

**Anglophone West Africa  
Appendix 2: Ghana**

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**Lincoln Institute of Land Policy  
Working Paper**

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## Country: Ghana

<i>Basic Country Information</i>			
Geographic size	239,460km <sup>2</sup>	Independence	6 March 1957
Capital city	Accra	Population	21.293 million (2006 est.)
Secondary cities/towns	Cape Coast, Kumasi, Takorandi, Tamale, Temi	Urbanisation	36%
System of government	Constitutional republic with a directly elected president and a unicameral parliament.	GDP (per capita)	US\$568 (2006 est.); US\$682 (2007 est.)
<i>Government Structures</i>			
Levels/Tiers of government	Two-tier system of government - the central government and 166 district assemblies.		
Traditional authorities or chiefdoms	There is a complex system with 3 sub-district structures. These do not have any legislative or rating powers. They function on the basis of powers delegated by the district assemblies. Metropolitan Assemblies are subdivided into sub-metropolitan district councils – with 6 in Accra, 4 in Kumasi and 3 in Shama-Ahanta respectively. There are also 1,300 town/area/zonal councils. These are essentially implementing agencies of the district assemblies. Finally there are 16,000 unit committees, covering settlements of between 500-100 inhabitants in the rural areas.		
<i>Land Issues and the Property Market</i>			
Land tenure	Public Land – i.e. land vested in the President in trust on behalf of the people of Ghana; Stool/Skin Lands (i.e. community lands vested in traditional leaders); as well as private and family land.		
Land titling/registration	In 1986, through the Land Title Registration Law, PNDCL 152, there is compulsory land title registration throughout Ghana.		
Land rent	Paid only when leasing State Land.		
Property Market	The operation of land and property markets is largely informal, i.e. most transactions take place in the informal rather than the formal market as the registration process is not well-regulated or transparent.		
<i>Taxes</i>			
National	There are 4 main national taxes, namely taxes on income and property, taxes on domestic goods and services, international trade taxes and value-added tax		
Sub-national	Urban property tax, property transfer tax, local tax, licences and fees		
<i>Property-related Taxes: National</i>			
Property Transfer Tax	Based on the ad valorem value of the transaction. Land Valuation Board (LVB) has the responsibility for assessing and collecting the duty on behalf of the Internal Revenue Service. LVB has interpreted the ad valorem to mean the open market transaction value. Duty is assessed at 2% of the value of the transaction. Stamp Duty Act of 2005 (Act 6S9) reduced the stamp duty from 2% to 0.5%. Under the Value Added Tax Act 1998, ACT 546, VAT is a general tax on consumption expenditure. It replaced the sales and service tax, and is paid by the final consumer. VAT, has now been increased to 12.5%.		
Capital Transfer Tax	Gifts are taxed at a rate of 5% of a value in excess of €500,000 or GH €50. It is payable by a person on the total value of taxable gifts received by that person by way of donation within a year of assessment. An estate duty was imposed in Ghana by the Estate Duty Act 1965. Currently, however, no inheritance tax is levied in Ghana.		
Capital Gains Tax	Levied under Chapter 2 of the Internal Revenue ACT 2000 (ACT 592). Capital gains tax was reduced from 10% in 2006 to 5% in 2007.		

**Property-related Taxes: Sub-national**

Rates

<b>Annual Property Tax</b>		
<b>Relevant Legislation: Local Government Act 1993 (Act 462); District Assemblies Common Fund Act 1993 (Act 455); Local Government Service Act 2003 (Act 656)</b>		
	<b>Legislation</b>	<b>Practice</b>
<b>Tax Base &amp; Taxpayer</b>		
Tax base	Premises comprising buildings or structures or similar development. Vacant lands do not attract tax	Premises comprising buildings or structures or similar development. However, with effect from January 2008 AMA was proposing a flat rate per area in the Accra Metropolitan on underdeveloped plot. This is intended to internalise the externality created by these under developed plots.
Coverage of tax base	All councils – i.e. cities , municipalities and districts	Only in major cities, namely Accra, Kumasi, Tamale, Takorandi, Cape Coast, Tema, etc.
Taxpayer	Owners of property in question	Owners of buildings
<b>Valuation &amp; Assessment</b>		
Valuation	4 years after independence, the Municipal councils Ordinance (Ordinance No.9 of 1953) was enacted which altered the basis of valuation from the number of rooms in a house to 'annual rental value'. This valuation method was again changed (i.e. annual 'rental value') to the 'replacement cost', which was upheld by the Local Government Act 1993(Act 462).	
Responsibility for valuations	Land Valuation Board. The Act however allows room for the participation of private sector valuers under the supervision of public sector valuers.	Most pro-active assemblies hire private valuers due to the capacity problem experienced by the Land Valuation Board – e.g. Accra Metropolitan Assembly 7 private firms to carry out its 2005 revaluation exercise
Valuation cycle	The required period for revaluation is 5 years; however due to the cost involved (say ₵ 30 billion in case of the last revaluation exercise) revaluation was done after 17years.	The last revaluation exercise was in 2005 after 17years interval. i.e. from 1988 to 2005.

Objection & appeal	Aggrieved person can apply to the Rate Assessment committee for review. If not satisfied with the judgement of the Committee he/she can appeal to the High Court	Over the years there are no cases of objection.
Quality control measures	Not specified in the Act	No quality control
<b>Rate Setting and Tax Relief</b>		
Tax rates	Assemblies are mandated by the Act to make and levy general or special rates which should be rate per cedi on the rateable value of the property. The Minister may issue guidelines for making and levying of rates.	The Minister has never issued guidelines though there were plans for guidelines to be issued in 2008. Rates are made or levied entirely by the Assemblies.
Exemptions	Buildings used for public religious worship, hospitals and clinics, educational institutions, burial grounds and crematoria, buildings owned by diplomatic missions as may be approved by the minister of Foreign Affairs.	.
Tax relief measures	Rating authority may reduce or permit payment of any rate on account of the poverty of a person liable to the payment of the rate	
<b>Tax Administration</b>		
Billing	Bills are delivered by rate collections.	Some bills are not delivered because most houses do not have numbers and cannot be identified to be served with demand notices.
Collection	Collection done by rate collectors or other person duly appointed or authorized by the District Assembly.	Centralized collection, i.e. taxpayers required to go to the tax offices to make payments; collection mechanism therefore weak. For Accra Metropolis, private companies are contracted to collect rates.
Enforcement	If the amount of the general rate or special rate due in respect of any premises is not paid within the period of forty two days, the District assembly may apply court to a court for an order for the sale of the premises	Enforce remains a problem in property tax administration in Ghana due to social factors. No reported cases of sale of property.
<b>Additional Comments</b>		
Importance of property tax	District authorities have 3 sources of revenue, namely District Assemblies Common Fund, ceded revenue and own revenue. Property tax is an important part of the own revenue.	In Accra Metropolitan Assembly, property rates contributes about 20.6% of own revenue but only 8.6% of total revenue or 0.01% of GDP. In Tema property rates constitutes a significant own revenue as it contributes about 37% of locally-generated revenue. Assemblies depend highly on transfers from Government and NGOs.
Role of the property tax	District assemblies are mandated to levy sufficient rates to provide for that part of the total expenditure to be incurred by it	As rates generate insufficient revenues assemblies rely heavily on transfers. Development plans and

	during the period in respect of which the rate is levied.	programmes are therefore not smoothly implemented due to the volatility and unpredictability of these external funds and transfer to assemblies
Tax effort		The tax effort is extremely low, estimated at 6.71% of the estimated total ratable value in 2006 for Accra Metropolitan Assembly.
Other issues		