TAX
Income Tax

A. Resident Individuals

For resident individuals the rate of tax is the same for both employees and self employed persons. It is a progressive system of taxation and as the chargeable income increases the rate of tax also increases. Taxable income is the sum of all wages, benefits, capital gains, dividends, interest or discounts, or income from royalties. Tax rates range from zero to 35 percent or taxable income and are filed annually.

The Income Tax rates applicable to resident individuals are:

CHARGEABLE INCOME			**RATE OF TAX**
Graduation	¢	GH¢	Percentage
First	2,400,000	240	Free
Next	2,400,000	240	5%
Next	12,000,000	1200	10%
Next	79,200,000	7920	17.50%
Exceeding	96,000,000	9600	25%

B. Non-Resident Individuals

The income tax rate applicable to non-resident individuals is 20% flat.

Corporate Taxation

Resident companies are taxed on their worldwide income, including income from profits, dividends, interest, royalties, rent and premiums. Residency is established by conducting any business in Ghana other that the export of goods or services to-from Ghana.

The income tax rates applicable to companies are:-

Nature of Income	**Rate of Income Tax for every cedi (¢)**
1. * Export of Non Traditional Goods	8%
2. Hotel Industry	25%
3. Stock Exchange Listed Companies	30%
4. Companies listed on the Ghana Stock Exchange in and after 2004	25%
5. Financial Institutions: i. Income from loan to farming enterprise ii. Income from loan to leasing companies	 20% 20%

* “Non Traditional goods” means
a. Horticultural products
b. Processed and raw agricultural products grown in Ghana, other than cocoa beans
c. Wood products, other than lumber and logs
d. Handicrafts
e. Locally manufactured goods.

For agro processing companies and companies which produce on commercial basis, cocoa by-products from cocoa waste established in and after 2004, the rates are as follows:

LOCATION	RATE OF INCOME TAX
Accra and Tema	20%
Other Regional Capitals except Northern, Upper East and Upper West	10%
Northern, Upper East and Upper West Regions	0%
Outside other Regional Capitals	0%

The above table applies to agro processing businesses established before 1st January 2004 that use local raw agricultural products as their main inputs other than businesses which process raw cocoa beans.

BODIES OF PERSONS
The income tax rate applicable to bodies of persons is 25%

LOCAL BRANCH PROFITS OF FOREIGN COMPANIES
A tax of 10% is imposed on the repatriated profit of a non-resident person carrying on business in Ghana through a permanent establishment.

NON-RESIDENT PERSONS’ TRANSPORTATION AND COMMUNICATION INCOME
The tax treatment of this sector is completely different in that no deductions such as business expenses and capital allowances are allowed before tax is imposed.

A. The assessable income of a non-resident present as ship operator, chatterer or air transport operator includes the gross receipts from

i. the carriage of passengers who embark or
ii. mail, livestock or goods which are embarked, in Ghana, other than as a result of transshipment

B. The assessable income for a non-resident person who carries on a business of transmitting messages by cable, radio, optical fibre or satellite communication includes the gross receipts based on the transmission in Ghana, whether or not the messages originated in Ghana.

Tax rate of 15% is applied in the case of (A) and (B) and the following are taken into consideration:

i. the gross receipt shall include any remaining assessable income of the person
ii. no deductions shall be allowed depending on the extent to which it affects the production of the gross receipts
iii. no tax credits shall be allowed to reduce the tax payable with respect to the gross receipts.

WITHHOLDING TAX

The law requires a person effecting payment to another person to deduct the exact tax at source and pay it to the Commissioner. A return or all details concerning the payment is nalso to be submitted.

Period of Payment of Tax

The tax withheld by the "**withholding agent"** is to be paid within fifteen days after the
end of the month in which the tax was withheld.

Failure to Withhold Tax

A withholding agent who fails to withhold tax is personally liable to pay to the Commissioner the amount of tax which has not been withheld.

Type of Withholding Taxes

1. Withholding of Tax by Employers (Pay As You Earn)
2. Payment of Interest to Resident Persons
3. Payment of Dividend to Resident Shareholders
4. Payment to Residents for Goods and Services
5. Payments to Non-Residents
6. Payment to Non-Residents for Goods and Services

"withholding agent" means a person obliged to withhold tax on behalf of the Commissioner.

Withholding of Tax by Employers

In the case of an employee, the withholding agent is the employer. He is to deduct and withhold tax from the total amount from the employment.

Return

The employer is required by law to submit to the Commissioner a return on every employee by the 31st March of the following year
The return shall contain the following information:-

i) The amount of assessable income received by the employee from the employment
ii) The amount of tax withheld from the amount taking into account all necessary deductions.

The employer is to give every employee a copy of the return. It is treated as an assessment served on the employee by the Commissioner provided this consists exclusively of income from employment.

1. **Payment of Interest to Resident Persons**

A resident persons who pays interest to another resident company (banks and financial institutions) shall withhold tax at 10%.

2. **Payment of Dividends to Resident Shareholders**

A resident company which pays a dividend to a resident shareholder shall withhold tax on the gross amount of the payment at 10%. This is a final tax.

3. **Payment to Resident Persons for Goods and Services**
A tax is to be withheld at source on the income or payment of the following:-
a) Fees to a resident part time teacher, lecturer, examiner, examinations invigilator, or examination supervisor at the rate of 15%. This is a final tax
b) Fees, emoluments and any benefits paid to a resident director, manager or board member of a company. The rate of tax is 15%
c) A commission to a resident insurance sales or canvassing agent at a tax rate of 15%.
d) Endorsement fees to resident person at 15% tax rate. This is a final tax.
e) A commission to a resident lotto receiver or agent at 7½% tax rate.
f) Payment for the supply of goods or use of property or supply of service where the value exceeds ¢500,000 a tax at 7½% is imposed.

4. **Payment to Non-Resident**
A person making a payment to a non-resident person is to withhold tax on the gross amount as follows:-
a) Dividends and interest - 10%
b) Royalties, natural resource payment and rents - 15%
c) Management and technical services fees / endorsement fees - 20%
d) Endorsement Fees - 20%

5. **Payment to Non-residents for Goods and Services**
A person who enters into contract with a non-resident person for the supply or use of goods or property of any kind or the supply of any services shall withhold tax at the rate of 20% and furnish the Commissioner the following details within 30 days:-
a) The nature of the contract
b) Duration of the contract
c) Name, postal address
d) The total amount estimated to be payable.

With holding Tax Rates

A FOR RESIDENTS

i) ON ACCOUNT (Sections 2, 82 & 84 of Act 592)

1.	Interest to non-exempt companies	-	10%
2.	Insurance Commission to sales and Canvassing Agents	-	15%
3.	Lotto Receivers / Agents Commission	-	7½%
4.	Payments for goods and services above ¢500,000 in a year	-	7½%
5	Fees, emoluments to a Director, Manager,		

or a Board Members of a Company or body

of persons - 15%

ii) FINAL (Sections 2(1), 84 of Act 592 L.I. 675 Sec. 28(3)

1. Dividend - 10%
2. Part Time Teaching Fees etc. - 15%
3. Endorsement Fees - 15%

B **FOR NON-RESIDENTS**

i) **ON ACCOUNT**(Section 2(1), L.I 1675 Sect. 41)

Non-residents with permanent establishments in Ghana

1. Divident and Interest - 10%
2. Royalties, natural resource payments and rents - 15%

Payments for goods and services - 20%

Management and Technical Service fees / Endorsement fee - 20%

ii) **FINAL**(Section 2(4), L.I. 1165 Sect. 4)

Non-Residents without permanent establishment in Ghana

1. Dividend and Interest - 10%
2. Royalties, natural resource payments and rents - 15%
3. Management and technical services fees / Endorsement fees -20%
4. Payments of goods and services - 20%

Stamp Duty

Stamp duty is charged from micro and lower small enterprises from the so-called "informal sector" which do normally not keep records. Stamp duty is a lump sum taxation system with a ranking of fees for different business segments.

1. **Income Exempted from Tax**

In an attempt to give incentives to taxpayers a number of incomes have been exempted from tax. They are:-

- The salary, allowances, pension and gratuity of the President of the Republic of Ghana.

- The income of a local authority other than income from activities which are only indirectly connected with the local authority's status

- The income of a statutory or registered building society or statutory registered friendly society other than income from any business carried on by the society
- The income of an exempt organization other than income from any business

- Interest paid:
  i) to an individual by a resident financial institution
  ii) to an individual on bonds issued by the Government of Ghana
- Capital sums paid to a person as compensation or gratuity in relation to
  i) personal injuries suffered by that person
  ii) the death of another person

- The Interest, dividend or any other income of an Approved Unit Trust Scheme or mutual fund or any income paid to any member of that scheme

- The income of non-resident persons from any business in relation to ships or aircraft provided equivalent exemption is granted by the beneficiary's country of residence to persons resident in Ghana.

- The income of a public corporation or institution exempted from tax under any enactment
- The income of a person receiving instruction at an educational institution from scholarship, exhibition, bursary or similar educational endowment.
- The income of an individual entitled to privileges under the Diplomatic Immunities Act 1962 (Act 148) or any other similar enactment or under Regulations made under that Act or similar enactment.
- The income of an individual entitles to privileges and immunities of the United Nations and its Specialised Agencies.
- The income of an individual where there is an agreement between the Government of Ghana and a foreign Government or a public international organization for the provision of technical services to Ghana where:
  i) the individual is a non-resident person or resident solely by reason of performing the service
  ii) the President has concurred with the tax provisions in the agreement
  iii) it is in accordance with the Constitution of the Republic of Ghana.
- The income of a public service employee of a foreign country provided:-
  i) That person is a non-resident person or an individual who is resident solely by reason of performing that service
  ii) That the person does not exercise any other employment or carry on any business
  iii) The income is payable from the public funds of the foreign country
  iv) The income is subject to tax in the foreign country.

2. Tax Holidays (Exemption Periods)
Some businesses are granted tax holidays or exemptions periods. These include farming, processing businesses as well as farming and agro processing business. The rest are Rural Banks, Real Estates, Ghana Stock Exchange and Free Zones including also the income earned by Real Estate developers. See

3. Tax Rates
The tax rates for individuals mainly employees and self-employed persons, companies as well as bodies of persons as indicated in the page on Tax Rates also serve as types of incentives to taxpayers.

i. Individual Tax Rates
With regards to the individual tax rates, the marginal tax rate is the same for employees and self-employed persons.
The marginal rate in the year 2000 was ¢900,000. This was revised to ¢1,200,000 in the year 2001 and has now been increased to ¢1,500,000 in the year 2004. Similarly, the top marginal rate has raised from ¢48,000,000 and above at a rate of 30% to ¢60,000,000 and above.
ii. Company Tax Rate
Company tax rate at present is 32.5%. However, concessionary rates are enjoyed by some businesses. The income tax rate applicable to a company engaged in the hotel industry is 25% and that of export of "Non-traditional goods" is 8%. Companies listed on the Ghana Stock Exchange are taxed at 30%. Companies listed in and after 2004 would be taxed at the rate of 25% for the first three (3) years.
Concessionary rate of 20% is enjoyed by Financial Institutions that derive their incomes from loan granted to Farming Enterprises and Leasing Companies.
iii. The Rate for Bodies of Persons
The income tax rate applicable to bodies of persons is 32.5%.

4. Tax Reliefs

Tax Reliefs are granted by the Government in order to encourage certain forms of behaviour and actions, such as the education of children and care for the aged. Reliefs are granted to individuals or entities as a means of reducing their tax burden. This is done through a reduction in the assessable incomes of those who qualify. There are three (3) main categories of reliefs:

- i. Personal Reliefs
- ii. Relief from Double Taxation
- iii. Roll over Relief

Personal Reliefs
Personal Reliefs are granted to individuals who satisfy one or more conditions as stated
by the law. The assessable incomes of employees who qualify are reduced by fixed sums. Personal reliefs are of two (2) main categories. Those granted upfront and those granted upon the filing of returns.

Reliefs granted upfront	Reliefs granted upon filing of returns
Marriage Children's Education Disabled Individual * Aged Relief	Aged Dependant Relief Individual Undergoing Training Life Insurance

* Paid upfront for the period he remains an employee

1. RELIEFS PAID UPFRONT (EMPLOYEES)
i) Marriage Relief - ¢300,000.00 per annum
This relief is granted to only one of two married persons with a dependant spouse or a single parent responsible for the upkeep of two or more dependant children. The individual who qualifies upon certification by his employer has his assessable income reduced by GH¢30.00 per annum

ii) Children Education - GH¢24.00 per child per annum
Individuals who qualify for this relief are entitled to a reduction in their assessable income by an amount of GH¢24.00 per child per annum up to a maximum of 3 children.

To qualify for this relief, the children / wards should be in a recognized registered educational institutions in Ghana. Only one of two parents may apply through the employer for this relief.

The table below shows the various combination that could arise.

A	B	C	D	E
One Child Only	Marriage Relief	Married + 1 Child / Ward	Married + 2 Children / Wards	Married + 3 Childn / Wards
GH¢24.00	GH¢30.00	GH¢54.00	GH¢78.00	¢1,020,000

Where 2 or more persons qualify in respect of the same child or ward, only one relief shall be granted.

iii) Disabled Relief - 25% of Assessable Income
The Disable Relief serves as an incentive to individuals who in spite of their disabilities are in gainful employment. It is granted to disabled individuals who earn income from any business or employment. They would be entitled to a reduction in their assessable incomes of 25% on application through their employers.

iv) Aged Relief - The lesser of GH¢30.00 or the total Income
An individual who is sixty (60) years of age and earns income during the year from an employment or business is entitled to this relief.

v) Aged Dependant Relative - Gh¢20.00 per annum

This relief is meant to serve as an incentive to individual responsible for the upkeep of their aged relatives.

A relief of Gh¢20.00 per annum is granted to an individual with a dependant relative who is sixty(60) years of age or more. This relief can only be claimed in respect of two dependant relatives upon filing of tax returns. Where two or more persons qualify in respect of the same relative, only one relief would be granted.

vi) Individual Undergoing Training
Where an individual is undergoing training to update the professional, technical or vocational skills or knowledge, he or she is eligible for a relief of GH¢50.00 or the cost of training whichever is less.

Self Employed
Self employed would be granted whichever relief they qualify for upon filing of their returns.

Relief from Double Taxation
1. For the purpose of determining the income of a person for a basis period accruing or derived from outside Ghana, the foreign income tax paid with respect to the income would be deducted.

2. **Foreign Tax Credit**
A resident person is entitled to a credit for a year of assessment for any foreign income tax paid by that person in respect of his taxation foreign income for the year.

3. Foreign tax credits are calculated separately for taxable foreign income from each business, employment or investment. These foreign tax credits should not exceed the average rate of Ghanaian income tax of that person (for the year of assessment) applied to his taxable foreign income for the year from each business, employment or investment.

4. A person's assessable income, for which that person is entitled to a foreign tax credit, would be increased by the amount of the foreign tax credit.

5. Where taxable foreign income of a person includes a dividend, tax would be deemed to have been paid. Where a Double Taxation Agreement (exists), credit is to be granted for foreign income tax paid with respect to the profits from which the dividend is distributed.

7. A person may elect to relinquish a foreign tax credit with respect to the foreign income tax paid. Roll over Relief This relief is enjoyed by a person (partnership included) or an associate, disposing of an asset to another associate. The following conditions must be satisfied:

- The asset must be a business asset or a depreciable asset of the associate
- The person and the associate must be residents at the time of transfer
- That the associate should not be exempt for tax
- That there is a continuation of part ownership of the asset of at least 25%
- That both the person and the associate are to apply for this relief.

Categories of Relief
The asset would be transferred at one of the following values:

1. **Written Down Value**
Where the asset is depreciable
a. Such as buildings, structures and works of a permanent nature which are not used in mining, as well as in tangible assets
b. A complete pool of depreciable assets constituting the following:-
Computers, data handling equipment. All forms of land, rail water and air transportation vehicles and equipment, office furniture, fixtures and equipment. The written down value must have been worked out as at the time of transfer.

2. **Market Value**
The market value as at the time of transfer is used where
i) a depreciable asset is transferred out of a pool of assets
ii) where any asset which is used in or held for the purpose of business is transferred or held for sale.

TAX HOLIDAYS EXEMPTION PERIODS (INDUSTRY CONCESSIONS)
Some business enjoy tax holidays or exemption periods. During the period of exemption the incomes are not taxable until the period is over. The exemption periods vary and depend mainly on the type of businesses. These are granted to serve as incentives for taxpayers.

The Industry Concessions granted are shown below.

	Businesses	**Exemption Period (Years)**
1.	FARMING	
	i) Tree Crop	10
	ii) Cattle	10
	iii) Livestock, Fish and Cash Crop	5
2.	Agro Processing Business	3
3.	Agro processing businesses established in and after 2004	5
4.	Farming and Processing Business	Treated as (1), (2) or (3)
5.	Companies producing cocoa by-products from cocoa waste	5
6.	Waste processing companies	7
7.	Rural Banks	10
8	Real Estates	5
9.	Ghana Stock Exchange	15

10.	Companies listed on the Stock Exchange in and after 2004	3
11.	Free Zones	10
12.	The income from cocoa of a cocoa farmer	Indefinite

1. "Tree Crops" includes coconut, coffee, oil palm, rubber and sheanut.
2. "Cash Crop" includes cassava, maize, pineapple, rice and yam.
3. "Processing Business" means business of converting crops, fish or livestock produced in Ghana into edible canned or other packaged products other than their raw state.
4. "Farming Business" means the business of producing crops, fish or livestock.
5. "Free Zone" means an area or building declared as a free zone by publication in the Commercial and Industrial Bulletin and includes single factory, free port, free airport, free river or lake port.

5. Deductions Allowed / Expenses

All expenses made in relation to the production of the income from any business, employment or investment is allowed or deducted in respect of:-

- The expenses wholly, exclusively and necessarily incurred in the production of the income
- Any other deductions as may be allowed by the Minister of Finance.

Deductions Allowed

- Interest on Loans
- Rent
- Repairs
- Deductions in relation to Rental of premises
- Bad Debts
- Research and Development Expenditure
- Capital Allowance
- Foreign Currency Exchange Losses
- Carry Over of Losses

6. Carry Over of Losses

For the purposes of ascertaining the income of a person from farming, mining, or manufacturing business which mainly produce for export, the losses incurred can be carried over or deducted for five years.

7. Tax Rebates

Manufacturing business which is located outside Accra / Tema enjoys tax rebate as follows:-

- Regional Capitals 25%
- Elsewhere in Ghana 50%

8. Capital Allowance

Capital allowance is a deduction allowed and it is granted in respect of depreciation of assets used in the course of production of the income by enterprises.

9. Settlement of Disputes
The Commissioner is the first appellate authority. Thereafter appeals can be made to the courts as far as Supreme Court for settlement of disputes.

10. Dividends
Dividends are taxed at the rate of 10% and it is a final tax.

11. Free Zones
The Free Zones Act 504 provides tax holiday of 10 years for companies operating in areas demarcated as Free Zones. Thereafter Corporate tax is paid at the rate not above 8%.

Capital Gains Tax

The Internal Revenue Service imposes tax at the rate of ten per cent (10%) on the gains accruing from the realization of the assets if the amount realized exceeds ¢500,000. Capital Gains Tax is imposed on the following:

- Buildings of a permanent or temporary nature situated in Ghana
- Business and business assets, including goodwill of a permanent establishment situated in Ghana
- Land situated in Ghana
- Shares of a resident company
- Part of, or any right or interest in, to or over any of the assets listed above.

Where any of the above assets is situated outside Ghana, Capital Gains shall only be imposed if the gains are brought into or received in Ghana.

The sale or disposal of any of the following assets would not attract Capital Gains Tax:

- Securities of a company listed on the Ghana Stock Exchange during the fifteen years after the establishment of the Ghana Stock Exchange.
- Agricultural land situated in Ghana
- Trading stock or certain classes of depreciable asset (ie. assets in the pool)

The following are exempt from Capital Gains Tax:

- Capital Gains accruing to or derived by a company upon a merger, amalgamation or re-organization if there is continuity of underlying ownership of at least twenty per cent (25%)
- Capital Gains resulting from transfer of ownership of an asset by a person to that person's spouse, child, parent, brother, sister, aunt, uncle, nephew or niece.
- Capital Gains resulting from a transfer of ownership of the asset by a person to a spouse as part of a divorce settlement or a genuine separation agreement.
- Capital Gains, where the amount received on realization, is within one year of realization used to acquire a chargeable asset of the same nature.

Returns

Any person who derives capital gains from the realization of a chargeable asset has a duty to furnish the Commissioner with the following information within 30 days.

- Description and location of asset.
- Cost base of the asset before the realization and how that cost base is calculated
- Consideration received from the realization
- Amount of any capital gain and tax payable with respect to that capital gain and tax
- Full name and address of the new owner of the asset.

Gift Tax

A person who receives a taxable gift the value of which exceeds ¢500,000 is required to pay tax at the rate of 10% of excess over ¢500,000. A taxable gift is any of the following assets situated in Ghana

- Building of a permanent or temporary nature and land
- Share; bonds and other securities
- Money including foreign currency
- Business and business assets
- Any means of transportation (land, air or sea)
- Goods or chattels not included in (vi)
- Part of, or any right or interest in, to or over any of the aforementioned assets.

An asset whether situated in Ghana or outside received by a person resident in Ghana as a gift, where the asset has been credited in an account, has been invested, accumulated or capitalized in the name of or on behalf of or at the direction of that person. Any monetary consideration or consideration in any other form aimed at ensuring the performance of an act or an omission which goes to the benefit of a resident person.

The following do not attract the gift tax

- Any gift received under a will or upon intestacy
- A gift received from a spouse, child, parent, sister, brother, aunt, uncle, nephew or niece
- A gift received by a religious body in so far as the gift would go to the benefit of the public or a section of the public
- A gift for charitable purposes

Returns

A person who receives a taxable gift has an obligation to furnish the Commissioner with the following information within 30 days

- The description and location of the taxable gift
- The total value of the gift, how it is calculated and tax payable with respect to that gift
- The full name and address of the donor of the gift
- Any other information required by the Commissioner

Taxation Procedures

TIN Registration

Taxpayers Identification Number (TIN) is given to taxpayers for official transactions with:

- the Internal Revenue Service
- the Customs, Excise and Preventive Service
- the Value Added Tax Service
- the Controller and Accountant General
- the Registrar General's Department
- District, Metropolitan and Municipal Assemblies
- any other public institution the Minister of Finance may prescribe.

Any person liable to tax or required to withhold tax at source is enjoined to register with the TIN Secretariat for this unique number. The registration is done upon application to any IRS Office throughout the country.

- clear any goods in commercial quantities from any port or factory
- register any title to land, interest in land or any document affecting land
- obtain any Tax Clearance Certificate from the IRS, CEPS or VAT Service
- receive payment for the supply of goods or service from the Accountant General or any District Assembly.

The Tax Office will then have an interview with you about your business. Based upon the interview, you will be given a provisional assessment.

Record Keeping

The most important thing is to keep accurate records of all your business transactions, and the receipt, bills, bank statements, cheque stubs etc. to back them up. You can get various sorts of accounts books for recording the figures. It may also be helpful to have an accountant or accounts clerk for your books.

At the end of each year of trading, your tax office will want a copy of your accounts showing the amount of profit you have made. To work out the profit you will need to know the details of everything paid in or owed to the business, and everything paid or owed out of it. This will include all your business expenses and any money or items you have taken out of the business for your private use.

If some of your expenses are partly business and partly private eg. rates, lighting, telephone, (where your office is in the same building as your home) or motor expenses in the case where the car is for both business and private use, you have to state so. You and your Tax Office will have to agree on the part which represents business use.

The Tax Office will need to be satisfied that your accounts give a true picture of your business. If you are self-employed, you will normally rely on your business accounts to make a correct return of your income. If you are the owner or director of a

Limited Liability Company you will rely on the business accounts to ensure that the Company's profits are correctly returned.

The IRS has a responsibility to ensure that returns are correct. If the returns are not acceptable then the Tax Office will want to look into your tax affairs, examine your books of accounts and interview you. If your records are not good enough to produce proper accounts, your tax assessment might then be based on an estimate of your business activity and the tax could be higher.

It is therefore advisable to keep full and accurate records of your business not only for your own use and your accountant, but also for the Tax Office, so that they can be sure your tax returns are correct.

Imposition of Income Tax

Any person who earns income from employment, business and investment is liable to tax for each year of assessment. The Year of Assessment is from 1st January to 31st December of the same year. You may pay each year's tax liability in four equal instalments by March 31, June 30, September 30 and December 31 of every year.

The chargeable income is the person's assessable income for that year from each business, employment and investment less allowable deductions, capital allowances and /or personal relieves.

A person's income from a business is that person's gains or profits from any business carried on for a period of time by that person. The income may include amounts accruing to or derived by that person from any investment during any basis period.

Basis Period

Individuals and partnerships are required to adopt the government's accounting date of 1st January to 31st December, of the same year as their "basis period".

Tax Calculation

In the case of a self-employed person or a company, income tax is paid at specified rates based on annual assessments made by the Commissioner, Internal Revenue. Some identified companies with good tax records have been given the options to self-assess. The tax payable for a year of assessment is payable in four equal instalments by the end of the third, sixth, ninth and twelve month of your 'basis period'.

You are required to complete a tax return form at the end of each year of assessment. You may receive a provisional assessment at the beginning of each year as the Commissioner of IRS, is empowered to raise provisional assessment on every person chargeable with tax.

Tax Stamp for Informal Sector Operators

The Tax Stamp introduced by the Internal Revenue Service (IRS) is designated to micro and small enterprises of the so-called “informal sector” (e.g. hawkers, tabletop sellers, traders, artisans, and members of identifiable bodies) which normally do not keep records. The tax stamp is a sort of flat rate taxation.