

Highlights of 2023 National Budget
*(Economic Policy and Fiscal
Consolidation Plan)*

GHANA

NOVEMBER 2022

Overview Macroeconomic Targets and Performance

Index	2021 Actual	2022 Target	2022 Actual SEPT. 2022	2023 Target	Medium Term Plan (2023-2026)
YoY: Overall Real GDP Growth <i>(Inclusive of oil)</i>	5.4%	3.7% <i>(outlook 3.5%)</i>	4%*	2.8%	4.8%
YoY: Real GDP Growth <i>(Without oil)</i>	6.9%	4.3% <i>(outlook 3.6%)</i>	5.1%*	3%	4.4%
End-Period Inflation	12.6%	28.5%	37.2% ⁺	18.9%	8% ± 2
Overall Fiscal Budget Deficit (% of GDP) <i>(Cash Basis)</i>	11.3%	6.6%	7.4%	7.9% ⁺⁺	
Primary Balance/Surplus <i>(% of GDP)</i>	(1.5%)	0.4%	2%	0.7%	1.3%
Gross International Reserves <i>(measured as number of months of imports cover)</i>	4.3%	≥ 3.5 months	2.9 months	≥ 3.3 months	≥ 4 months
Public Debt-GDP <i>(% of GDP)</i>	76.7%	104.7 ⁺⁺	75.9% (Sept)	99.7 ⁺⁺	

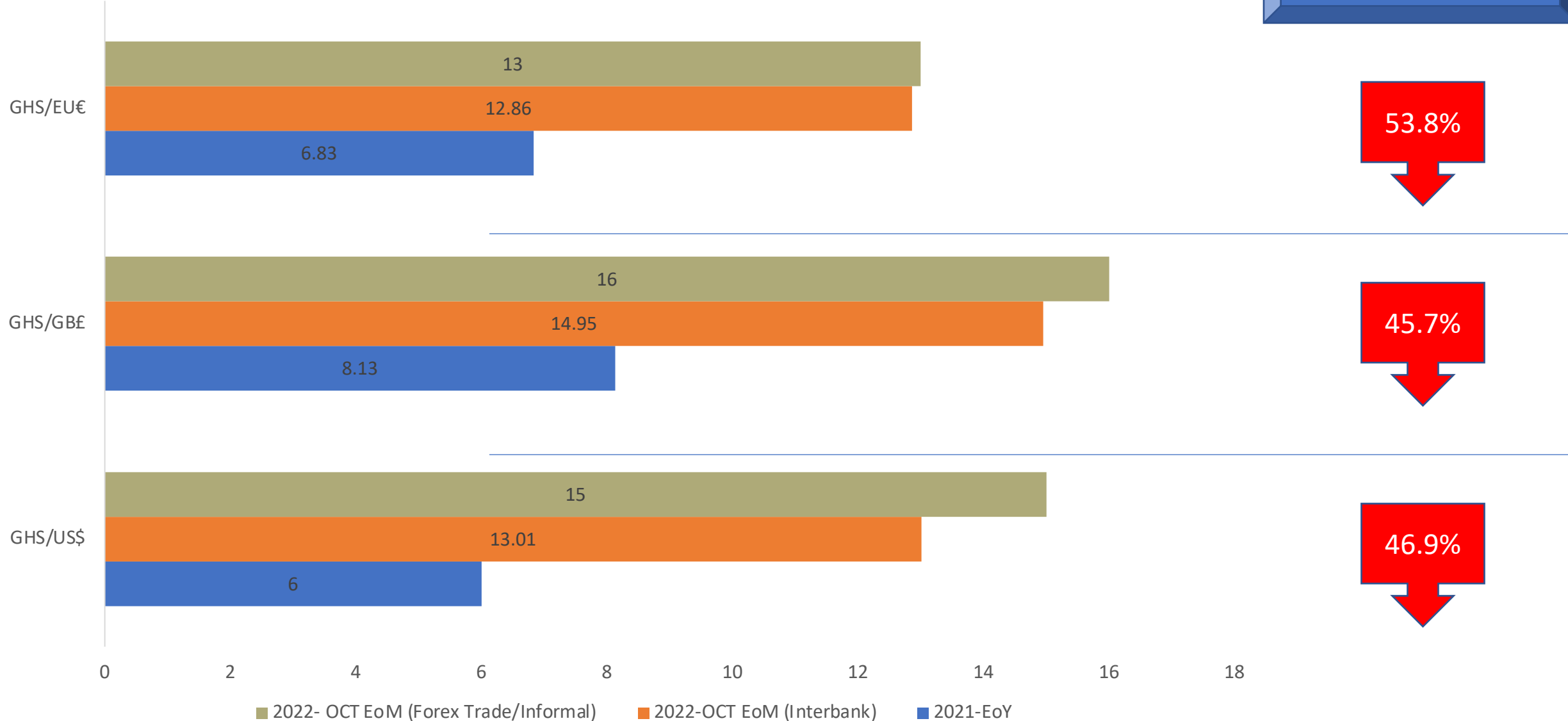
***As at June 2022; ⁺ Oct 2022 is at 40.4%; ⁺⁺World Bank estimate**

Source(s): 2022 Budget Statement; World Bank
Africa's Pulse Report-October 2022

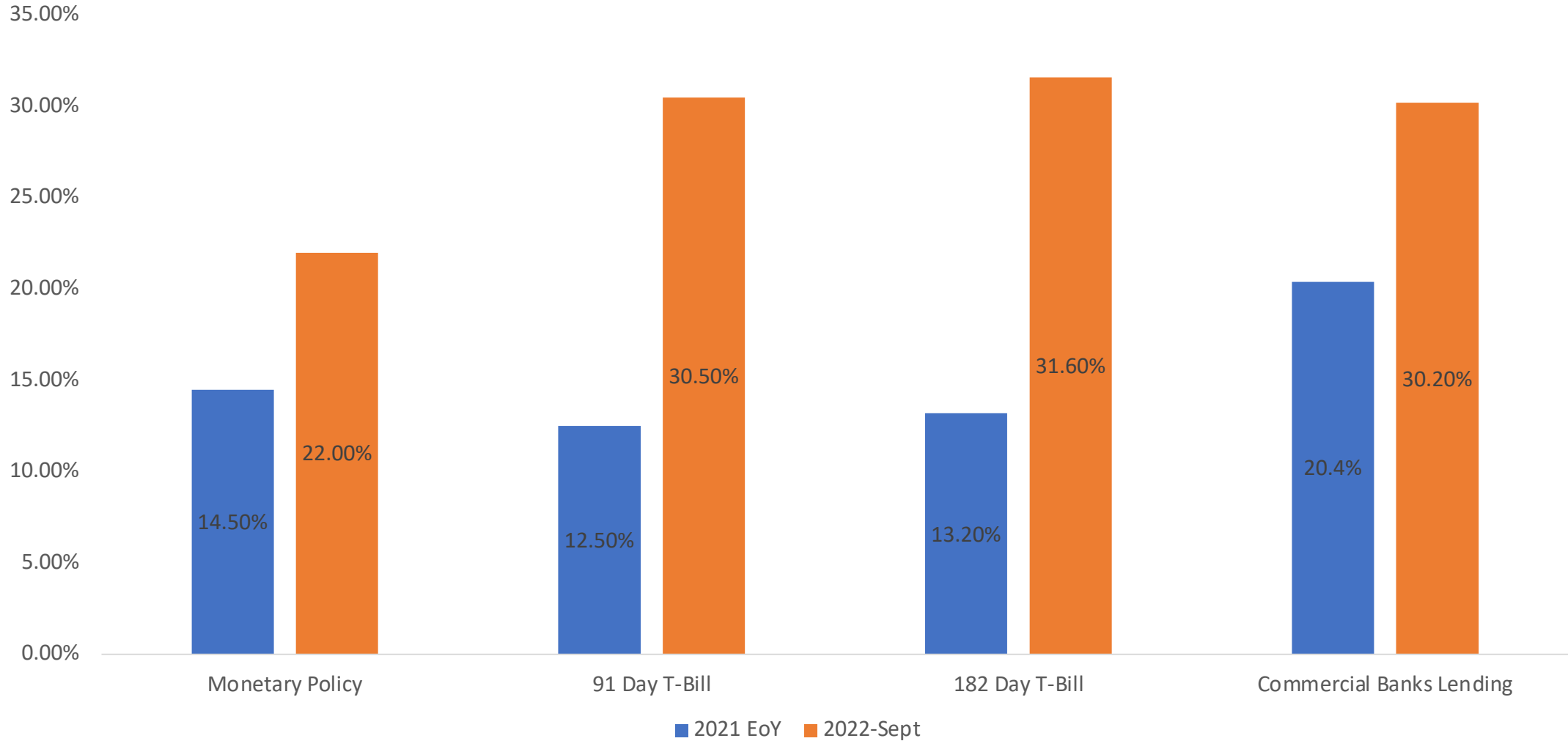
Exchange Rates Depreciation

End of Period

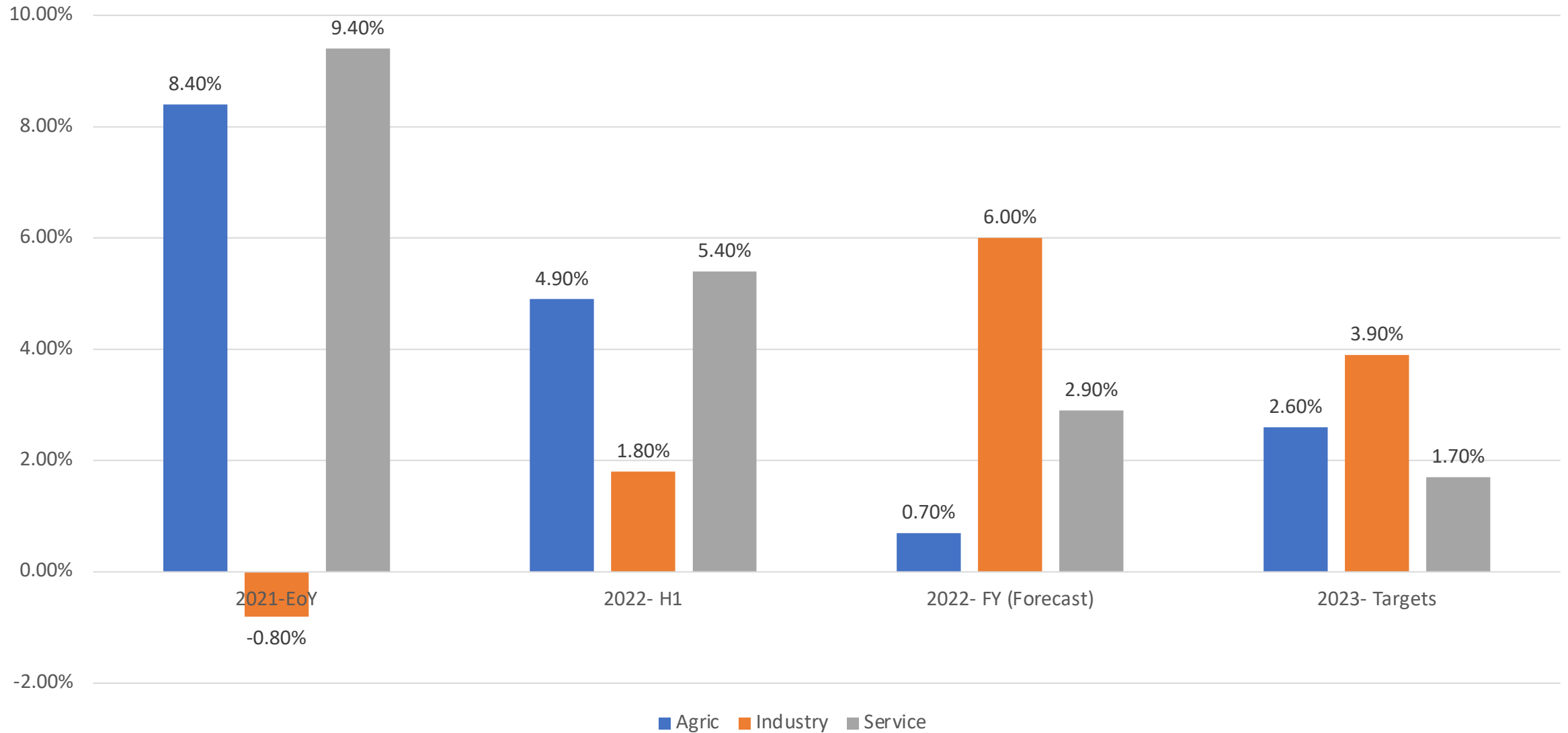
**YTD Depreciation
(Monthly Averages)**



Interest Rate Indicators

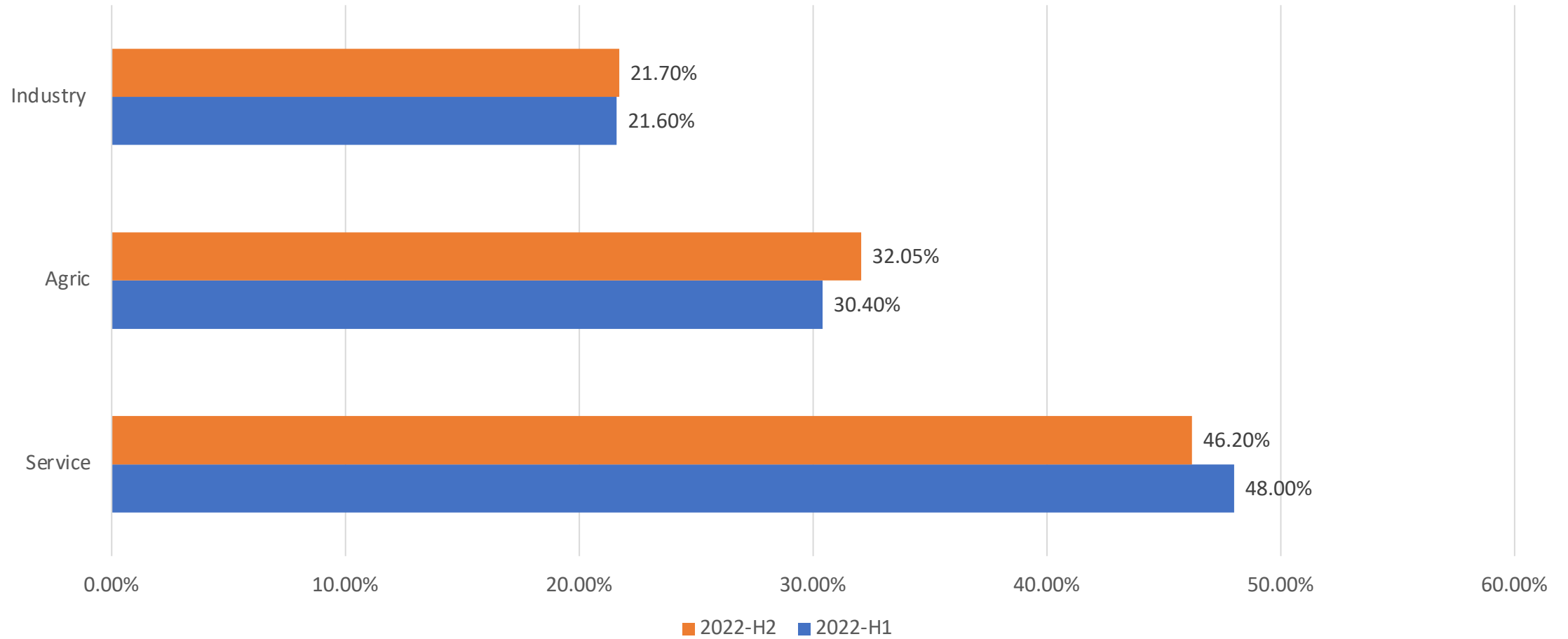


Sectoral Growth Analysis (Real GDP)

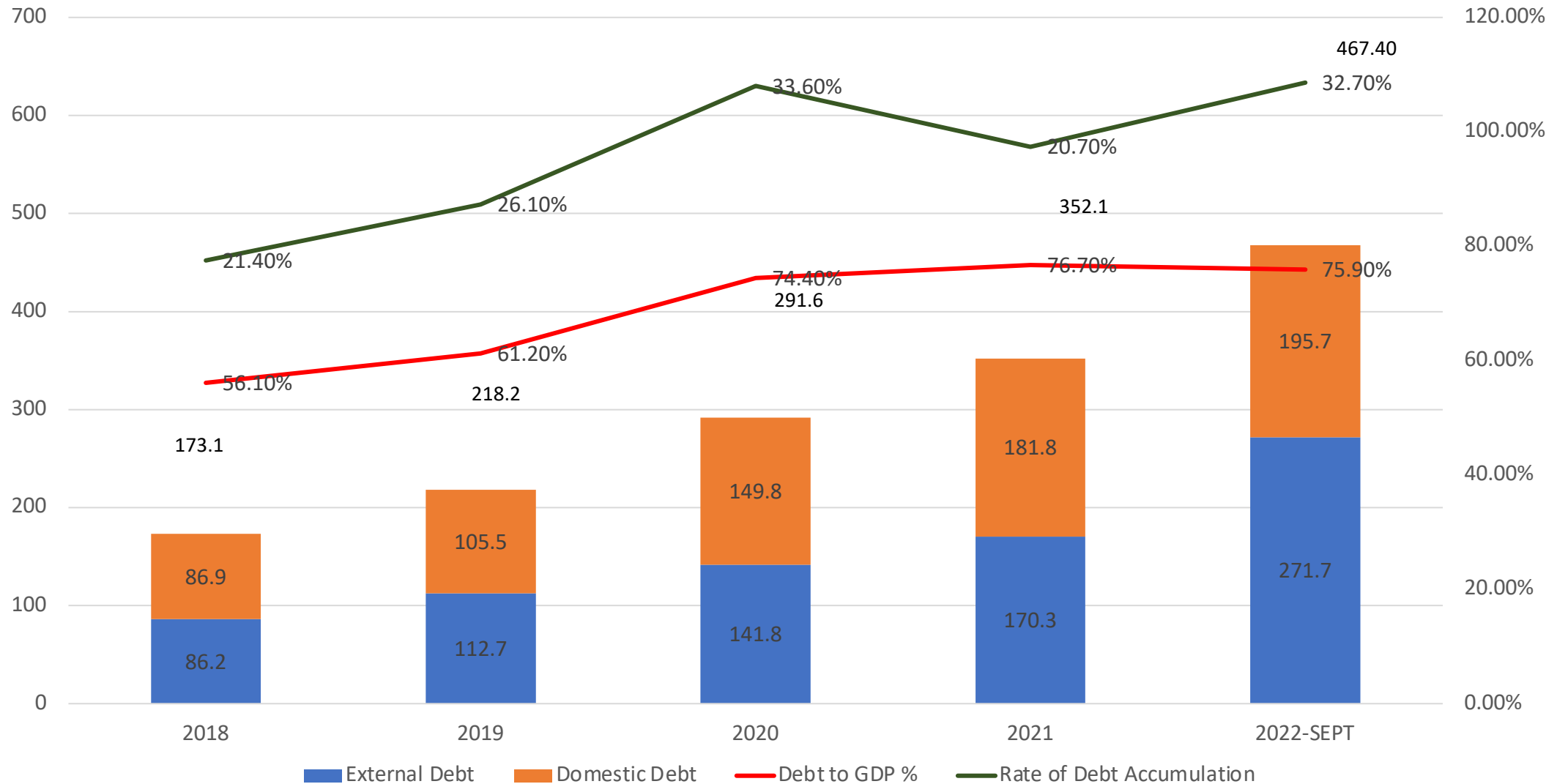


Sectoral Contribution to Nominal GDP

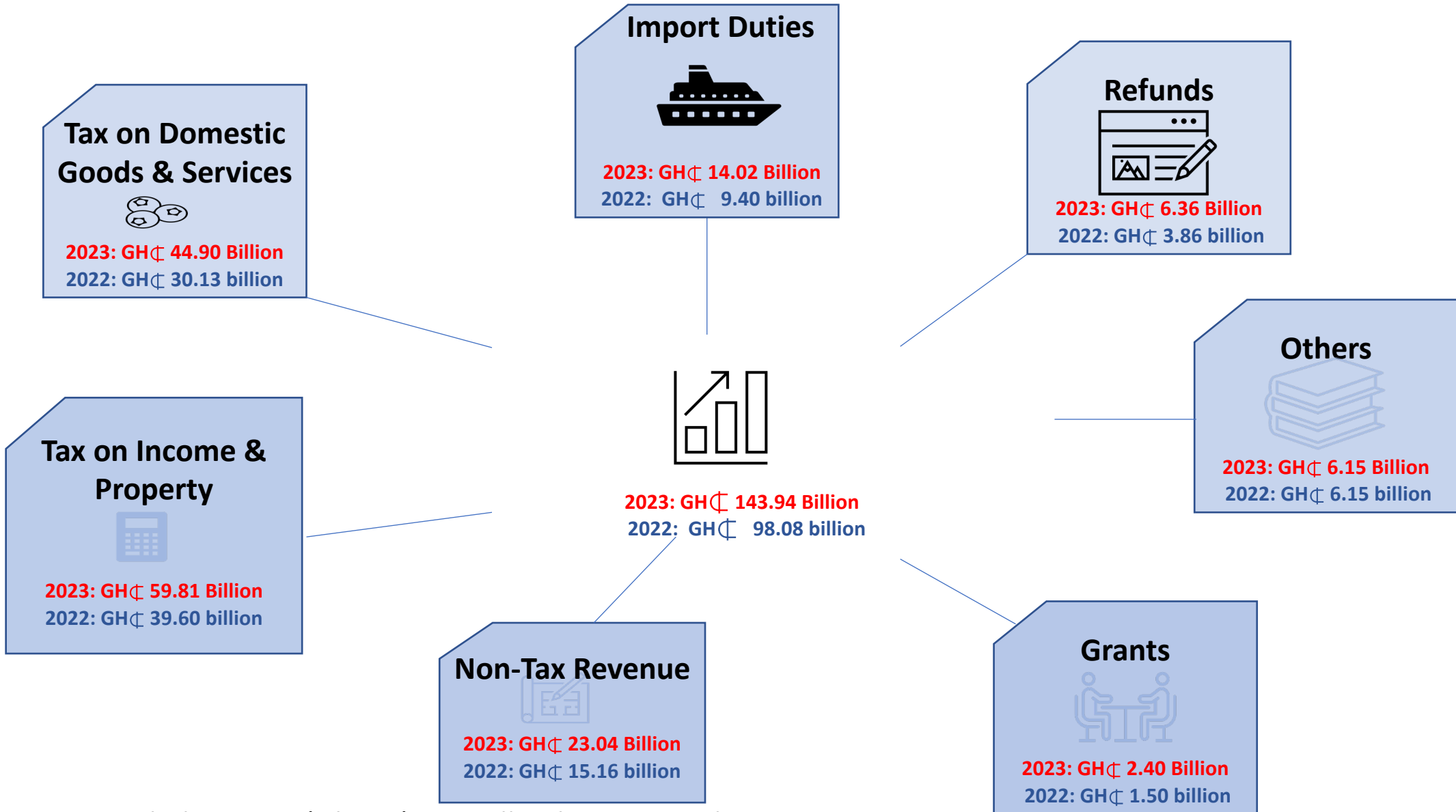
.....remains unchanged



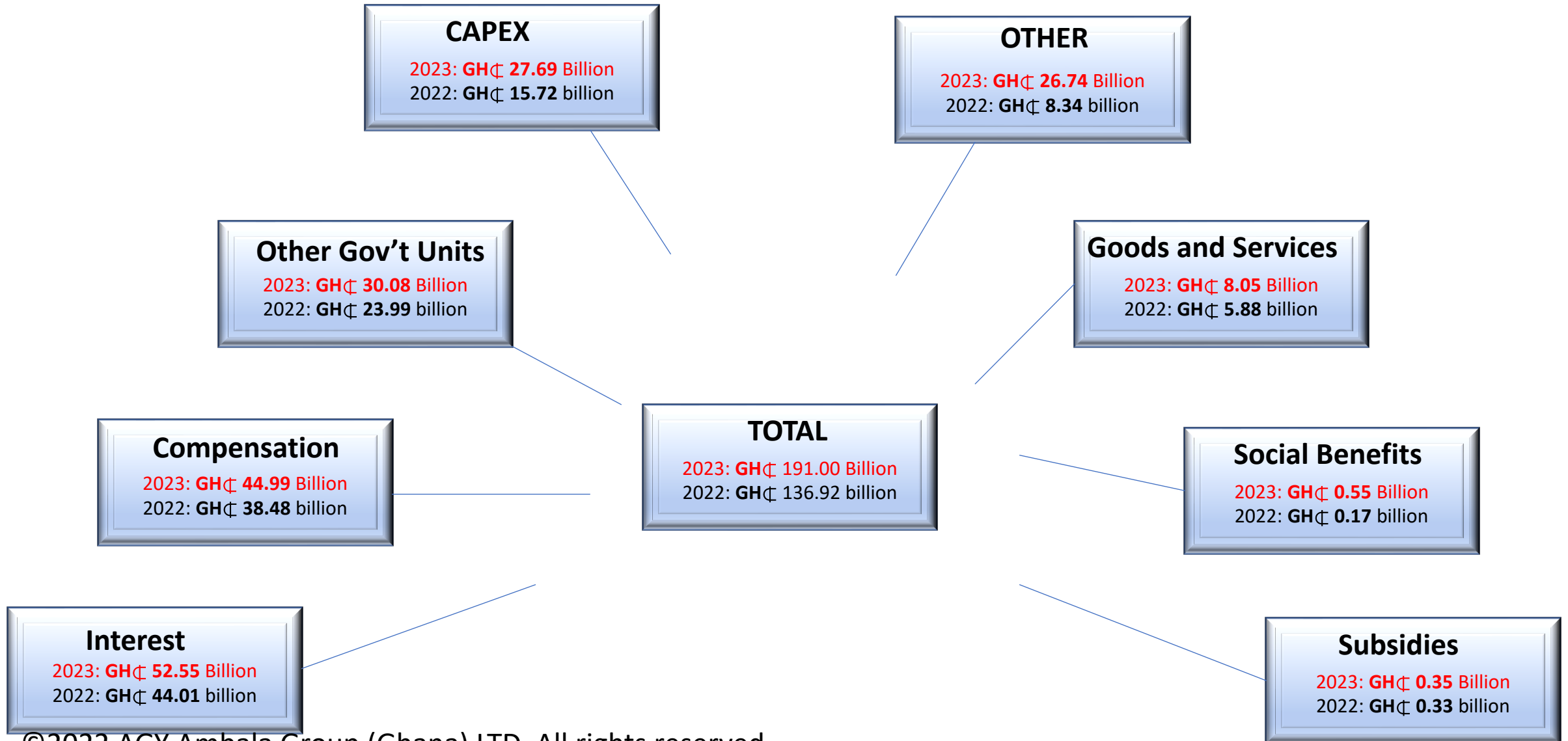
Public Debt At a Glance (GHc 'billion)



2023 Revenue Projections



2023 Expenditure Projections



Tax Initiatives and Revenue Optimisation Measures

Direct TAX: Personal Income Tax (PIT):- Employee and individual Income

Revision of upper limits for vehicle benefits

Affects the computation of employee income tax under the PAYE system.

The upper limit of the vehicle benefit is computed as a percentage of an employee's total cash emolument. This value is added to an employee's emoluments for tax purposes.

The percentage applied differs based on consideration of the mix of vehicle, driver and fuel provided by an employer to an employee, with the highest rate of 12.5% applicable when an employee receives a driver, vehicle, and fuel.

Traditionally the value to be added back is capped at an amount per month. For instance, there is a cap of GHS 600.00/month for a vehicle driver and fuel.

It is likely that this monthly cap will be reviewed upwards to provide a higher base for PAYE computation.

***To compliment this measure, we have advised government to consider reviewing upwards the capped value for motor vehicles allowed for the computation of capital allowance. The current cap has become insignificant due to inflationary pressures.*

Tax Initiatives and Revenue Optimisation Measures

Direct TAX: Personal Income Tax (PIT):- Employee and individual Income

**Introduction
of a 35%
marginal
income tax
rate**


Affects the computation of employee income tax under the PAYE system.

A higher tax band of 35% will be introduced into the PAYE graduated scale for higher earning individuals.

Tax Initiatives and Revenue Optimisation Measures

Direct TAX: Personal Income Tax (PIT):- Employee and individual Income

**Withholding tax rate for gains
on realization of assets and
liabilities**



**A review of the optional
rate for individuals for
realizations**

Tax Initiatives and Revenue Optimisation Measures

Direct TAX: Corporate Income Tax- CIT



Introduction of a minimum chargeable income system

An increase of the 1% concessional Income Tax rate to 5%

Unification of the loss carried forward provisions in the Income Tax Act

Tax Initiatives and Revenue Optimisation Measures

Direct TAX: Corporate Income Tax- CIT



Restricting the treatment of foreign exchange losses to actual losses.

A modification of the rules applied to taxing capital gains including a withholding tax rate for gains on realisation of assets and liabilities.

Tax Initiatives and Revenue Optimisation Measures

Direct TAX: Corporate Income Tax- CIT

Conversion of the National Fiscal Stabilisation Levy (NFSL) into a Growth and Sustainability Levy (GSL) to cover all entities.

Category A entities comprising those currently paying the NFSL and six additional sectors will have a rate of five percent on Profit-Before-Tax.

Category B comprising all other entities (with the exception of the extractive sector) will have a rate of two and a half percent.

Category C comprising entities operating in the extractive sector will contribute up to one percent of production to the Levy.

Tax Initiatives and Revenue Optimisation Measures

Indirect TAX:

VAT

- Increase in Standard Rate from 12.5% to 15%
- Review of Registration Threshold
- Major reforms to exemptions

EXCISE DUTY

- Revision of rates for tobacco and cigarettes to align with ECOWAS protocols
- Increase in rate for spirits above beers
- Expansion to include electronic smoking devices and other liquids currently not taxed

IMPORT DUTY

- Phase out of benchmark discount policy
- Amendment of Customs Regulations, 2016 (LI 2248) to allow for self-clearing of goods by importers at the ports of entry without recourse to a customs house Agent.

'E-LEVY'

- Reduction in headline rate from 1.5% to 1%
- Removal of the daily threshold.

Tax Initiatives and Revenue Optimisation Measures

Other Revenue Measures



Freeze on new tax waivers for foreign companies

Review of tax exemptions for Free Zones and extractive industries

Electronic VAT invoicing for all VAT taxpayers

All Tax clearance certificates (TCCs) to be generated electronically after complete tax compliance