

**ARRANGEMENT OF REGULATIONS**

**PART I – REGISTRATION OF TAXABLE PERSONS**

1. Application for registration
2. Registration name
3. Group registration for purposes of section 5(8) of the Act
4. Separate registration of branches of business
5. Transfer of a going concern
6. Notification of registration and non-registration
7. Request for further information
8. Taxpayer identification number
9. Display of VAT registration certificate

**PART II – SUPPLY OF GOODS AND SERVICES**

10. Supplies made by a partnership
11. Supplies made to members of a group

**PART III – TAXABLE SUPPLIES**

12. Supplies made by non-resident persons
13. Supplies made to a non-resident leaving the country
14. Non-traditional exports

**PART IV – TIME AND PLACE OF SUPPLY**

15. Rules for the place of supply of services
16. Deposits
17. Goods supplies on sale or return
18. Imported goods
19. Tax invoices
20. Retention of tax invoices

## **PART V – TAXABLE VALUE**

- 21. Adjustment of values; bad debts
- 22. Adjustment of values; debit and credit note

## **PART VI – DEDUCTION OF INPUT TAX AND REFUNDS**

- 23. Non-deductible input tax
- 24. Input tax credit without a tax invoice
- 25. Purchases prior to registration
- 26. Deductible tax for mixed taxable and exempt supplies
- 27. Refunds
- 28. Application of subtraction method to used goods

## **PART VII – TAX RETURN, RECORDS AND ASSESSMENT**

- 29. Specimen tax return form
- 30. Special retail schemes
- 31. Annual adjustments
- 32. Notification of decision of Commissioner on operation of a special retail scheme
- 33. Retail sales receipt
- 34. The use of electronic cash registers under a special retail scheme
- 35. Other schemes to be approved by the Commissioner
- 36. Withdrawal of privilege
- 37. VAT records
- 38. Records to be maintained by independent units
- 39. Records to be maintained by a registered group
- 40. Assessment to include interest and penalties

## **PART VIII – RECOVERY OF DUE TAX, INTEREST AND OTHER LIABILITIES**

- 41. Liability of persons ceasing to be partners
- 42. Liability of members of a group

## **PART IX – MISCELLANEOUS PROVISIONS**

- 43. Use of banks
  - 44. Credit for sales tax paid
  - 45. Contracts entered into before and after the effective date of the tax
  - 46. VAT manuals
  - 47. Interpretation
- Schedule

L.

## **VALUE ADDED TAX REGULATIONS, 1998**

IN exercise of the powers conferred on the Minister responsible for Finance by section 74 of the Value Added Tax Act, 1998 (Act 546), these Regulations are made this 8<sup>th</sup> day of June, 1998.

### **PART I – REGISTRATION OF TAXABLE PERSONS**

#### **Application for registration –**

1. (1) A person who –
  - (a) qualifies as a taxable person; or
  - (b) has grounds to believe that he will qualify as a taxable person, on the effective date shall, not less than thirty (30) days before the effective date apply to the Commissioner for registration as a taxable person on Form A provided in the Schedule.
- (2) A person who after the effective date of the tax –
  - (a) qualifies as a taxable person; or
  - (b) has grounds to believe that he will qualify as a taxable person shall, within thirty (30) days of qualifying or having grounds to believe he will qualify as a taxable person, apply to the Commissioner on Form A in the Schedule to be registered as a taxable person.

#### **Registration name –**

2. The name for registration as a taxable person shall –
  - (a) in the case of an individual, be the name of the individual except that where the application indicates a business registered name, both the individual name and the business name shall be recorded;
  - (b) in the case of a partnership, be the name of the application form for registration.
  - (c) in any other case, be the name submitted on the application form for registration.

### **Group registration for purposes of section 5(8) of the Act –**

3. (1) On an application two or more corporate bodies may be registered as members of a group under section 5(8) of the Act, if each is a registered corporate body in Ghana and has an established place of business in Ghana; and

- (a) one of them controls the others in the group; or
- (b) one company controls all the members of the group.

(2) Subject to sub-regulations (3) and (4) of this regulation, where a group of taxable persons apply to be treated for the purpose of payment of the tax as one designated taxable person, the Commissioner may by written notice to the applicants –

- (a) approve that the persons form a registrable group for the purposes of section 5(8) of the Act;
- (b) nominate a representative member for the group; and
- (c) register the persons as a group.

(3) The Commissioner may before registering a number of persons as a group under sub-regulation (2), direct that a specified person be included in the group or excluded from the group.

(4) The Commissioner may after the registration of a group under this regulation, in writing to the group –

- (a) substitute another member of the group as the representative member of the group;
- (b) include a further company from the group;
- (c) exclude a company from the group;
- (d) declare the group registration cancelled,

where he considers it necessary to do so for the effective collection of the tax.

### **Separation registration of branches of business –**

4. A taxable person shall, in his application for separate registration state to branches and divisions including self-accounting branches where there are more than two branches or divisions of his business.

### **Transfer of a going concern –**

5. Where a business carried on by a taxable person is transferred to another person as a going concern and the transferee is not registered under the Act at the time of transfer, the transferee shall upon the effective collection of the tax.

**Notification of registration and non-registration –**

6. (1) The Commissioner shall upon registering a taxable person notify the person that he has been registered for VAT and shall in accordance with section 4(2) of the Act issue a certificate of registration as in Form B in the Schedule to the taxable person.

(2) Where the Commissioner refuses to register an applicant because he –

- (a) is satisfied that the applicant has no fixed place of abode or business; or
- (b) has reasonable grounds to believe that, the applicant –
  - (i) will not keep proper accounting records relating to any business carried on by him; or
  - (ii) will not submit regular and reliable tax returns as required by law; or
  - (iii) is not a fit and proper person to be registered, the

Commissioner shall within 30 days of receipt of the application notify the applicant of his decision.

**Request for further information –**

7. (1) The Commissioner may before registration request an applicant to provide such further information as the Commissioner may consider necessary for completion of the registration.

(2) It shall be the duty of a person requested under sub-regulation (1) to provide any further information to do so within seven (7) days of the request brought to his notice.

**Taxpayer identification number –**

8. (1) The Commissioner shall upon the registration if a person or group of persons issue him or them with a registration certificate indicating a tax registration number.

(2) The tax registration number issued upon registration as a taxable person under these Regulations shall be the same identification number for other tax purposes.

**Display of VAT registration certificate –**

9. In accordance with section 4(2) of the Act a taxable person shall keep exhibited in a conspicuous position at the principal place of business his certificate of registration as a taxable person.

**PART II – SUPPLY OF GOODS AND SERVICES**

**Supplies made by a partnership –**

10. Where two or more persons in a partnership make a taxable supply, the partnership shall for the purposes of the Act, be the supplier of the goods or services made by the partnership.

**Supplies made by members of a group –**

11. Where two or more corporate bodies have been registered as members of a group under these Regulations, any business carried on by a member of the group shall be treated as being carried on by the representative member, and

- (a) any supply of goods or services by a member of the group to another member of the group shall be disregarded for the purposes of the tax;
- (b) any other supplies made by or to a member of the group shall be treated as supplies made by or to the representative member; and
- (c) any tax paid or payable by a member of the group on the importation of goods from a place outside Ghana shall be treated as paid or payable by the representative member and the goods shall be treated as imported by the representative member.

**PART III – TAXABLE SUPPLIES**

**Supplies made by non-resident person –**

12. A transaction involving either goods or services supplied in Ghana by a non-resident person shall be considered to be made in Ghana, if –

- (a) the transaction is made in the course of a business carried on in Ghana; and
- (b) at the time of the transaction, the person is registrable under the Act.

### **Supplies made to a non-resident leaving the country –**

**13.** Refund of VAT charged on goods purchased in Ghana by a person not resident or domiciled in Ghana for consumption outside Ghana may be authorized by the Commissioner subject to such conditions as he may in writing direct.

### **Non-traditional exports –**

**14.** For the purpose of section 13(1) (*h*) of the Act, non-traditional export means export other than –

- (a) cocoa beans;
- (b) lumber and logs;
- (c) unprocessed gold and other minerals; and
- (d) electricity.

## **PART IV – TIME AND PLACE OF SUPPLY**

### **Rules for the place of supply of services –**

**15.** For the purpose of section 20(2) of the Act the place of supply for any of the services indicated herein is as follows –

- (a) in the case of services specified in section 13(1) of the Act for a customer operating outside this country, the place of the customer's business to which the service is supplied;
- (b) in the case of cultural, sporting, artistic, educational or similar activities, the place where the service is physically carried out;
- (c) in the case of a service connected with movable goods, the place where the service is physically carries out;
- (d) in the case of a service connected with immovable property, the place where the property is situated; and
- (e) in the case of telecommunication service, where the facility or instrument for the emission, transmission or reception of the service in



respect of which the invoice for the supply is issued, or is to be issued, is ordinarily situated in Ghana.

**16.** A deposit whether refundable or not, given in respect of a supply, shall not be regarded as a supply of goods or services unless the supplier applies the deposit as payment or part-payment for the supply.

**Goods supplied on sale or return –**

**17.** Where goods are supplied on sale or return, the tax point shall be the earliest of –

- (a) the date when the purchaser chooses to keep the goods; or
- (b) the issue of a tax invoice by the seller; or
- (c) the receipt of payment by the seller, other than a deposit; or
- (d) the expiry of the period within which the customer may return the goods; or
- (e) twelve months after the date of dispatch by the seller.

**Imported goods –**

**18.** The time of supply for imported goods is the time at which the import duties on the goods become due under the Customs, Excise and Preventive Service (Management) Law, 1993 (P. N. D. C. L. 330).

**Tax Invoices –**

**19.** (1) A taxable person shall, in accordance with section 19(1) of the Act, on supply of taxable goods or service to a customer issue to the customer a tax invoice similar to Form C in the Schedule.

(2) A tax invoice shall contain the following –

- (a) the supplying taxable person's name, address and VAT registration number;
- (b) the time of supply;
- (c) the number of the invoice taken from a consecutive series;
- (d) the customer's name or business name and address and VAT registration number if a taxable person;

- (e) a description sufficient to identify the goods or services supplied including the quantity of the goods or the extent of the services supplied;
- (f) the type of transaction by reference to the following categories –
  - (i) sale;
  - (ii) hire purchase, hire, lease or rental;
  - (iii) exchange;
  - (iv) goods and services supplied from the customer's own supplies;
- (g) the tax-exclusive charge for each description of goods or services supplied;
- (h) the rate of tax;
- (i) the total charge on the invoice, exclusive of tax;
- (j) the rate of any discount;
- (k) the total tax charged; and
- (l) the total charge inclusive of the tax.

(3) Unless a registered person is authorised by the Commissioner in writing to print his own invoice similar to For C in the Schedule, the tax invoice issued by the registered person shall be on printed by the Commissioner for the use of the registered person.

(4) An original tax invoice shall not be provided in any circumstance other than specified in sub-regulation (1).

(5) Where a taxable person loses the original tax invoice, the supplier shall on request provide a duplicate copy clearly marked "copy" within 30 days of the receipt of the request.

(6) A taxable person who does not receive a tax invoice as required by sub-regulation (1) may request the taxable person who supplied the goods or services to him to provide a tax invoice in respect of the supply.

(7) A request for a tax invoice under sub-regulation (6) shall be made within 30 days of the date of the supply.

(8) A taxable person who receives a request under sub-regulation (7) shall comply with the request within 14 days of receipt of the request.

(9) In the case of supplies made at the retail stage where most recipients are not taxable persons, VAT may be charged in accordance with regulations 30 to 35 of these Regulations.

(10) In the case of import of goods, the appropriate customs forms certifying payment of the VAT shall be used as the control document for establishing eligibility for input tax credit.

#### **Retention of tax invoices –**

**20.** (1) Tax invoices received by a taxable person from his suppliers, customs entries, credit and debit notes and supporting evidence of purchase or import under these Regulations shall, subject to section 29 of the Act, be retained for a period of not less than six (6) years from the date of receipt in chronological or serial number order either by date of receipt or under each supplier's name.

### **PART V – TAXABLE VALUE**

**21.** (1) Where a taxable person issues a tax invoice and reports the tax appropriately under the Act for the supply of goods and services and –

- (a) the buyer becomes insolvent; or
- (b) the purchaser fails to pay all or part of the taxable amount of the sale plus the tax imposed under the Act and the debt becomes a bad debt, certified as such by the Internal Revenue Service,

the taxable person shall be allowed as credit under the Act, the portion of the tax imposed on that transaction which is attributable to the deductible debt that becomes irrecoverable.

(2) Where a debt previously written off as bad and for which credit has been given is later recovered, the tax due on the amount recovered shall be paid to the Commissioner.

#### **Adjustment of value – debit and credit notes –**

**22.** (1) For the purpose of making any adjustments required under section 23 of the Act, where a tax invoice has been issued and the amount shown as tax charged in that tax invoice exceeds the amount shown as tax properly chargeable in respect of the supply, the taxable person making the supply shall issue to the recipient of the supply a debit note.

(2) For the purpose of making any adjustment required under section 23 of the Act, where a tax invoice has been issued and the tax properly chargeable in respect of the supply exceeds the amount shown as tax charged in that tax invoice, the taxable person making the supply shall issue to the recipient of the supply a debit note.

(3) A credit or debit note shall be clearly identified as such and shall contain the following particulars –

- (a) a sequential identifying number;
- (b) the date of issue;
- (c) the name, address and VAT registration number of the supplier;
- (d) the name, address and if the recipient is registered for VAT, his registration number;
- (e) the identifying number and date of issue of the tax invoice relating to the transaction;
- (f) a description sufficient to identify the goods or services provided and the reason for the credit or debit;
- (g) the amount being credited or debited; and
- (h) the amount of VAT being credited or debited.

(4) A record of all credit and debit notes issued during the month shall be maintained.

(5) An original debit or credit note shall not be provided in any circumstance other than specified in this regulation.

(6) Where a taxable person loses the original debit credit, the person who issued the debit or credit note shall on request provide a duplicate copy clearly marked “copy”.

## **PART VI – DEDUCTION OF INPUT TAX AND REFUNDS**

### **Non-deductible input tax –**

**23.** (1) The restriction of deduction of input tax on motor vehicle spare parts, specified in section 24(5) of the Act, shall not apply to –

- (a) motor vehicles purchased or imported by a taxable person who is in the business of dealing in or hiring of motor vehicles for the purposes of his business; or

- (b) has, to the rear of the driver's seat, roofed accommodation which is fitted with side windows or which is constructed or adapted for the fitting of side window.

(3) The definition of a motor car does not include –

- (a) a vehicle capable of accommodation only one person or suitable for carrying twelve or more persons;
- (b) a vehicle of not less than three tones unladen weight;
- (c) an ambulance or prison van;
- (d) a vehicle constructed for a special purpose other than the

carriage of persons and has no other accommodation for carrying persons than such as is incidental to that purpose.

#### **Input tax credit without a tax invoice –**

**24.** Where a taxable person does not have a tax invoice as evidence of the input tax paid, the Commissioner may allow an input tax credit in the period in which the credit arises where he is satisfied that –

- (a) the taxable person took all reasonable steps to acquire the tax invoice;
- (b) the failure to acquire a tax invoice was not the fault to the taxable person; and
- (c) the amount of input tax claimed by the taxable person is verifiable.

#### **Purchases prior to registration –**

**25.** (1) A taxable person may recover the VAT on stock and capital goods purchased or imported prior to registration, provided that the goods are still in the ownership and possession of the taxable person and –

- (a) in the case of stock, the purchase or import occurred not more than four months prior to the date of registration;
- (b) in the case of capital goods, the purchase or import occurred not more than 6 months prior to the date of registration;
- (c) the taxable person is in possession of a invoice or the relevant customs entry; and

(d) the taxable person produces an inventory of all goods on hand on the effective date of registration.

(2) Claim for recovery of VAT under sub-regulation (1) shall be submitted on a form similar to Forms E and F in the Schedule to these Regulations.

### **Deductible tax for mixed taxable and exempt supply –**

**26.** For the purpose of determining the deductible input tax under subsection (2) of section 26 of the Act, the expression “C” in the formula for apportionment of input tax under Schedule 4 of the Act shall exclude exempt supply under item 19 of Schedule 1 of the Act.

### **Refunds –**

**27.** (1) For the purpose of section 25(4) of the Act, where the amount of input tax deductible in an accounting period exceeds the output tax due, in addition to submitting the return for that accounting period, the taxable person shall –

- (a) submit a claim for refund to the Commissioner; and
- (b) retain the tax invoices which relate to the accounting period for examination by the Commissioner.

(2) Where a taxable person complies with the requirements under sub-regulation (1) of this regulation and the return and refund claim are submitted by the one month of receipt of the return and the claim, the taxable person shall be entitled for each day the refund remains unpaid.

### **Application of subtraction method to used goods –**

**28.** (1) A taxable person who deals in locally procured second-hand goods may apply to the Commissioner for approval to charge VAT on the difference between the buying price and the selling price of certain used goods subject to the condition that no tax credit shall be taken on any goods purchased for resale, and a permanent record will be kept showing –

- (a) in respect of purchases –
  - (i) the date of purchase;
  - (ii) the name and address of the person from whom the goods were purchased;

- (iii) a sufficient description of the goods to clearly identify them, including part and serial numbers, if any;
  - (iv) the total amount paid; and
- (b) in respect of sales –
  - (i) the date of sale;
  - (ii) the name and address of the person to whom the goods are sold;
  - (iii) the selling price, exclusive of VAT;
  - (iv) the difference between purchase and selling price;
  - (v) the rate of VAT;
  - (vi) the amount of VAT on the difference;
  - (vii) the total amount received.

(2) The details specified in sub-regulation (1) shall be recorded at the same time as the respective purchases or sales are made.

(3) Where a taxable person has been granted approval by the Commissioner to operate this procedure, a sales receipt showing the tax-inclusive value of the supply shall be issued in place of the tax invoice.

(4) The sales receipt in sub-regulation (3) shall be printed in duplicate and shall contain the following minimum information –

- (a) the name and full address of the seller;
- (b) the VAT registration number of the receipt;
- (c) the serial number of the receipt;
- (d) the gross amount of the transaction including VAT; and
- (e) the date of the transaction.

(5) Where the transaction involves used goods and is between two registered persons, the normal method for accounting for VAT shall apply.

(6) If the registered person using the procedure described in this regulation fails to maintain satisfactory records he shall be required to account for tax on the full selling price of the goods sold and pay that amount of tax with the next tax return.

## PART VI – TAX RETURN, RECORDS AND ASSESSMENT

### Specimen tax return form –

29. The tax return required to be filed under section 28 of the Act shall be submitted in Form D provided in the Schedule to these Regulations.

### Special retail scheme –

30. (1) A taxable person who is a retailer of only taxable goods may apply for approval to use a special retail scheme.

- (2) A special retail scheme shall require the taxable person to –
- (a) record the value and brief details of each supply as it occurs and before the goods leave the business premises;
  - (b) keep copies of all purchase invoices issued by suppliers;
  - (c) keep a cash register, book, or other details of all daily gross takings received and cash payments made at the time that they are made and at the end of each day the record shall be totalled and a balance shall be struck; and
  - (d) record in the appropriate records at the end of each month the output tax chargeable on supplies made and deductible input tax shown on tax invoices in respect of supplies received.
- (3) The out tax shall be calculated by applying the following method –
- Step 1. Add up the total daily gross takings in the month;
  - Step 2. Multiply the total at Step 1 by the VAT fraction;

where the formula for the Vat fractions –

$$\frac{\text{the rate of VAT}}{100 + \text{the rate of VAT}}$$

(4) Where a retailer of goods makes both taxable and exempt supplies, he must first apportion his daily gross takings between taxable exempt supplies.

For this purpose he shall –

- (a) keep a separate record of exempt supplies and deduct the total of these from the daily gross takings in the month.

The output tax shall be calculated by applying Step 2 in sub-regulation (3) of this regulation to the balance; or



(b) calculate from his purchased for resale in the month and also the total value of taxable goods purchased for resale in the month and also the total value of taxable goods purchased in the month.

(5) For the purpose of sub-regulation (4)(b) the output tax shall be calculated by applying the following method –

Step 1. divide the total taxable purchases for resale in the month by the total purchases for resale in the month;

Step 2. multiply the result of Step 1 by the total daily gross takings in the month;

Step 3. apply the VAT fraction specified in sub-regulation (3) of this regulation to the result of Step 2.

### **Annual adjustments –**

**31.** (1) A taxable person who calculates his output tax using the method specified in sub-regulation (4)(b) of regulation 30 shall, on the anniversary of starting to use the method and on each subsequent anniversary, make an annual adjustment to his output tax for that year.

(2) The adjustment shall be calculated by applying the same method but substituting purchases for resale in the month in Step 1 and substituting total daily gross takings in the year for total daily gross takings in the month in Step 2.

(3) The taxable person shall compare the result of this adjustment with the total output tax previously calculated for that year and adjust the difference on the change.

### **Notification of decision of Commissioner on operation of a special retail scheme –**

**32.** The Commissioner shall notify any person in writing of a decision to prove or reject an application to operate a special retail scheme within 30 days of receipt of the application.

### **Retail sales receipt –**

**33.** (1) Where a person is registered under a retail scheme, a retail sales receipt, printed in duplicate and containing the following minimum information, shall be issued in place of a tax invoice –

(a) the name and full address of the seller;

- (b) the inscription "Retail Receipt" at the top;
- (c) the description number of the sold;
- (d) the registration number of the seller;
- (e) the serial number of the receipt; and
- (f) the date of the transaction.

(2) A retail sales receipt issued under sub-regulation (1) shall also state either the gross amount of the transaction, including VAT or the amount of the transaction and VAT.

(3) Upon a request by a purchaser who is registered for VAT, the vendor shall issue a tax invoice showing the information required by or under section 19 of the Act.

(4) Copies of the retail receipt shall be retained by the supplier in accordance with regulation 20.

#### **The use of electronic cash register under a special retail scheme –**

**34.** (1) A taxable person registered under a special retail scheme who makes annual sales of ₪400 million cedis or above shall be required to install an electronic cash register to record all sales and tax liability in lieu of the retail receipt.

(2) An electronic cash register receipt shall contain the minimum information specified in regulation 33 of these Regulations.

(3) Where an electronic cash register is used, it shall be programmed to retain information for purpose of verifying all transactions.

(4) Where requested by a purchaser who is a registered person, the vendor shall issue a tax invoice showing the information specified in regulation 19(2),.

#### **Other schemes to be approved by the Commissioner –**

**35.** (1) The Commissioner may in accordance with section 74(j) of the Act issue directives to authorize the use of other appropriate schemes by registered retailers to ensure the proper accounting for the tax.

(2) The Commissioner may issue directives authorizing other methods of taking account of the output tax chargeable and input tax deductible by other registered person.

## **Withdrawal of privilege –**

**36.** The Commissioner may withdraw the right to operate a special retail or other scheme from a registered person at any time if the conditions specified under these Regulations or any other directives are not complied with to his satisfaction.

## **VAT records –**

**37.** (1) Every registered person shall, unless otherwise provided for in this regulation, for the purpose of accounting for VAT, keep the following records –

- (a) a VAT account to show total output tax, and the amount due or refundable for each month;
- (b) relevant business and accounting records including sales and purchase journals, cash books, ledgers and other subsidiary books of account;
- (c) copies of all tax invoices issued;
- (d) tax invoices received;
- (e) documentation relating to the importation and exportation of goods and services;
- (f) all debit and credit notes or other documents providing evidence of an increase or decrease in the value of goods and services purchased or sold by him; and
- (g) such other records as the Commissioner may specify.

(2) On application by a registered person, the Commissioner may permit the records required to be kept under the Act and under these Regulations to be maintained on computer, subject to the conditions that –

- (a) the tax officers shall have unrestricted access to the registered person's records during normal business hours;
- (b) print-outs of any information required by the tax officer shall be provided at the registered person's expense;
- (c) competent computer staff will be provided at the registered person's may wish to conduct; and
- (d) the accounting programme used by the registered person is one that is approved by the Commissioner.

(3) A taxable person shall make available his records for examination by the Commissioner during normal working hours.

### **Records to be maintained by independent units –**

38. Where a business opts for each branch or division to be registered separately under section 5(9) of the Act, each branch or division registered separately shall maintain separate accounting records for the purpose of the tax and shall file its returns accordingly.

### **Records to be maintained by a registered group –**

39. (1) Where a group of corporate bodies opt to be registered as single unit under section 5(8) of the Act, all the members of the group shall adopt the same tax period and the same accounting basis for the tax.

(2) Notwithstanding the fact that no output tax shall be paid in transactions involving members of the group, each members of the group, each member of the group shall maintain distinct records, including tax invoices, for all such transactions.

### **Assessment to include interest and penalties –**

40. The amount of an assessment issued under Part VIII of the Act shall include any interest payments and penalties incurred by the taxable person up to the dated of issuance of the assessment.

## **PART VIII – RECOVERY OF DUE TAX, INTEREST AND OTHER LIABILITIES**

### **Liability of persons ceasing to be partners –**

41. Any person who notifies the Commissioner of his intention to cease to be a partner in a business shall remain jointly and severally liable for the payment of any taxes due from the business in any prescribed accounting periods up to the time he ceased to be a member of the partnership.

### **Liability of members of a registered group –**

42. Where any number of corporate bodies have been registered as members of a group under these Regulations, each member of the group shall be held liable for any tax due from the representative member to the Commissioner.

## PART IX – MISCELLANEOUS PROVISIONS

### Use of banks –

43. (1) The Commissioner may enter into an agreement with any bank under which the bank agrees to receive tax returns and tax payments on behalf of the Service.

(2) The use of a bank under an agreement under this regulation does not relieve the Commissioner of his responsibility to collect and account for the tax.

### Credit for sales tax paid –

44. (1) A taxable person may recover the sales tax paid by him or his direct supplier on goods subject to VAT output tax which are in stock at the start of business on the effective date of the tax, subject to the following conditions –

- (a) the taxable person making a claim for goods held for resale shall be registered by the effective date of the tax;
- (b) the goods on which the credit is claimed must be in the possession of the taxable person at start of business on the effective date of the tax;
- (c) the taxable person must be in possession of a sales tax invoice or customs entry showing the charge to sales tax in respect of all goods for which he seeks to recover sales tax and retain that evidence for inspection by the Commissioner for the period specified in section 29 of the Act provided that where the sales tax was not charged directly to the taxable person but was paid by the direct supplier, the taxable person shall retain a copy of the supplier's receipt and a copy of the tax invoice or customs entry showing the charge to Sales Tax;
- (d) the taxable person shall have no reason for believing that the Sales Tax has not been or will not be paid by his suppliers.;  
and
- (e) the supply or import must have occurred not more than six months before the effective date of the tax.

(2) The claim for recovery of the sales tax shall be submitted on forms similar to Forms E and F in the Schedule and shall be delivered to the tax office not later than one month from the effective date of the tax.

(3) A taxable person who claims input tax credit under this regulation shall produce an inventory of all goods on hand on the effective date of the tax office not by an audit certificate issued by a qualified accountant or the managing director of the company.

(4) Any sales tax certified by the Commissioner as deductible may be treated as an input tax deduction against future tax liabilities provided the deduction is made on the tax return form for any of the prescribed accounting periods ending 6 months after the effective date of the tax, unless the taxable person is instructed otherwise by the Commissioner in writing.

(5) Where, following and audit or inspection, a certificate under this regulation is revoked by the Commissioner, and tax previously treated as credit may be recovered by the Commissioner in accordance with the provisions of the Act and these Regulations.

#### **Contracts entered into before and after the effective date of the tax –**

45. (1) Where a contract was concluded between two or more parties before the effective date of the tax, and on provision relating to the was made in the contract, the supplier shall recover the tax due on any taxable supplies made under the contract after the effective date of the tax.

(2) Where a contract concluded after the effective date of the tax does not include a provision relating to tax, the contract shall account for the tax due.

#### **VAT manuals –**

46. The Commissioner may issue administrative accounting and operational manuals as he considers necessary for collecting and accounting for the tax.

#### **Interpretation –**

47. In these Regulations unless the context otherwise requires –

“Act” means the Value Added Tax Act, 1998 (Act 546);

“effective date of the tax” means the date VAT becomes chargeable under the Act;

“Schedule” means the Schedule to these Regulations;

“takings” means all forms of payment, including cash, cheques, banks drafts, credit cards and postal orders; and

“VAT office” means the local VAT Office nearest to taxable person’s principal place of business.

## *SCHEDULE*

**FORM A**  
**(Regulation 1)**

**Republic of Ghana**  
**APPLICATION FOR REGISTRATION FOR VAT**



## VAT 1 COMPLETION NOTES

If you need clarification or assistance in completing this form please contact your nearest VAT Office.

- 1** - enter FULL NAME as follows
- \* **Sole Proprietor** - Title (Mr./Mrs./Dr.) followed by names(s) and surname
  - \* **Partnership** - Give names as above of the Precedent Partners
  - \* **Company** - Name of company as entered on the Certificate of Incorporation
- 2** - If you have a trading name different from that at 1 above – enter here. If not leave blank.
- 3 – 4** - Enter details for your principal place of business – the address from which your day to day affairs are conducted.
- 7** - Give a telephone number at which you can be contacted.
- 8** - Enter the date that the business started trading.
- 9** - Enter Taxpayer Identification Number
- 10 – 14** Who owns the business? – Tick one box only for the legal entity. For “other” give further details at box 16 below.
- 15 – 16-** Provide the total sales/turnover figure for the 12 month period prior to the month of completion of the Form VAT 1. give the figures to the nearest Thousand Cedis and estimate if necessary. The figure entered in Box 14 should reflect all business activities – Box 15 should only be for supplies of services deemed to be taxable.
- 17** - Fully describe the main business activities and type of supplies
- 18 – 20-** Certificate to be completed as follows:
- \* **Sole Proprietor** - only by the Sole Proprietor himself
  - \* **Partnership** - one of the Partners
  - \* **Company** - a Director or Company Secretary
  - \* **SOE/Public Corporation** - an Authorised Person

Please remember – If you do not apply for registration at the proper time you are committing an offence and may be liable to a financial penalty.

**VAT SERVICE**  
**VALUE ADDED TAX**  
**VAT**

**CERTIFICATE OF REGISTRATION**

\*No.....

This is to certify that

-----  
has been duly registered as an  
agent for VAT collection  
under

**THE VALUE ADDED TAX ACT 1998**  
**(ACT 546)**

Date this ----- day of -----

-----  
**COMMISSIONER**

\*This is to be inserted on all tax invoices, receipts and correspondence.

**SPECIMEN OF A TAX INVOICE**

**INVOICE NO.** .....

**DATE:**

**FROM:** .....  
 .....  
 .....

Supplier's VAT Reg. No. ....  
 Date of Supply: .....

**TO:** .....  
 .....  
 .....

Customer's VAT Reg. No .....

Quantity	Description and Price	Amount Exclusive of VAT	VAT Rate	VAT Net
<b>Total</b>				

Total Sale Including VAT ¢.....

Terms of Payment.....

Supplier's Signature.....

**Republic of Ghana**  
**VALUE ADDED TAX RETURN**

## VAT 20 COMPLETION NOTES (SEE ALSO PUBLIC NOTICE PN6)

If you need clarification or assistance in completing this form please contact your nearest Local VAT Office (LVO).

BOX 1 – If for any reason there has been no trading during the period 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 must be submitted by the due date shown.

BOX 2 – Enter the following as monthly totals – the tax exclusive value of supplies of goods and/or services made during the period.

BOX 3 – Enter the amount of VAT charged.

BOX 4 – Enter the value only of any ZERO RATED supplies (e.g. Exports).

BOX 5 – Enter the value only of any EXEMPT supplies.

BOX 6 – Enter the value only for any supplies on which authority has been granted to REMIT the tax which would normally have been chargeable

BOX 7 – Enter following as monthly totals – the tax exclusive value of taxable purchases and expenses incurred during the period.

BOX 8 – Enter the amount of VAT charged to you (remember to exclude any imports)

BOX 9 – Enter as monthly totals the tax exclusive value of any imports.

BOX 10 – Enter the VAT charged to you on Imports.

BOX 11 – Enter the total amount of INPUT TAX only (total of Boxes 8 and 10)

BOX 12 – Enter the total amount of INPUT TAX you are entitled to offset against the total amount of OUTPUT TAX. Remember if you are a fully taxable person (ie you make no exempt supplies) the amount entered will be the same as at BOX 11.

BOX 13 – If the OUTPUT TAX figure in BOX 3 is greater than the INPUT TAX figure in BOX 12, enter the difference here which will be CREDITED or REFUNDED to you by VATS.

The **DECLARATION** must be signed as follows:

- **Sole Proprietor** – only by the Sole Proprietor himself
- **Partnership** – one of the Partners
- **Company** – A director of Company Secretary
- **SOE/Public Corporation** – an Authorised Person

**REPUBLIC OF GHANA**

**CLAIM FOR REFUND OF SALES TAX/VAT ON TAXABLE GOODS IN STOCK ON EFFECTIVE DATE OF REGISTRATION**

I, ..... of .....  
Name Name of Business

located at ..... do solemnly swear that  
this claim for the sum of ..... cedi is true and correct and  
represents the SALES TAX/VAT paid on the taxable goods on hand at

..... Place where goods on hand

On the ..... 19..... VAT Registration Certificate Number .....  
Date of Inventory

.....	.....	.....
Signature of Claimant	Position	Date

For Official Use Only

LVO ----- Date ----- 19 ----- Reviewed and Approved by

Proof accepted and VAT refund approved in the amount

of -----  
Authorised Officer

Cedis -----  
Date ----- 19-----

-----  
Examining Officer

