

## ToT - Ghana

In Ghana, "**Turnover Tax**" generally refers to components of the Modified Taxation System (also known as Presumptive Tax Based on Turnover) for small businesses and the Minimum Chargeable Income for larger companies.

### **Modified Taxation Scheme**

Simplified Tax Scheme for the Informal Sector

Effective July 1, 2025, the Ghana Revenue Authority (GRA) implemented a simplified tax system for individuals earning income solely from business activities within Ghana, primarily targeting the informal sector.

The Modified Taxation Scheme is a simple and flexible way for individuals working in the informal sector to meet their tax obligations with the GRA. It removes the complex processes of the standard tax system, making it easier to comply.

This is not a new tax, but a redesigned approach to make filing and paying taxes more practical for informal workers.

### **Who is this for? (The Informal Sector)**

This scheme is for resident individuals who earn a living through their skills, crafts, or sales without a formal corporate employment contract. This includes, but is not limited to:

- Plumbers
- Electricians
- Hairdressers
- Seamstresses and Tailors
- Mechanics
- Air Conditioner Technicians
- Food Vendors, etc.

### **Categories of the Modified Taxation Scheme**

There are three categories to suit different business sizes:

### **1. Presumptive Tax Based on Installment (PTI)**

For whom: Businesses with average annual sales not exceeding GHC 20,000 over three consecutive years.

How it works: You pay a fixed tax amount based on your income level and type of business activity.

### **2. Presumptive Tax Based on Turnover (PTT)**

For whom: Businesses with annual sales of more than GHC 20,000 but not exceeding GHC 500,000.

How it works: You pay a flat rate of 3% on your total annual sales (turnover).

### **3. Modified Cash Basis (MCB)**

For whom: Taxpayers who do not qualify for the presumptive taxes (PTI and PTT) or choose this method.

How it works: You pay tax only on your profit—your earnings after deducting all allowable business expenses.

### **Who Does NOT Qualify for Presumptive Tax (PTI/PTT)?**

The following individuals must register under the Modified Cash Basis (MCB) or standard taxation instead:

- Professionals with formal qualifications (e.g., Lawyers, Engineers, Accountants).
- Owners of multiple businesses or business outlets.
- Partners in a registered business partnership.
- Individuals who choose to opt out voluntarily.

### **What you need to Register**

Registration is quick and easy. You will need:

- Ghana Card (National ID)
- Ghana Post GPS Digital Address

- Phone Number
- Basic Sales Information
- Business Registration or Permit (if you have one)

## **Tax Registration**

Welcome to the Ghana Revenue Authority's official web page for tax registration. Registering for taxation is a crucial step for individuals and businesses operating within Ghana's jurisdiction (virtual or physical). This process ensures that you are compliant with the tax laws of the country, contributing to the development of Ghana's economy.

## **Who Needs to Register?**

- Individuals: Individuals with taxable income, including employees, self-employed individuals, and professionals, artisans, consultants, etc. are required to register for taxation.
- Businesses: All businesses, whether sole proprietorships, partnerships, or corporations, are obligated to register with GRA for taxation purposes.
- Non-Governmental Organizations (NGOs): Non-profit organizations engaging in economic activities are also required to register and comply with tax regulations.

## **How to Register:**

- Online Registration: Visit the GRA's [taxpayersportal.com](http://taxpayersportal.com) and register with your Ghana Card PIN. You will be able to apply for a tax type registration through the portal. This method is best for individuals who must file returns and pay taxes.

- Offline Registration: Visit your nearest Taxpayer Service Centre (TSC) and request assistance for manual tax registration. GRA staff will guide you through the process and provide the required forms.

### **Individuals:**

For Individuals, your Ghana Card/ECOWAS Card Personal Identification Number is your Taxpayer Identification Number. You may use that number to register online at [taxpayersportal.com](http://taxpayersportal.com) to file returns and pay your taxes.

### **Businesses:**

- Certificate of incorporation or business registration
- Ghana Card of the business owner(s)/director(s)
- Business location details
- Financial statements

### **What is the Modified Taxation Scheme?**

It is a simplified, flexible and easy way of taxing the business income of resident individuals working in the informal sector.

### **Why modified taxation?**

It aims to encourage voluntary tax compliance, expand the tax base and ensure fairness.

### **Is this a new tax?**

No. It is a form of Personal Income Tax tailored for people working in the informal sector.

### **What are the Categories of the Modified Taxation Scheme?**

There are three categories:

- Presumptive Tax Based on Instalment (PTI): Fixed tax amounts paid based on income levels and business activity.
- Presumptive Tax Based on Turnover (PTT): Tax paid using a flat rate of 3% on annual sales (turnover).

- Modified Cash Basis (MCB): Tax you pay on your earnings after deducting expenses relating to the earnings.

## **Who Qualifies for the Modified Taxation Scheme?**

You qualify if you:

- Are a resident of Ghana,
- Earn income only from your business (not employment),
- Earn income only from sources within Ghana.
- Are not registered for VAT.

## **What are the turnover thresholds for each category?**

- Presumptive Tax Based on Installment (PTI) – an average turnover of three consecutive years not exceeding GHC20,000
- Presumptive Tax Based on Turnover (PTT) – a turnover more than GHC 20,000 but not exceeding GHC 500,000.
- Modified Cash Basis (MCB) – turnover more than GHC 20,000 but not exceeding GHC 500,000 less expenses relating to the earnings.

Note: If 3-year turnover data isn't available, the Commissioner-General may use 1 or 2 years of data for the average.

## **Who does NOT qualify for Presumptive Taxation?**

The following cannot apply for PTI or PTT:

- Professionals with formal qualifications (e.g., lawyers, engineers, accountants),
- Owners of multiple businesses or business outlets,
- Partners in registered business partnerships,
- Individuals who opt out voluntarily.
- These individuals are required to register under the Modified Cash Basis (MCB) or standard taxation, depending on their specific circumstances.

## **What Documents do I need for Registration?**

You will need:

- Ghana Card (National ID)
- Digital Address (GhanaPost GPS)
- Phone number
- Sales information
- Business registration/permit (if available).

## **How Can I Register?**

GRA offers several options:

- MTS Mobile App: Register using your phone.
- Visit the GRA Offices: Walk-in support at GRA tax offices
- Field Officer/Agent: Field officer registers taxpayer on the field
- Through Trade Associations or Unions.

## **How will I pay my taxes under this scheme?**

The GRA offers multiple payment options:

- USSD Payments via \*880#: A dedicated short code for mobile tax payments.
- Through MTS App (via Mobile Money Wallet)

## **Will I file return at the end of the year**

Yes, you will file a simplified return declaring your actual sales for the year (turnover for the year)

This will guide in fair assessment of the taxpayer

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