

INCOME TAX (AMENDMENT) (NO.2) ACT, 2016 (ACT 924)

ARRANGEMENT OF SECTIONS

Section

1. Section 6 of Act 896 amended
2. Section 7 of Act 896 amended
3. Section 15 of Act 896 amended
4. Section 30 of Act 896 amended
5. Section 77 of Act 896 amended
6. Section 78 of Act 896 amended
7. Section 89 of Act 896 amended
8. Section 97 of Act 896 amended
9. Section 116 of Act 896 amended
10. Section 119 of Act 896 amended
11. Section 124 of Act 896 amended
12. Section 125 of Act 896 amended
13. Section 130 of Act 896 amended
14. Section 135 of Act 896 amended
15. First Schedule to Act 896 amended
16. Third Schedule to Act 896 amended
17. Sixth Schedule to Act 896 amended

THE NINE HUNDRED AND TWENTY-FOURTH

ACT

OF THE PARLIAMENT OF THE REPUBLIC OF GHANA

ENTITLED

INCOME TAX (AMENDMENT) (NO.2) ACT, 2016

AN ACT to amend the Income Tax Act, 2015 (Act 896) and for related matters.

DATE OF ASSENT: 9th September, 2016.

Passed by Parliament and assented to by the President:

Section 1—Section 6 of Act 896 amended

The Income Tax Act, 2015 (Act 896) referred to in this Act as the "principal enactment" is amended in paragraph (a) of subsection (2) of section 6 by the substitution for subparagraph (v), of

"(v) a gift received by a person other than a gift received in respect of business or employment;".

Section 2—Section 7 of Act 896 amended

The principal enactment is amended in subsection (1) of section 7

(a) by the deletion of "and" after paragraph (p); and

(b) by the insertion .after paragraph (q), of paragraphs (r) and (5)

"(r) interest paid to a non-resident person on bonds issued by the government of Ghana; and

(s) gains from the realisation of bonds issued by the Government of Ghana by a non-resident person. " .

Section 3—Section 16 of Act 896 amended

The principal enactment is amended in section 16 by the substitution for paragraph (b) of subsection (1), of

"(b) fifty percent of the chargeable income of the person for the year from the business or investment calculated without

(i) including a financial gain derived by the person; or

(ii) deducting a financial costs incurred by the person.".

Section 4—Section 30 of Act 896 amended

The principal enactment is amended in section 30 by the insertion after subsection (4), of

"(5) A lessor who leases an asset under an operating lease

(a) shall, in calculating the income of the lessor, include the whole amount of rent paid under the lease; and

(b) may be granted capital allowance with respect to the asset in accordance with the Third Schedule." .

Section 5—Section 77 of Act 896 amended

The principal enactment is amended in subsection (1) of section 77 by the substitution for "mining", of "mineral".

Section 6—Section 78 of Act 896 amended

The principal enactment is amended in section 78 by the deletion of

- (a) paragraph (b) of subsection (3); and
- (b) subsection (4).

Section 7—Section 89 of Act 896 amended

The principal enactment is amended in section 89 by the insertion after paragraph (b) of subsection (2), of

"(c) the amount of any reserve for unexpired risk deducted in the previous basis period."

Section 8—Section 97 of Act 896 amended

The principal enactment is amended in paragraph (a) of subsection (2) of section 97 by

- (a) the insertion of "or" after subparagraph (ii);
- (b) the deletion of "or" and the insertion of "and" after subparagraph (iii); and
- (c) the deletion of subparagraph (iv).

Section 9—Section 116 of Act 896 amended

The principal enactment is amended in section 116 by the substitution for subsection (8) of

"(8) This section does not apply to

- (a) a payment subject to withholding under section 114; or
- (b) a payment that is an exempt amount."

Section 10—Section 119 of Act 896 amended

The principal enactment is amended in section 119 by the deletion of paragraphs (e), (f) and (g) and the insertion of

- "(e) payments made to a person under section 116 (1)(a)(ii) and (iii); and
- (f) lottery winnings."

Section 11—Section 124 of Act 896 amended

The principal enactment is amended in subsection (1) of section 124 by the substitution for "year of assessment", of "basis period".

Section 12—Section 125 of Act 896 amended

The principal enactment is amended in section 125 by the substitution for paragraph (a) of subsection (1), of

"(a) a resident individual who does not have tax payable for the year under section 1(1)(a); or".

Section 13—Section 130 of Act 896 amended

The principal enactment is amended in subsection (4) of section 130 by

- (a) the deletion of "and" after paragraph (e)
- (b) the substitution for paragraph (f), of
"(f) dividends of a company"; and
- (c) by the insertion after paragraph (f), of
"(g) depreciation of a fixed asset."

Section 14—Section 135 of Act 896 amended

The principal enactment is amended in section 135 by the renumbering of subsection (5) as subsection (4).

Section 15—First Schedule to Act 896 amended

The principal enactment is amended in the First Schedule by

- (a) the insertion after subparagraph (3) of paragraph 1, of
"(4) Where an individual receives a gift other than a gift received in respect of business or employment, the individual may elect to pay tax at the rate of fifteen percent.
- (5) The remainder of the chargeable income of the individual is taxed at the rate referred to in subparagraph (1) or (2) as the case requires."; and
- (b) the insertion after subparagraph (6) of paragraph 3, of "(6A) The income tax rate applicable to the chargeable income of a business referred to in subparagraphs (1), (2) and (3) of the Sixth Schedule for the next five year period after. the temporary concession period is:

LOCATION	RATE OF INCOME TAX
Accra and Tema	20%
Other Regional Capitals outside the Northern Savannah Ecological Zone	15%
Outside other Regional Capitals	10%
The Northern Savannah Ecological Zone	5%

In this subparagraph 'Northern Savannah Ecological Zone' has the meaning provided in the Savannah Accelerated Development Authority Act, 2010 (Act 805).

Businesses that benefit from these concessions do not qualify for any other location incentives available to manufacturing businesses. ";

(c) the insertion after subsusubparagraph (vii) of subsusubparagraph (c) of subparagraph (1) of paragraph 8, of "(vii A) in the case of service fees referred to in subparagraph (vii) of paragraph (a) of subsection (1) of section 116, seven and a half percent;"; and

(d) the substitution for subparagraph (2) of paragraph 8, of

"(2) The rate of tax to be withheld from the payment to which subsection (4) of section 71 applies is,

(a) in the case of a non-resident person, fifteen percent; and

(b) in the case of a resident person, seven and a half percent.

Section 16—Third Schedule to Act 896 amended

The principal enactment is amended

(a) in subparagraph (1) of paragraph 1 of the Third Schedule by the substitution for item (ii) of the information corresponding to Class 2 depreciable assets, of "(ii) Assets resulting from expenses referred to in subparagraph (5) in respect of long term crop planting costs.";

(b) in subparagraph (3) of paragraph 3 of the Third Schedule by the substitution for "subparagraph (3)", of "subparagraph (4)"; and

(c) in subparagraph (4) of paragraph 4 by the insertion between "associate" and "the", of "of".

Section 17—Sixth Schedule to Act 896 amended

The principal enactment is amended

(a) in subparagraph (1) of paragraph 1 of the Sixth Schedule by the substitution for "individual" wherever it appears in that subparagraph, of "person"; and

(b) by the substitution for sub subparagraph (b) of subparagraph (1) of paragraph 1, of

"(b) in the case of farming livestock other than cattle, fish or cash crops, income from the business for a period of five years of assessment commencing from the year in which the business commences; and"

Date of Gazette Notification: 9th September, 2016.