



GHANA ECONOMY

2026 Tax Budget

**Resetting for growth,
jobs and economic
transformation**

November 2025



INTRODUCTION

On November 13, 2025, the Finance Minister, presented the 2026 Budget Statement and Economic Policy for the Government of Ghana in Parliament titled, Resetting for Growth, Jobs and Economic Transformation.

The Finance Minister also presented before Parliament Bills, Regulations and Memoranda for consideration in support of the proposed amendments and repeal.

The key fiscal policy priority is to mobilise domestic revenue through continuous implementation of the Medium-Term Revenue Strategy, digital tax systems and enforcement of taxation in the digital economy.

The core fiscal policy measures and structural reforms outlined in the budget are, *Value Added Tax reforms, improving tax compliance and administration, deploying digital tools to track e-commerce and scheduled tax legislative reviews.*

VALUE ADDED TAX REFORMS

During the mid-year budget reading and presentation in July 2025, the Finance Minister alluded to the Government's commitment to comprehensive reform to the current VAT structure. The Ministry of Finance and the Ghana Revenue Authority (GRA) were also consultations with stakeholders in the months leading to the 2026 Budget presentation.

The proposed VAT reforms will:

- ▶ Abolish the Covid-19 Health Recovery Levy
- ▶ Reverse the decoupling of the GETFund and NHIL levies from the VAT
- ▶ Allow GETFund and NHIL levies to be subject to input VAT deduction
- ▶ Reduce the effective VAT rate from 21.9% to 20%
- ▶ Increase the VAT registration threshold from GHS 200,000 to GHS 750,000
- ▶ Remove VAT on reconnaissance and prospecting of minerals

Other VAT measures proposed is to extend the VAT zero-rating on the supply of locally manufactured textiles to 2028.

Abolish the Covid-19 Health Recovery Levy

The proposed VAT reforms will officially remove the 1% Covid-19 Health Recovery Levy on taxable supplies that was introduced in May 2021. The abolished levy will reduce the administrative burden of accounting and remitting a separate levy to the GRA. Additionally, this will also reduce the cost of business as the charge will be eliminated from sales invoices to customers.

The Finance Minister estimates that, by abolishing the levy, the Government is putting GHS 3.7 billion in the pockets of individuals and businesses. What this also means is that there is a revenue shortfall to the Government. With the absence of new taxes being introduced by the 2026 Budget, there is the question of where the government is going to balance the shortfall.

Reversal of the decoupling of the GETFund and NHIL levies

The proposed reform will reverse the decoupling of NHIL and GETFund levies from the VAT tax base which will eliminate the cascading effect of the taxes. The Amendment in August 2018 excluded the levies from the output-input mechanism, thus, the levies were not creditable.

With the proposed amendment, the levies will now form part of the VAT output-input mechanism and will be subject to input VAT deduction.

Reducing the effective VAT rate from 21.9% to 20%

The abolition of the covid-19 HRL and the reversal of the decoupling of the levies (GETFund and NHIL),

and the unchanged VAT rate, the effective VAT rate will be reduced to 20%.

Analysis of the VAT reforms based on proposed VAT reforms.

	Current VAT regime GHS	Proposed VAT Reforms GHS
Sales (Taxable supply)	100	100
GETfund Levy (2.5%)	2.5	2.5
NHIL (2.5%)	2.5	2.5
Covid-19 HRL (1%)	1	-
Tax Base	106	100
VAT @ 15%	15.9	15
Total invoice amount	121.90	120
Deductible input VAT	15.9	20

**The application of the levies and VAT in the proposed reform could differ subject to GRA interpretation.*

Increase the VAT registration threshold from GHS 200,000 to GHS 750,000

The mandatory threshold for VAT registration will be increased from GHS 200,000 to GHS 750,000 through the proposed reforms. The basis for this revision is that the registration threshold has declined in real terms from GHS 200,000 in 2015 to GHS to approximately, GHS 48,000. The revision is also to reduce the undue burden on small and micro businesses.

Abolish VAT on reconnaissance and prospecting of minerals

The VAT reforms propose the removal of the VAT charged on supplies relating to minerals reconnaissance and prospecting.



VAT on
reconnaissance
and prospecting of
mineral supplies
removed!



TAX ADMINISTRATION AND COMPLIANCE

Fiscal Electronic Devices (FED)

The legislation on Fiscal Electronic Device (FED) was passed in 2018 under Act 966. This measure seeks the full operationalisation to facilitate the monitoring of taxable transactions and to increase VAT compliance. The law provides the use of approved devices by specified taxable persons at each point of sale on the premises for tax compliance purposes.

• VAT compliance on cross-border transaction

A VAT compliance measure outlined in the budget seeks to deploy electronic and digital solutions to improve VAT compliance on cross-border transactions conducted on platforms owned by non-residents taxpayers as provided under Section 16 of the Value Added Tax Act, 2013 (Act 870).

Tax Administration And Compliance Cont'd

• Valuation of Imports

The Finance Minister revealed that there is significant revenue leakage at the ports of entry due to a systemic weakness in classification, inspection, and valuation of cargo, pointing to misclassification and under-invoicing.

The Government will deploy Artificial Intelligence (AI) driven pre-arrival inspections for all cross-border shipments to detect under-valuation, flag high risk goods and improved Custom's capacity to combat smuggling.

• Deepening International Cooperation

Ghana will be negotiating and adopt the new international agreement to create a more inclusive and equitable tax system which will empower Ghana to effectively tax non-resident digital and multinational companies.

LEGISLATIVE REVIEW AND CONSOLIDATION

The Government seeks to keep up with global developments in tax and the digital tax economy, as a result will embark on a review and consolidated of the critical tax laws. The tax laws scheduled for review are:

The Income Tax Act, 2015 (Act 896)

The review will consolidate past amendments into a single coherent legal framework and align the income tax regime with international best practices. The review will strengthen Ghana's position in revenue collection from non-residents with significant digital or economic presence in Ghana.

The Customs Act, 2015 (Act 891)

The Customs Act review will be guided by the World Trade Organization' Trade Facilitation Agreement and the World Customs Organisation modern customs practices. The review will align with emerging international standards in trade facilitation and border efficiency.

The existing amendments and subsidiary legislation will be consolidated into a single, coherent legal framework.

The Excise Duty Act, 2014 (Act 878)

The review will harmonise excise rates, broaden the tax base and ensure that our excise policies encourage healthy living, environmental protection, and fiscal responsibility. The review will also expand the excise regime to include carbon-intensive products and plastics.



CONCLUSION

The proposed fiscal policy measures and structural reforms were presented to the Parliament of Ghana in the form of Bills, Regulations and Memoranda for consideration in support of the proposed amendments and repeal.

The proposed bills would need to be approved by the Parliament of Ghana to be passed as law, and for which the President of Ghana will assent to, and the law will be gazetted before it can be implemented.

The projected implementation date for the proposed reforms is January 2026.

FOR MORE INFORMATION

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