Payroll Compliance

Ghana Tax Summary 2025

A short guide for payroll professionals navigating the latest employees' tax legislation.

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1. General Information

1.1 Official currency

The official currency of Ghana is the Ghana Cedi (GHS).

1.2 Tax year end

Ghana tax year is the calendar year ending 31 December.

1.3 Revenue service

Ghana Revenue Authority:

www.gra.gov.gh

2. Administration and Compliance

2.1 Monthly obligations

PAYE tax must be paid to the Domestic Tax Revenue Division (DTRD) of the Ghana Revenue Authority (GRA) by the 15th of every month.

All payments should be made with an accompanying schedule.

2.2 Annual submission

Employers are required to submit a return for each employee by 31 March following the end of a tax year.

3. Pay As You Earn (PAYE)

3.1 Employment income

Amounts to be included in the employment income are:

- payments of salary, wages, leave pay, fees, commissions, and gratuities
- overtime pay and bonuses; as provided by Regulations
- personal allowances, including cost of living allowance, subsistence, rent, entertainment or travel allowance;
- a discharge or reimbursement of an expense incurred by an individual or associate of the individual;
- a payment for the individual's agreement to conditions of the employment;
- retirement made to a retirement fund on behalf of the employee and retirement payments received in respect of the employment;
- other payments, including gifts, received in respect of the employment; and
- any other allowances or benefits paid in cash or given in kind.

3.2 Tax Tables

Monthly Income Bracket		Tax Rate
0,00	490,00	0%
490,01	600,00	5%
600,01	730,00	10%
730,01	3 896,67	17,5%
3 896,68	19 896,67	25%
19 896,68	50 416 ,67	30%
50 416,68	and above	35%

3.3 Non-resident employee

The chargeable income of a non-resident is taxed at the rate of **25%.**

Non-resident employees are not entitled to the following reliefs: mortgage interest relief, marriage and dependent children relief, children's education relief, disabled individual relief, aged individual relief, aged dependant relief and relief for individual undergoing training.

3.4 Casual workers

The gross income (full earnings) of a casual worker must be taxed at a final tax rate of **5%.**

"Casual worker" means a worker engaged on a work which is seasonal or intermittent and not for a continuous period of more than six months and whose remuneration is calculated on a daily basis.

3.5 Part-time employees

In the case of part-time employment other than for examining, invigilating, supervising an examination or part-time teaching or lecturing purposes; the income from part-time employment is taxed at:

- **10%** where the employee is a resident individual and
- at **25%** where the employee is a non-resident individual.

"Part-time employment" with respect to an employee means any employment that is not the regular employment of that employee.

3.6 Tax on Overtime

Where an employer makes a payment for overtime to a **qualifying junior employee*** for overtime work by that employee during the year of assessment, the employer shall:

- Withhold tax from the total of that payment at the rate of **5%,** if the amount paid does not exceed 50% of the monthly basic salary; or
- Withhold tax from the excess of that payment at the rate of **10%,** if the amount paid does not exceed 50% of the monthly basic salary.

*An employee is a qualifying junior employee for a year of assessment if the employee is a junior staff member whose **qualifying employment income**** from the employment for the year does not exceed GHC18 000.

**Qualifying employment income from an employment for a year of assessment is equal to the total of all amounts that are required to be included in ascertaining the income of the employee from the employment for the year; and that either have a source in Ghana or that are received by a resident individual during the year.

The GRA has ruled that the qualifying employment income includes the full overtime and full bonus earnings, regardless of how they are taxed.

3.7 Tax on Bonus

Where bonus paid to an employee during the year;

- does not exceed 15% of annual basic salary, the employer shall withhold tax from the gross amount of payment at the rate of 5%
- exceeds 15% of annual basic salary of the employee, the employer shall add any excess above 15% payments to the employment income of the employee for the year and withhold tax from the payment in accordance with the income tax rates for resident individuals.

4. Benefits in Kind

Benefits in kind to, or on behalf of, an employee by his employer form part of employment income and are taxable in the hands of the individual employee. Generally, the value of the benefit in kind is the cost to the employer of providing the benefit.

The taxable value of a benefit accruing to an employee from the use of employer-provided accommodation and/or from an employer-provided motor vehicle is determined as follows:

4.1 Accommodation

The value of the taxable benefit is determined as follows:

- Accommodation with furniture, **10%** of the employee's total cash emoluments
- Accommodation without furniture, **7.5%** of the employee's total cash emoluments
- Furniture only, **2.5%** of the employee's total cash emoluments
- Shared accommodation, **2.5%** of the employee's total cash emoluments

4.2 Motor Vehicle

Benefit	Rate
Vehicle only	**5%** of the employee's TCE up to a maximum of GHS 625 per month
Fuel only	**5%** of the employee's TCE up to a maximum of GHS 625 per month
Vehicle with Fuel	**10%** of the employee's TCE up to a maximum of GHS 1 250 per month
Vehicle with driver and fuel	**12.5%** of the employee's TCE* up to a maximum of GHS 1 500 per month

"Total cash emoluments" means the total of all income derived by the person during the year of assessment from employment and the total of any amount required to be included in income of that person, but excluding payment that is subject to final withholding tax.

Our interpretation is that "payments that is subject to final withholding tax" refers to the 'type' of earning; thus bonus and overtime, not necessarily the actual portion of it that is taxed at the concessionary rate. Hence the full overtime should be excluded from TCE.

There are various other interpretations from other tax practitioners which our BP in Ghana has come across which confirms that it is indeed a grey area.

TCE is all the taxable earnings and company contributions, excluding bonus and overtime earnings.

4.3 Interest on loan benefit

4th Schedule 3. (1) "A benefit consisting of a loan provided for a year of assessment in return for services (whether by way of employment or otherwise) or by an entity to a member or manager of the entity is quantified as-

(a) where the loan is made by an employer to an employee, with the term of the loan not more than 12 and the aggregate amount of the loan and any similar loans outstanding at any time during the previous twelve months does not exceed three months basic salary, the quantity of the payment is nil; and

(b) in any other case, a quarter of the amount by which-

(i) the interest that would have been paid by the payee during the year of assessment of the payee in which the payment is made if interest were payable under the loan at the statutory rate for the year of assessment, exceeds

(ii) the interest paid by the payee during the year of assessment under the loan, if any."

5. Exempt Income

5.1 Medical, Dental, or Health Insurance

A dental, medical, and health insurance expense, where the benefit is available to all full-time employees on equal terms, is exempt from tax.

5.2 Passage In and Out

Passage in and out of Ghana for the commencement and completion of assignment (employment) is non-taxable provided the person is recruited/engaged outside of Ghana, in Ghana solely for the employment, and is not a resident of Ghana.

5.3 Certain Accommodation

Provision of accommodation by employer to employee at a site or place where the field operation of the business is carried on.

Exemption granted to employees of the following Enterprises:

- Timber
- Farming
- Mining
- Building
- Construction

5.4 Reimbursement/Discharge of Business Expenditure

Reimbursement/discharge of business expenditure incurred by the employee on behalf of the employer is not taxable.

5.5 Redundancy Pay

In the Income Tax Act 2015, the exemption for the severance pay has been replaced by the exemption for the redundancy pay. However, there is a GRA ruling that states that the severance pay and redundancy pay should be treated the same for tax purposes. Basically both the severance pay and redundancy pay are tax exempt.

Payment for redundancy and severance should be separated from other earnings such as accumulated Leave Payment, Bonus, and Salary Arrears.

5.6 Pension income

The pension payable to employees is exempt from tax.

5.7 Certain payments

Payments made to employees on a non-discriminatory basis that, by reason of their size, type and frequency, are unreasonable or administratively impracticable for the employer to account for or to allocate to the individual.

5.8 Voluntary pension/provident fund – Tier 3

An employer's voluntary contributions to an approved fund manager is not taxable for up to 16.5% of the basic salary.

6. Tax Deductions and Reliefs

6.1 Retirement contributions including SSNIT

Tier 1 and Tier 2

Employee contributions – fully tax deductible.

Tier 3

Employee contributions – tax deductible up to a limit of 16.5% of monthly income*.

*Income is not defined in the National Pensions Act and in the Income Tax Act. It is open to interpretation. It could be referring to gross income, assessable income or basic salary.

Our opinion is that income is referring to the basic salary.

6.2 Mortgage Interest

Mortgage interest incurred during the year is deductible against employment income.

“Mortgage interest” means interest incurred by an individual in respect of a borrowing employed in constructing or acquiring the individual’s only place of residence.

6.3 Personal Reliefs

In Ghana, Tax Relief refers to an approved deductible allowance intended to reduce assessable income and thereby lessen the individual’s tax burden.

6.4 Marriage / Responsibility

The relief is GHC1 200 p.a. in the case of an individual with a dependant spouse** or at least two dependent children.

6.5 Disabled

The relief is 25% of the assessable income from business and/or employment only.
It is granted to a person who is certified to be disabled by the Department of Social Welfare.

6.6 Old age

The relief is GHC1 500 p.a. or the employee’s assessable income, whichever is less.
The relief is granted to persons who are sixty (60) years and above and are in receipt of income from business and/or employment.

6.7 Child Education

The relief is GHC600 p.a. per child up to a maximum of three (3).
It is granted to persons who have children/wards in recognized educational institutions in Ghana.
Both parents cannot claim this relief in respect of the same child

6.8 Aged Dependant

A taxpayer who provides the necessaries of life for an aged relative who is 60 years and above (other than a spouse or child) qualifies for a relief of GHC1 000 p.a. per aged relative.
The relief is granted up to a maximum of two aged-dependants.
Only one person can claim this relief in respect of the same aged relative.

6.9 Cost of Training/Self-Improvement

Any individual taxpayer who undergoes training to update his professional, technical or vocational skills or knowledge is eligible for a relief of GHC2 000 per year or the cost training whichever is lesser.

*Assessable Income is the taxable income plus taxable benefits, before deductions and reliefs.

The assessable income is only reduced by the reliefs to arrive at the income chargeable to tax.

**According to the Act, "dependent child, spouse or relative" in respect of an individual, means a child, spouse or relative of the individual for whom that individual provides the necessaries of life.

Non-resident employees are not entitled to the following reliefs: mortgage interest relief, marriage and dependent children relief, children's education relief, disabled individual relief, aged individual relief, aged dependant relief and relief for individual undergoing training.

7. Social Security – SSNIT

www.ssnit.org.gh

The new Pension Scheme was instituted by the new Pension Act, Act 766 which ensures that every Ghanaian worker receives retirement benefits as and when due.

The Act 766 which was passed on December 12th, 2008 mandated the establishment of a new contributory three-tier pension scheme with a National Pensions Regulatory Authority (NPRA) to oversee the efficient administration of the composite pension scheme. The Act is for both the public and private sector workers.

The New Pension Scheme was launched on 16th September, 2009 and its implementation started in January 2010.

7.1 Contributions

Normal employees – Act 766 Group

- Employee contributes 5.5% of the basic salary every month and employer contributes 13% of the employee's basic salary to make a total of 18.5%.
- Out of the 18.5% the employer should remit 13.5% to SSNIT within 14 days after the end of each month. The remainder of 5% is paid over to the Tier 2 provident/pension fund.

Act 766 Group – 45 at first registry
The maximum age for a new entrant/member is 45 years.

Employees who were 45 year old and above when they first registered for SSNIT are exempt under the new Act 766. They do not qualify for the Basic pension scheme Tier 1, all contributions go to Tier 2.

PDNCL 247 Group
Employees aged 50 years and above as at 01 January 2010 were previously exempted from contributing to the new pension scheme (Act 766); they continued to contribute under PNDCL 247.

Employees in this group contribute 5% of their basic salary to SSNIT, while their employers contribute 12.5%.

7.2 The 3-Tier Scheme

- The First Tier is the Basic National Social Security Scheme for all workers in Ghana. It is a defined benefit scheme and mandatory for workers to have 13.5% contributions made on their behalf. The contribution is managed by SSNIT.

  Employees who were 50 years old when the new pension scheme was introduced in January 2010. All their contributions go towards the Tier 1.

- The Second Tier is a defined contributory Occupational Pension Scheme mandatory for workers with 5% contribution made on behalf of members. The contribution is managed privately by approved Trustees.

  Employees who were 45 year old when they first registered under the new Act 766. Because they are exempted, they do not qualify for the Basic pension scheme Tier 1, all contributions go to Tier 2.

- The Third Tier which includes all Provident Funds and all other Pension Funds outside Tiers I and II is a voluntary scheme.

7.3 Minimum and Maximum contributions

The minimum amount on which the minimum SSNIT contribution shall be determined is daily minimum daily wage x 22 days.

The maximum salary amount on which the SSNIT Tier 1 contribution is based on is GHc 61 000 per month. Members who are contributing under the PNDCL 247 and those who were 45 years old at first registry are not affected by the maximum provisions.

This limit is used to calculate Tier 1 contributions only. This means that the total Tier 1 contribution made by the employee and employer should be 13.5% X GHC61 000 = GHC8 235.

7.4 Excess of Tier 1 contributions

In the case where the employees basic salary is above the capped amount, the excess after remitting the 1st and 2nd Tier contributions from the total contribution of 18.5% is paid the the 2nd Tier Occupational Pension Scheme.

If the excess contribution is not paid into the 1st and 2nd Tier mandatory schemes will fall below 18.5% stipulated by law.

7.5 Retirement age

The retirement age for all three groups of SSNIT pension is 60 years old.

An employee stops contributing SSNIT in the month after they turn 60 years. In other words, when the employee is 60years 1 month, there should be no SSNIT standard contributions.

If the employee wishes to make the standard contributions after they turn 60 years old then it would be a voluntary contribution.

7.6 Non-resident employees

The definition of a Worker in the new Act (766) equally applies to all foreign workers who live and work in Ghana. However, these groups of expatriates are exempted:

- They are Diplomatic Agents of a Foreign Mission in Ghana, or
- They fall within the United Nations Staff or Agencies with Diplomatic Status.
- Other Expatriates with short term contracts or contributes to a scheme in their home country.

Some special provisions are also made and these include:

- An expatriate employee who being in the Service of an employer with an Office in his Home Country and paying contribution under legislation of that Country is posted to Ghana to work, shall remain subject to the Social Security laws of his Country. Such an expatriate will be exempted from contributing to SSNIT.
- The only condition attached to it is that the duration of his work in Ghana shall not EXCEED sixty (60) months (5 years).

Therefore, ALL Ghanaians and Expatriate Workers are coverable under Act 766 EXCEPT those with diplomatic status or exempted by bilateral agreements binding Ghana.

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