principal enactment is amended in section 48

(a) by the insertion after paragraph *(b)* of subsection (1), of

"(c) an amount equal to the tax fraction of any amount paid during the tax period by the taxable person to indemnify another person under a non-life insurance contract where

(i) the supply of the non-life insurance contract is a taxable supply;

(ii) the payment is not in respect of the supply of goods or services to the taxable person or the importation of goods or services by the taxable person;

(iii) the supply of the non-life insurance contract is not a supply charged with tax at a rate of zero per cent under section 36; and

(iv) the payment does not result from a supply of goods or services to that other person where those goods are situated outside Ghana or those services are physically performed elsewhere than in Ghana at the time of the supply" and;

(b) by the insertion after subsection (7D), of

"(7E) A taxable person to whom subsection (4) of section 3 applies does not qualify for an input tax deduction in respect of a supply of immovable property for rental purposes; and

(7F) A taxable person to whom subsection (5) of section 3 applies does not qualify for an input tax deduction in respect of a supply of immovable property.".

First Schedule to Act 870 amended

4. The principal enactment is amended in the First Schedule

(a) by the substitution for the definition of "estate developer" at paragraph 2, of

""**estate developer**" means a commercial establishment or an individual engaged in the business of construction or renovation and supply of immovable property;";

(b) by the substitution for the opening phrase of paragraph 6, of

"6. A supply of the following inputs for agricultural purposes";

(c) by the substitution for subparagraph (2) of paragraph 10, of

"(2) The exemption in subparagraph (1) does not apply to

(a) imported
(i) textbooks,
(ii) exercise books,
(iii) newspapers,
(iv) publications; and
(v) charts;
(b) architectural plans and similar plans;
(c) drawings;

(d) scientific and technical works;
(e) periodicals;
(f) magazines;
(g) trade catalogues;
(h) price lists;
(i) greeting cards;
(j) almanacs;
(k) calendars;
(l) diaries and stationery; and
(m) other printed matter.";

(d) by the substitution for paragraph 15, of

"15. A supply of domestic transportation of passengers by road, rail and water, except the supply of haulage or the rental or hiring of passenger and other vehicles.";

(e) by the substitution for subparagraph *(a)* of paragraph 18, of

"(a) immovable property, including land used or intended for use for the purpose of a dwelling but excluding the supply of immovable property by an estate developer;";

(f) by the substitution for paragraph 19, of

"19. A supply of financial services excluding non-life insurance.";

(g) by the deletion of paragraph 21; and

(h) by the substitution for paragraph 27, of

"27. (a) importation of plant and machinery designed specifically for use in the automobile industry and kits by an automobile manufacturer or assembler who is registered under the Ghana

Automotive Manufacturing Development Programme; and

(b) importation of electric vehicles for public transportation.".

Second Schedule to Act 870 amended

5. The principal enactment is amended in the Second Schedule by

(a) the substitution for subparagraph (10) of paragraph 2, of

"(10) A supply of locally manufactured textiles up to 31st December, 2025 by a local manufacturer who has been approved by the Minister responsible for Trade and Industry.";

(b) the substitution for subparagraph (11) of paragraph 2, of

"(11) A supply of locally assembled vehicles under the Ghana Automotive Development Programme from 1st September, 2022 to 31st December, 2025."; and

(c) the insertion after subparagraph (11) of paragraph 2, of

"(12) The supply of locally manufactured sanitary towels.".

Date of *Gazette* notification: 29th December, 2023.

PRINTED BY GHANA PUBLISHING COMPANY LTD. ASSEMBLY PRESS, ACCRA. GPCL/A003/450/1/2024
Website:www.ghanapublishing.com Email:info@ghanapublishing.com Tel: +233 0302-664338/9