

## Ghana – Tax changes 2023

The Income Tax (Amendment) Act, 2023 (Act 1094) has amended the Income Tax Act, 2015 (Act 896) by revising the rates of income tax for individuals and introducing an additional income tax bracket as well as revised the upper limits for the quantification of motor vehicle benefits. These amendments take effect as of 01 April 2023.

The personal income tax bands will adopt the minimum wage for 2023 as the tax-free threshold.

The government introduced an additional tax band at 35% as part of the high net worth taxation policy.

The upper limits for the quantification of motor vehicle benefits have been revised to account for inflation.

Bills require Presidential assent as well as gazette publication before they can become law. Paymaster relies on gazette publication and distribution to ensure regulatory compliance during the implementation of the amending laws.

Click [here](#) to access the Act.

## Tax changes April 2023

### Motor Vehicle Benefit (Fourth Schedule)

| Lower Income Limit | Upper Income Limit | Income Threshold | Marginal Rate | Tax on Threshold |
|--------------------|--------------------|------------------|---------------|------------------|
| 0                  | 4 824.00           | 0                | 0             | 0.00             |
| 4 824.00           | 6 144.00           | 4 824.00         | 5%            | 0.00             |
| 6 144.00           | 7 704.00           | 6 144.00         | 10%           | 66.00            |
| 7 704.00           | 43 704.00          | 7 704.00         | 17.5%         | 222.00           |
| 43 704.00          | 240 444.00         | 43 704.00        | 25%           | 6 522.00         |
| 240 444.00         | 600 000.00         | 240 444.00       | 30%           | 55 707.00        |
| 600 000.00         | 999 999 999.00     | 600 000.00       | 35%           | 163 573.80       |

### Income Tax Brackets (First Schedule)

| No | Benefit                     | Rate   |
|----|-----------------------------|--|
| 1  | Diver and vehicle with fuel | 12.5% of the employee's total cash emoluments up to a maximum of <b>GHC 1 500.00</b> per month |
| 2  | Vehicle with fuel           | 10% of the employee's total cash emoluments up to a maximum of <b>GHC 1 250.00</b> per month   |
| 3  | Vehicle only                | 5% of the employee's total cash emoluments up to a maximum of <b>GHC 625.00</b> per month      |
| 4  | Fuel only                   | 5% of the employee's total cash emoluments up to a maximum of <b>GHC 625.00</b> per month      |

## Paymaster Impact

- The new tax tables and motor vehicle benefits have been implemented on the system effective 01 April 2023.
- Ghana payrolls were NOT automatically recalculated and customers should recalculate when ready.
- Customers are advised to untick the "Do a YTD calculation in Dec and for terminations " field **before recalculating**, to circumvent two tax tables in one tax year. This field can be ticked again in **January 2024** when the new tax year starts (Config > Basic Settings > Company Settings > Basic Company Information > Statutory Fields).

Do a YTD calculation in Dec and for terminations:

- **To apply the new rates in April 2023**

Scenario 1: If the April run is still open and employees have not been paid, customers need to recalculate to apply the new rates. No manual adjustments will be necessary.

Scenario 2: If the April run is closed, add a post-run linked to April with the run description **GhanaFY23 StatutoryUpdate**. This post-run will not be billed with our Paymaster invoice. Manual tax adjustments should be done if applicable (currently tax refunds are suppressed and will not show on the current payslip).