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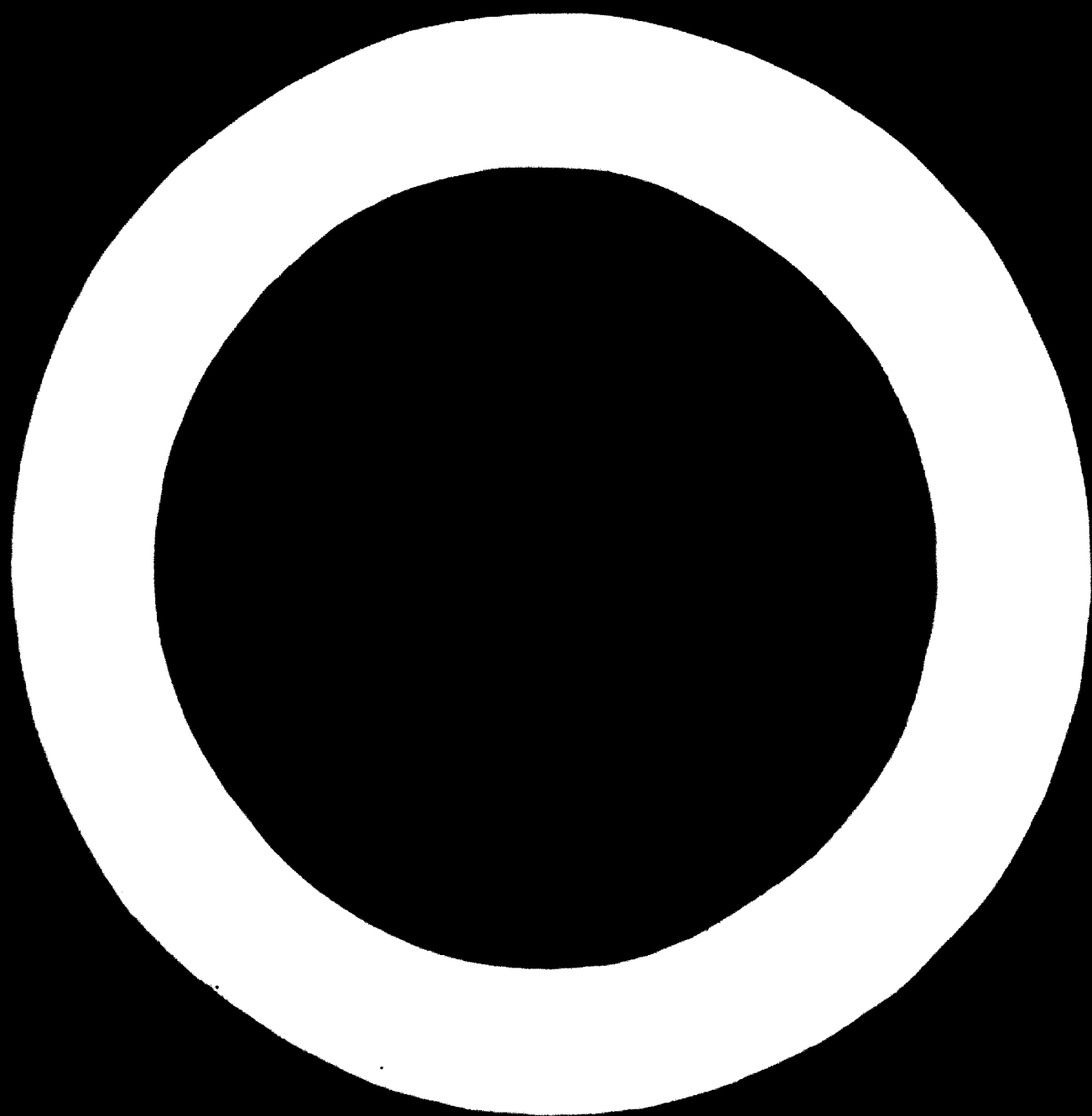
Nairobi, Kenya, 30 November - 4 December 1970

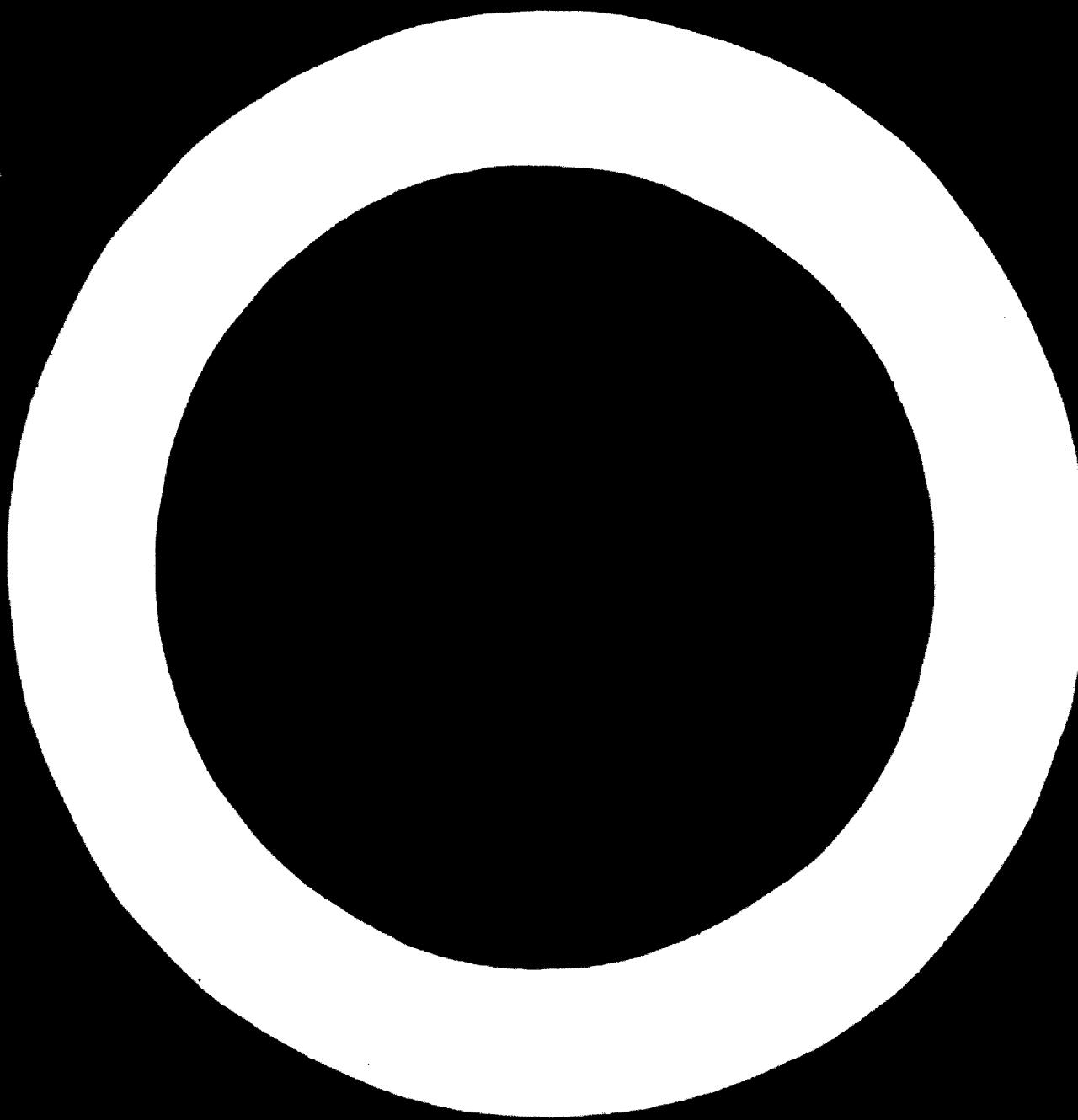
INVESTMENT INCENTIVES ^{1/}

GHANA

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GHANA

I. Incentive measures

• Tariff protection

- Tariff and quota restrictions are combined to protect infant industries; the National Standards Board controls quality of goods produced by industries.

• Import and export duty concessions

- Approved projects engaged in the production of goods for export and using domestic raw materials, or, producing goods that replace imports may be granted.

- Exemption from import and customs duties for materials, spare parts, fuel and raw materials which are not produced in sufficient quantities in Ghana.

- Exemption from export and/or excise duties on goods produced by the approved project provided that the goods are cleared through customs.

• Tax incentives

- Approved enterprises are exempt from the payment of income tax for a period up to ten years beginning from the date of production for projects and from the date of signing the agreement (see Procedure below) for operating companies.

- Firms in the manufacturing sector, with the exception of wood-working and metal-processing industries, which export 25 per cent of their total production are entitled to a rebate of 50 per cent on their total liability to company tax. Firms which achieve export ratios between 15 and 25 per cent are entitled to a rebate of $33\frac{1}{3}$ per cent, and firms which export between 5 and 15 per cent of their total production are entitled to a rebate of 10 per cent.

- Agricultural enterprises are exempt completely from the payment of income tax for a period of five years, beginning with their first year of operation.

- Capital allowances may be granted in respect of buildings, plant, machinery, structures, roads, furniture, fixtures and fittings used for the purpose of an approved project after the period of tax exemption is over.

• On machinery, plant, fittings, etc., an initial allowance of 25 per cent is made, thereafter, there is an annual allowance of 15 per cent.

• On buildings, and roads an initial allowance of 20 per cent is made, thereafter there is an annual allowance of 10 per cent.

• Tax exemption for capital expenditure on scientific research

An amount equal to a capital expenditure incurred on scientific research for the development or advancement of an approved project may be deducted from the chargeable income of the person incurring the expenditure. Deduction is spread over five years at the rate of 20 per cent per annum beginning from the year in which the said expenditure was incurred.

• Deferment of payment of fees

The payment of registration fees and stamp duty in connexion with the incorporation or changes in the share capital of a company that will implement an approved project, may be deferred for five years.

- Exemption from property taxes and rates:

Where a warehouse, factory or workshop has been constructed or acquired for the purpose of an approved project and is used directly for the project, such premises may be exempted from the payment of property tax and rates for five years.

• Taxation

The main taxes are:

- Company income tax
- Personal income tax
- Excess profit tax
- Property tax
- Minerals duty
- Sales tax
- Purchase tax

• Other incentives

- Firms that export their products are entitled to foreign exchange bonus each year they increase their foreign exchange earnings from their exports.

- Exporting firms are entitled to automatic restitution of import licence utilized on raw materials in the manufacture of goods for export.

- Export goods are free from all local taxes. Refund is made of such taxes and duties paid on materials used in fabricating exported goods.

• Assistance with financing

Assistance with financing of industrial and agricultural projects are provided by the National Investment Bank and the Agricultural Development Bank. Both operate as development banks but whereas the National Investment Bank purchases and subscribes for shares in addition to granting medium- and long-term loans for all projects the latter grants loans for agricultural projects alone.

• Training facilities

Any person to whom an 'approval' has been granted is under the obligation to institute arrangements for the training of Ghanaian nationals in administrative, technical, managerial and other capacities and to provide adequate facilities for the benefit and enjoyment of employees.

• Protection of investments

No investment under the Capital Investments Act shall be subject to expropriation by the Government. Where, in exceptional circumstances, an approved project is taken over, the Government shall pay fair compensation for the takeover in the currency in which the investment was originally made. The compensation is open to third party arbitration. (See (IV) below.)

II. Industries qualifying for incentive benefits

Incentive benefits are granted to enterprises (investments) approved by the Capital Investments Board according to the following criteria:

- The development of the productive capacity of the national economy through the efficient utilization of its resources and economic potential;
- The free utilization and expansion of the productive capacity of existing enterprises;
- The saving on imports, the increase of exports and the improvement of services which will assist the strengthening of the payment position of the country; or
- A high level of employment and the importation of technical skill to persons who are citizens of Ghana.
- Benefits are usually not given to schemes with an investment of less than ₵200,000, unless at least 40 per cent of the capital is owned by Ghanaians.

III. Procedure

To obtain the approval, investors are to submit applications to the Capital Investments Board with detailed description of the proposed project. The approval is given in the form of an agreement entered into by the Minister responsible for Finance and the investor concerned.

Functions of the Capital Investments Board:

- To grant approval for capital investments;
- To initiate and organise activities for the encouragement of investment of foreign capital and to assist investors;

- To maintain liaison between investors and Government departments and to disseminate information in matters of capital investments;
- To recommend to the appropriate authorities any exemption, reduction, facility or other benefit to assist enterprises.

The Board consists of a representative of the Bank of Ghana; the head of the Ministry responsible for Finance; the head of the Ministry responsible for Industries, the Managing Director of the National Investment Bank, the head of the Ministry responsible for Economic Planning and three other members, all of whom are appointed by the President.

IV. Incentives for foreign investments

- The Capital Investments Act does not make any distinction as to foreign or national investment in the granting of benefits.
- There are no restrictions on the remittance of capital, including appreciation, to the country or origin of an investment in the event of a sale or liquidation of the approved project.
- There are no restrictions on the transfer of profits to the country of origin of the investment.
- Expatriate personnel employed or engaged in an approved project shall not be restricted in making remittances abroad.
- Ghana is a party to the IBRD Convention for the settlement of investment disputes.
- Investment Guarantee Agreements have been signed with the United States and the Federal Republic of Germany.

V. Source of information for investors

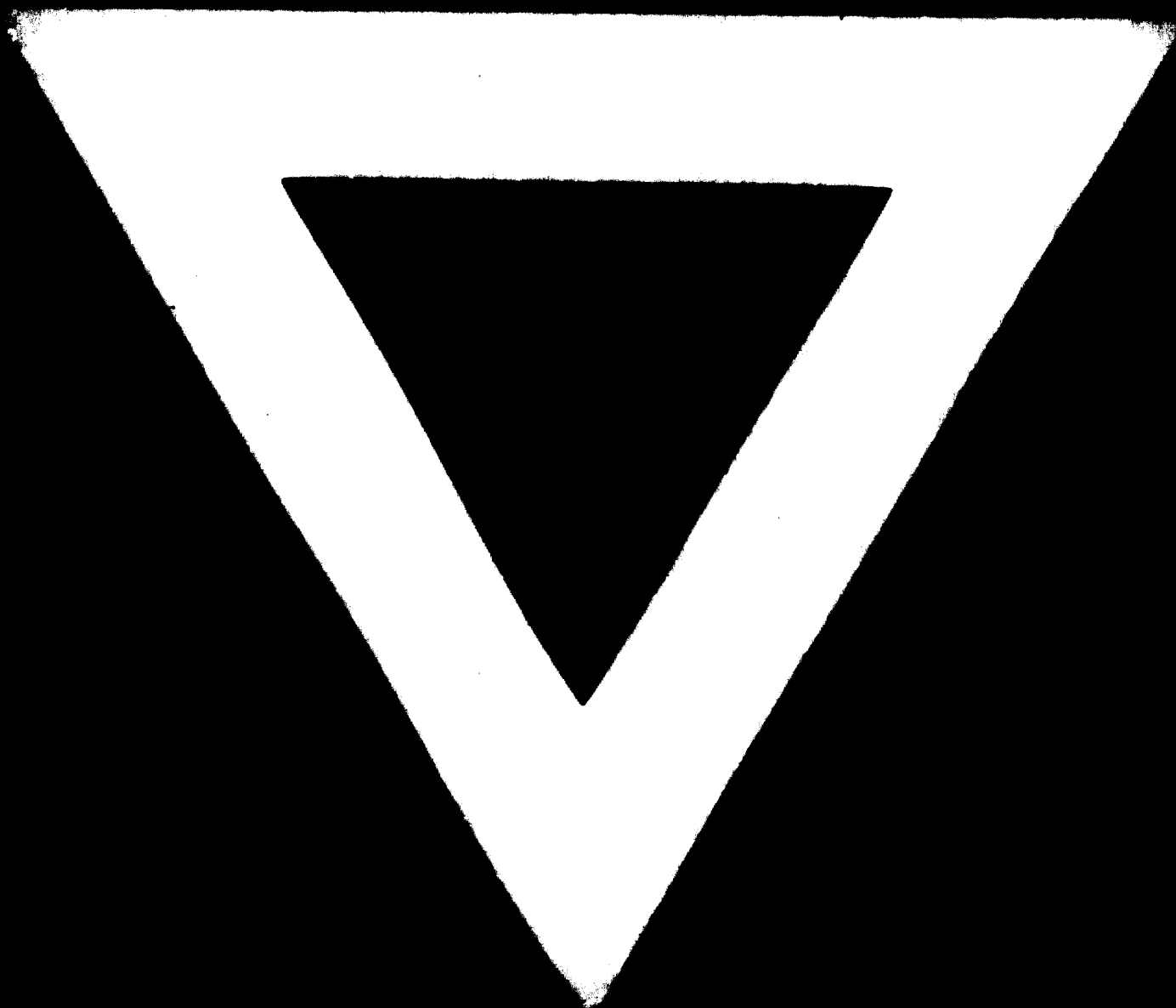
Ghana Investment Centre,
P.O. Box M.193,
Accra.

Ghana Investment Centre,
Bockenheimer Landstrasse 43,
6 Frankfurt - M.,
West Germany.

References

- Capital Investments Act, 1963.
 - The Capital Investment (Amendment) Act, 1965.
 - Investors Manual, Capital Investments Board (under review. New edition will be sent later in the year).
 - Outline of Government Economic Policy (White Paper, August 1967).
 - Ghana's Industrial Policy Statement.
 - The Budget Statement 1969/70
 - Outline of Government Economic Policy (White Paper, August 1967)
- } Will be sent under separate cover.





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