



Chandrawat
& Partners

Doing Business in **GHANA**

enquiries@chandrawatpartners.com | www.chandrawatpartners.com

TABLE OF CONTENTS

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Contents

Page No.

Introduction	2
Economic overview	3
Foreign Direct Investment policy	4
Key sectors	5
Advantages of doing business	6
Minimum eligibility criteria for company registration	7
How to set up of doing business ?	8
Taxation	9
Accounting standard of doing business	10
Employment and labor law	11
Employment policies	12
How we can help?	13

INTRODUCTION

Ghana, a country on Africa's west coast, has a dynamic economy that is expanding quickly. It has a rich cultural history and a friendly economic climate. Due to its political stability, strong infrastructure, wealth of natural resources, and expanding middle class, the nation has established itself as one of the most desirable investment locations in the area.

In recent years, Ghana's economy has grown steadily, propelled by industries including mining, oil and gas, agriculture, and services. A favorable business climate has resulted from the government's implementation of several initiatives to encourage investment and private sector development. Making educated business decisions necessitates having a thorough understanding of Ghana's economic environment, including GDP growth, significant industries, and growing sectors. Establishing a business in Ghana requires understanding how to operate within the country's legal and regulatory framework.

Ghana has a variety of sectors with investment potential. This country is well-known for having abundant mineral resources, including as gold, oil, and gas, which draw investment from abroad. Additionally, industries including tourism, manufacturing, renewable energy, agriculture, and technology provide bright potential for corporate expansion. You may take advantage of Ghana's economic potential by being aware of the potential of each area and spotting particular investment options.

Over 100 different ethnic groups make up Ghana's culture, which is richly woven into its overall society. Forging solid connections and carrying out successful business contacts, it is crucial to understand cultural norms, conventions, and business etiquette. This manual will assist you manage the local business environment with cultural awareness by revealing insights into Ghanaian culture, business etiquette, and communication customs.

ECONOMIC OVERVIEW

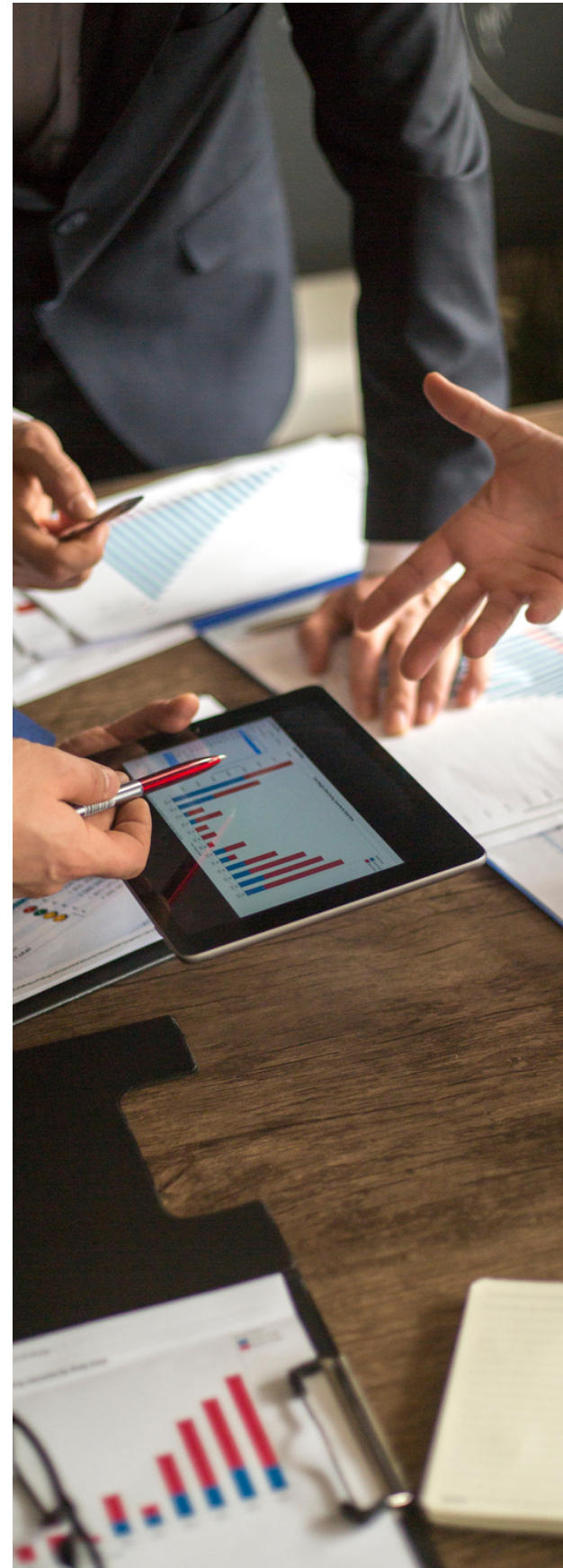
Ghana, a nation in West Africa, is regarded as one of the most politically and economically stable countries in the area. Its varied economy provides a range of commercial potential customers. An outline of the economic aspects that affect conducting business in Ghana is given below:

Over the past few years, Ghana has consistently had strong economic development, with an average yearly growth rate varying between 6% and 8%. The rise in GDP seems to have been facilitated by the government's initiatives to diversify the economy and draw in outside capital.

Ghana has worked to enhance its business climate and draw in international capital. Several measures have been put in place in the nation to streamline business registration, minimize red tape, and improve investor protection. Further streamlining of the investment process came with the creation of the Ghana Investment Promotion Centre (GIPC). Natural resources abound in Ghana, including gold, cocoa, lumber, oil, and gas. A major portion of the nation's GDP comes from the mining and petroleum industries. Additionally, Ghana's economy is heavily dependent on agriculture, notably cocoa production.

Ghana is renowned for its stable democracy and orderly political changes. Foreign investment and the expansion of the private sector have been encouraged by government policy. A favorable business environment is provided by the politically stable environment.

Ghana has made significant investments in the construction of roads, ports, and telecommunications systems. The government has started programmed to boost logistics and connectivity, which promotes commerce and streamlines company processes.



FOREIGN DIRECT INVESTMENT POLICY

According to UNCTAD's Investment Trends Monitor, the Ukraine crisis, rising food and energy costs, financial instability, and debt pressures will all have an impact on the global FDI momentum in 2022. South Africa, the Netherlands, France, Mauritius, and China are Ghana's top investment nations (IMF, FDI ranking).

To establish itself as a center in West Africa for global investors, Ghana holds meetings every year (the Ghana Investment Summit). Through fee exemptions, targeted loans, and public-private partnerships (Co face), the COVID-19 Alleviation and Revitalization of Enterprises Support (CARES) initiative, a USD 16 billion programmed over 2020–2024, aims to attract investment to the agribusiness, fertilizer, automotive assembly, aluminum, and steel sectors.

One of the Sub-Saharan African nations with the fastest-growing economy is Ghana. Population growth, adaptable government institutions for international investors, and a robust labor force all exist. As a foreigner in Ghana, it may be alluring to launch a business without following the proper procedures.

We have compiled the five (5) essential measures that no foreign investor entering Ghana should ever neglect to save them money.

Step 1: At the Office of the Register of Companies, you must first register your business

Step 2: You have to obtain GIPC registration

Step 3: You have to register with Ghana revenue authority and the pension authorities

Step 4: You have to apply to immigration authorities for work permit

Step 5: Obtain sector specific certifications and permits

KEY SECTORS



Mining and Natural Resources:

Gold, bauxite, manganese, and diamonds are among the mineral resources found in Ghana. The mining industry provides chances for resource discovery, extraction, processing, and export.

Manufacturing and industrialization:

Ghana's government has actively promoted industrialization, with the goal of transforming the nation into a manufacturing Centre. Textiles and apparel, processed foods, medicines, and building materials all provide opportunities.

Energy and Power:

Ghana has made tremendous progress in strengthening and diversifying its energy infrastructure. Renewable energy investments, such as solar and wind power, as well as traditional sources such as oil and gas, provide prospects for generation, distribution, and infrastructure development.

Financial Services:

Ghana's financial industry is quickly expanding, fueled by a burgeoning middle class and increased financial inclusion. Banking, insurance, microfinance, fin tech, and investment services all provide opportunities.

Information and Communication Technology (ICT):

Ghana's ICT industry is booming, with possibilities in software development, mobile apps, e-commerce, telecommunications services, and IT infrastructure.

ADVANTAGES OF DOING BUSINESS

Ghana has a stable political system and has experienced a generally peaceful democracy for several decades. This stability creates a favorable climate for business operations and decreases the possibility of political instability interfering with company operations. Ghana has had sustained economic development throughout the years, making it an appealing place for commercial prospects. The country's economy is diverse, with agriculture, mining, manufacturing, and services all contributing to GDP growth.

Investment climate favorable:

Ghana has taken initiatives to enhance its investment climate and attract foreign direct investment ("FDI"). The governments has put in place policies and programmed to attract investment, including as tax breaks, reduced bureaucratic procedures, and property rights protection. Ghana has a wealth of natural resources, including gold, oil, cocoa, wood, and minerals. This creates opportunity for companies in the mining, extraction, and processing industries. Fertile soils support the agriculture industry as well, creating chances for agribusinesses.

Access to Regional and International Markets:

Due to its strategic position and involvement in regional trade blocs such as the Economic Community of West African States ("ECOWAS"), Ghana acts as a gateway to the West African market. This enables enterprises to reach a bigger consumer base outside of Ghana's boundaries. Workforce Skill: Ghana has a relatively educated and talented workforce, notably in finance, technology, and engineering. The country places a high value on education and vocational training.

MINIMUM ELIGIBILITY CRITERIA FOR COMPANY REGISTRATION

- Several fundamental elements are included in the minimum qualifying criterion for business registration in Ghana. To begin, the firm must have at least two shareholders, who can be either people or corporations.
- Furthermore, there must be a minimum of two natural people as directors, one of whom must be a Ghanaian resident.
- In addition, the firm must have a registered office location in Ghana that serves as its official communication address. Furthermore, a company secretary must be appointed within the first six months of establishment.
- A minimum specified capital is required, which varies based on the type of business being registered. For example, the minimum stated capital for a private business is GHC 500, but the minimum stated capital for a public corporation is GHC 1000.
- To finish the registration procedure, the firm must submit many papers, including the company's regulations, shareholder and director information, and the company's statement of share capital.
- It should be noted that the requirements and processes for company registration may differ based on the type of business and industry in which it operates. To guarantee compliance with all relevant legislation and requirements, it is recommended that you speak with the Registrar-General's Department or seek expert advice.

HOW TO SET UP A BUSINESS?

Choose a business structure:

Businesses can choose to set up as a sole proprietorship, partnership, limited liability company (LLC), or branch office.

Register the business:

Businesses must register with the Registrar General's Department and obtain a business registration certificate.

Obtain necessary permits and licenses:

Depending on the industry, businesses may need to obtain permits and licenses from various government agencies such as the Food and Drugs Authority, Environmental Protection Agency, and Ghana Standards Authority.

Open a bank account:

Businesses must open a bank account with a Ghanaian bank to conduct transactions.

Obtain tax identification number (TIN)

Businesses must obtain a TIN from the Ghana Revenue Authority (GRA) to pay taxes.

Obtain necessary visas and work permits:

Foreign nationals working in Ghana must obtain appropriate visas and work permits.

Comply with local laws and regulations:

Businesses must comply with all local laws and regulations, including those related to health and safety, environmental protection, and labor practices.



TAXATION

Ghana's tax system aims to generate revenue for the government while providing a framework for businesses to operate. The main forms of taxation include corporate income tax, value-added tax (VAT), and withholding taxes. Corporate income tax is levied on the profits of companies operating in Ghana, with a current rate of 25%.

Businesses must accurately calculate and report their profits to comply with tax laws and regulations. VAT is a consumption tax levied on goods and services at each stage of the supply chain, with a standard rate of 12.5%.

Businesses must register for VAT, charge it on taxable supplies, submit regular VAT returns, and remit the collected VAT to the Ghana Revenue Authority. Withholding taxes are taxes deducted at source on specific types of income, such as dividends, interest, royalties, and payments made to non-residents.

Withholding tax rates vary depending on income type and recipient's tax residency status. It is crucial for businesses to stay compliant with tax laws and regulations to avoid penalties and fines.

Personal income tax is levied on individuals residing in Ghana and is calculated based on their annual income. The tax rates are divided into different tax bands, with higher-income earners paying a higher percentage of their income as tax. Additionally, various tax deductions and allowances are available to individuals to reduce their taxable income.

Corporate taxation in Ghana is applied to both resident and non-resident companies. Resident companies are taxed on their worldwide income, while non-resident companies are taxed only on their income generated in Ghana.

The corporate tax rate is generally flat, although certain industries may have specific tax rates or incentives to promote investment and economic development.



ACCOUNTING STANDARDS

In Ghana, businesses are required to comply with the accounting standards set forth by the Ghanaian Institute of Chartered Accountants (GICA) and the Ghana Accounting Standards Board (GASB). These accounting standards provide guidelines and regulations for the preparation, presentation, and disclosure of financial statements, ensuring transparency and comparability in financial reporting.

Ghana has adopted the International Financial Reporting Standards (IFRS) as the basis for its accounting standards. As a result, businesses in Ghana are expected to prepare their financial statements in accordance with the IFRS framework.

Businesses in Ghana are expected to keep accurate and comprehensive accounting records, including books of accounts, financial statements, and supporting paperwork, under these accounting standards. These records should accurately and fairly reflect the company's financial situation, performance, and cash flows.

Businesses must also follow the concepts of fair value assessment, going concern assumption, accrual basis accounting, and the matching principle. These principles guarantee that financial statements provide relevant and trustworthy information for decision-making. Businesses in Ghana are expected to comply with taxes requirements in addition to financial reporting.

The Ghana Revenue Authority (GRA) oversees tax affairs, and firms must keep correct records and file accurate tax returns in compliance with the country's tax laws and regulations.

EMPLOYMENT AND LABOR LAWS

Employment and labor laws in Ghana are governed by the Labor Act of 2003 and its subsequent amendments. Here are some key provisions:

- **Minimum wage:** The current minimum wage in Ghana is GHS 11.82 per day.
- **Working hours:** The standard workweek in Ghana is 40 hours, and employees are entitled to at least one day off per week.
- **Overtime:** Employees who work beyond their regular hours are entitled to overtime pay.
- **Leave:** Employees are entitled to annual leave, sick leave, and maternity leave.
- **Termination:** Employers must provide notice or pay in lieu of notice when terminating an employee's contract.
- **Discrimination:** Discrimination based on gender, race, religion, or disability is prohibited.
- **Health and safety:** Employers must provide a safe and healthy working environment for their employees.
- **Social security:** Employers must contribute to the Social Security and National Insurance Trust (SSNIT) on behalf of their employees.
- It is important for businesses to comply with all employment and labor laws in Ghana to avoid legal and financial penalties.



EMPLOYMENT POLICIES

When doing business in Ghana, it is crucial for companies to be aware of the employment policies and regulations in the country. Ghana has a legal framework that governs various aspects of employment, including hiring practices, working conditions, and employee rights. One important aspect of Ghana's employment policies is the protection of workers' rights. The country's labor laws establish minimum standards for wages, working hours, and leave entitlements. It is essential for businesses operating in Ghana to comply with these regulations to ensure fair treatment of their employees. Employment contracts are a fundamental requirement in Ghana, and they should be in writing and specify important details such as job title, responsibilities, compensation, and duration of employment.

Additionally, businesses must be aware of the minimum wage requirements set by the government and ensure that they pay their employees accordingly. Ghanaian labor laws also emphasize the importance of workplace safety and health. Employers are obligated to provide a safe working environment and implement measures to prevent accidents and occupational hazards. They must also provide appropriate training and protective equipment to their employees when necessary.

Moreover, companies operating in Ghana should be aware of the country's regulations regarding recruitment and termination of employees. Discrimination based on race, gender, religion, or disability is prohibited, and employers must ensure fair and unbiased hiring practices. When it comes to termination, employers are required to follow due process and provide valid reasons for dismissing an employee.



HOW WE CAN HELP?

Our team of professionals can conduct comprehensive market research to help businesses understand their target audience, industry trends, and potential competitors.

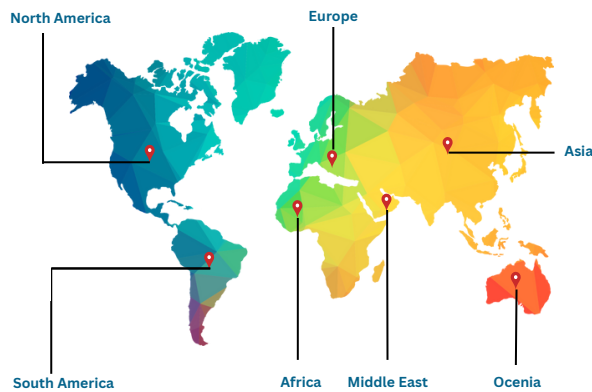
Our experts can help set clear objectives, outline actionable steps, and identify opportunities for growth and expansion.

Our team can conduct risk assessments to identify potential threats and vulnerabilities within a business. They can then recommend risk mitigation strategies to safeguard against adverse events.

Our team can investigate and identify any licenses, permissions or registrations required for the client's specific area or industry. The business assists with the application process and ensures that the organization complies with all legal criteria.



SERVING CLIENTS WORLDWIDE



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Key Contact



Surendra Singh Chandrawat

Managing Partner

✉ surendra@chandrawatpartners.com

Connect Surendra on



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