



INTER-CLASS ASSOCIATES

(CHARTERED ACCOUNTANTS, CERTIFIED FORENSIC INVESTIGATION PROFESSIONALS & CHARTERED TAX CONSULTANTS)

HEAD OFFICE

2nd Floor Tutuwaa House
P. O. Box KF 1855
Koforidua E/R,
Ghana
E-mail: inter_classassociates@yahoo.com / mkafflu@yahoo.com

CONTACTS

+233(3420) 26237; 97351
+233 - 24 - 5970011
+233 - 20 - 8111849
+233 - 50 0349077

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Your Ref.:

16th July, 2021.

The Commissioner – General
Ghana Revenue Authority
Head Office
Accra.

Dear Sir,

CALL FOR TAX AUDIT OF ALL NON-GOVERNMENTAL ORGANIZATIONS (NGO'S) IN GHANA

I wish to call for the immediate Tax Audit of ALL Non-Governmental Organizations (NGOs) in Ghana.

Taxability of NGOs

Non-Governmental Organizations (NGOs) are registered as companies limited by guarantee. They are therefore seen as non-profit making organizations and therefore are deemed as EXEMPT ORGANIZATIONS, under our Tax Laws, specifically section 97(4) of the Income Tax Act, 2015 (Act 896), as amended.

The Reality on the Ground

The little research conducted by Inter-Class Associates, coupled with our practice experience in dealing with NGOs in Ghana, has revealed that more than 70% of NGOs registered in this country are involved in profit-making ventures and activities which are taxable, as provided for under section 97(5) of Act 896.

For example, there are NGOs involved in Trading activities, micro finance, illegal mining, transfer of funds, oil and gas, trading in foreign currencies, money laundering, etc. etc. All these activities are taxable, as indicated above.

Taxable Income

Our Tax Laws provide that Income accruing in, derived from, brought into or received in Ghana is taxable in Ghana. Therefore, every income earned in Ghana is taxable in Ghana, unless specifically exempted from tax.

Withholding Tax on Goods and Services

Most NGOs have created the wrong impression that so far as they are classified as non-profit making organizations then it means that they are not to pay any kind of taxes. They evade the payment of taxes on the income of their employees – pay-as-you-earn (PAYE), that is for their staff salaries and allowances. They fail to withhold tax on payments they make for goods and services above the threshold of GH¢2,000.00 as provided by the Law. Rent payments are not subjected to withholding tax etc. etc., all in breach of sections 114 to 120 of Act 896.