

# 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
- i. 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	Aged Dependant Relief
Children's Education	Individual Undergoing Training
Disabled Individual	Life Insurance
* Aged Relief	

\* Paid upfront for the period he remains an employee

## 1. RELIEFS PAID UPFRONT (EMPLOYEES)

### i) Marriage Relief -GH¢30.00 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¢30.00 per child per annum**

Individuals who qualify for this relief are entitled to a reduction in their assessable income by an amount of **GH¢30.00 per child per annum up to a maximum of 3 children**

To qualify for this relief, the children / wards should be in 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 combinations that could arise.

A	B	C	D	E
One Child Only	Marriage Relief	Married + 1 Child / Ward	Married + 2 Children / Wards	Married + 3 Children / Wards
GH¢30.00	GH¢30.00	GH¢60.00	GH¢90.00	GH¢120.00

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 - GH¢30.00 per annum**

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¢25.00 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¢25.00 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¢100.00 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 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.
6. 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:

- a. The asset must be a business asset or a depreciable asset of the associate
- b. The person and the associate must be residents at the time of transfer

- c. That the associate should not be exempt from tax
- d. That there is a continuation of part ownership of the asset of at least 25%
- e. 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.