

Integrity. Fairness. Service.



GRA



# Implementation of Electronic Transfer Levy Act, 2022 (Act 1075)



# Program Outline



# BACKGROUND

The **Electronic Transfer Levy Act, 2022 (Act 1075)** (hereinafter referred to as the E-Levy) was passed by Parliament and assented by the President of Ghana.

To implement this levy, the Government will apply a Levy to **electronic transfers** to increase Government of Ghana's (GoG) revenue, while enhancing efficiency, and widening the tax net across sectors of the Ghanaian economy.

# **RATIONALE FOR THE E-LEVY**

## ***To enhance revenue mobilisation by***

- *broadening the tax base and*
- *widening the tax net to include a large portion of the population who remain untaxed.*

## ***To raise revenue to support:***

- *entrepreneurship,*
- *youth employment,*
- *provision of digital infrastructure and cyber security, and*
- *provision of road infrastructure.*

***To help increase Ghana's tax-to-GDP ratio from approximately 12.5% in 2021 to 20% by 2024.***

# SCOPE OF APPLICATION OF LEVY

***The E-Levy is charged at the rate of 1.50% on the following transactions:***

- ***Mobile Money transfers done between accounts on the same electronic money issuer***
- ***Mobile Money transfers from an account on one electronic money issuer to a recipient on another electronic money issuer***
- ***Transfers from bank accounts to mobile money accounts***
- ***Transfers from mobile money accounts to bank accounts***
- ***Bank transfers on an instant pay digital platform or application originating from a bank account belonging to an individual subject to a threshold to be determined by the Minister.***

# EXCLUSION

***Not all transfers will be affected by the E-Levy. The Levy does not apply to the following types of transfers:***

- *A cumulative transfer of One Hundred Ghana Cedis a day made by the same person;*
- *A transfer between accounts owned by the same person;*
- *A transfer for payment of taxes, fees and charges on the Ghana.Gov System or any other Government of Ghana designated payment system;*
- *Specified merchant payments;*
- *Transfers between principal, agent and master-agent accounts and;*
- *Electronic clearing of cheques.*

# CHARGING ENTITIES

## *Who are the Charging Entities?*

*The Charging Entities who will collect the levy from the public include:*

- ❖ *Electronic Money Issuers (EMI)*
- ❖ *Payment Service Providers (PSP)*
- ❖ *Banks*
- ❖ *Special Deposit-Taking Institutions (SDI)*
- ❖ *Other Financial Institutions prescribed by Regulation made under the Act*

# **FREQUENTLY ASKED QUESTIONS (FAQs)**



# Frequently asked questions

## 1. *What is the E-Levy?*

*The E-levy is a tax imposed on **electronic transfers charged at the time of transfer** by licensed Banks, payment service providers (PSPs), specialized deposit-taking institutions, and electronic money issuers (EMIs).*

## 2. *What is the rate of the levy?*

*The levy is 1.50% of the value of the electronic transfer.*

# Frequently asked questions

## ***3. Why has Government decided to levy electronic transactions?***

- *To enhance domestic tax revenue mobilisation and expand the tax base*
- *Provide an opportunity for every Ghanaian to contribute towards nation building*

## ***4. What will the revenue generated by the E-Levy be used for?***

*The proceeds shall be used to help:*

- *Tackle the challenges of high youth unemployment;*
- *Raise revenue to support:*
  - *provision of digital infrastructure and cyber security, and*
  - *provision of road infrastructure;*
- *Entrepreneurship.*

# Frequently asked questions

## ***5. How will the levy be applied?***

### ***Mobile Money Transfers***

- i. The levy will be applied on the value (amount) of transfer above GHS 100 on a daily basis per person. That is, after one hundred Ghana Cedis (GHS 100) a day cumulative transfer, the e-levy will be applied.*
- ii. For example, if Kofi sends GHS 50 to his sister in the morning and sends another GHS 50 (GHS 100 in total) to his brother in the afternoon, he will not pay the E-levy.*
- iii. However, if Kofi makes any other transfer in the day after the money sent to his brother, the transfer amount will attract the E-levy (i.e., 1.50% of any amount above the first GHS 100).*

# Frequently asked questions

## ***6. Who is responsible for charging the E-Levy?***

*The entities responsible for charging the levy are;*

- *Electronic Money Issuers such as MTN Momo, Vodacash, AirtelTigo Money, Zeepay and G-Money*
- *Payment Service Providers such as E-Tranzact, Cellulant, Korba, Nsano, etc.*
- *Banks*
- *Specialised Deposit taking institutions such as rural and community banks and savings and loan companies, finance houses, etc.*
- *Other Financial Institutions prescribed by Regulations*

# Frequently asked questions

## ***7. How will the Levy be charged?***

*The levy will be charged whenever a person makes a transfer. The charging entity will add the levy to the transfer amount and charge both to the person's wallet or account. The charging entity will then pay the levy collected to the Government.*

## ***8. Who will be collecting the E-Levy?***

*The Ghana Revenue Authority (GRA) will collect and account for the Levy.*

# Frequently asked questions

## ***9. Which transfers fall under the E-Levy?***

*Any transfer to or from a mobile money account or from a bank account of a person will be subject to the tax. These include:*

***Mobile money transfers done between wallets on the same electronic money issuer*** – For example sending money from your MTN Momo wallet to another person's MTN Momo wallet.

***Transfers from a wallet on one electronic money issuer to a recipient on another electronic money issuer*** - For example sending money from your MTN Momo wallet to another person's TIGO Cash wallet.

# Frequently asked questions

## ***9. Which transfers fall under the E-Levy?***

***Transfers from bank accounts to mobile money accounts – For example Kofi sends money from his GCB Bank Account to Ama's MTN Momo wallet.***

***Transfers from mobile money accounts to bank accounts – For example Kwame sends money from his MTN Momo wallet to Ama's GCB Bank Account.***

***Bank transfers on an instant pay digital platform or application originating from a bank account belonging to an individual subject to a threshold to be determined by the Minister.***

# Frequently asked questions

## ***10. Which transfers are NOT covered by the E-levy?***

*The Levy does not apply to the following:*

*i. Cumulative transfer of GHS 100 per day made by the same person involving mobile money;*

*Everyone has a daily tax-free threshold (Limit) GHS 100 – that is every person will be able to send up to GHS100 a day without the payment of the levy*

*This accrues to a person (individual or entity) who has updated his/her records with the Charging Entities using Ghana Card PIN or Taxpayer Identification Number (TIN)*

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# Frequently asked questions

***10. Which transfers are NOT covered by the E-levy?***

***ii. Transfers between accounts owned by the same person:***

*If you are sending money to your own account or wallet then you will not be charged the Levy.*

*For example, A transfer from Kojo's Tigo wallet to his MTN wallet or from his CBG bank account to his GCB bank account or from his savings account to his current or investment account will not attract the levy*

*This accrues to a person (individual or entity) who has updated his/her records with the Charging Entities using Ghana Card PIN or Taxpayer Identification Number (TIN)*

# Frequently asked questions

***10. Which transfers are NOT covered by the E-levy?***

***iii. Transfers for the payment of taxes, fees, and charges:***

*Any payment of taxes, fees or charges made to an MDA or MMDA using the Ghana.gov platform or any other Government of Ghana designated payment system will not attract the Levy.*

***iv. Electronic Clearing of Cheques:***

*Clearing of cheques by the banks and specialized deposit taking institutions such as the savings and loans companies etc. will not attract the Levy.*

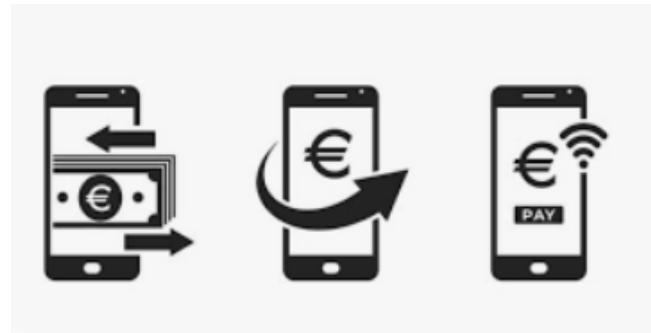
# Frequently asked questions

***10. Which transfers are NOT covered by the E-levy?***

***a) Specified merchant payments:***

***Payments made through a payment service to a commercial establishment which is registered with the Ghana Revenue Authority for the purposes of Income Tax or Value-Added Tax are not covered.***

***b) Transfers between principal, agent, and master-agent accounts:***



# Frequently asked questions

## *11. Are utility and airtime payments subject to the E-Levy?*

*No! If the utility or airtime provider is **registered with the Ghana Revenue Authority for Income Tax or VAT** and the payment was made using a payment service, the E-Levy does not apply*



# Frequently asked questions

***12. Are foreign or inward remittances subject to the E-Levy?***

*No, remittances are excluded from the Levy.*



# Frequently asked questions

***14. Are Automated Clearing House (ACH) and SWIFT transfers subject to the E-Levy?***

*No, ACH is a cheque clearing system, and this does not attract the Levy*

*SWIFT transfers do not attract the Levy.*



# Frequently asked questions

***15a. Will Cash-In for Mobile Money users be excluded from the E-Levy?***

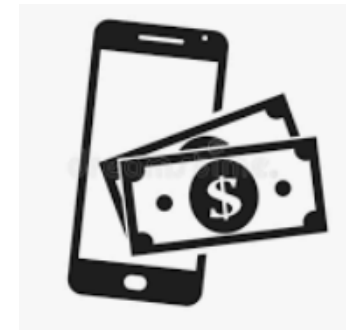
***Cash-in into an individual's own wallet will not be subject to the Levy.***

***15b. Will Cash-Out from Mobile Money users be excluded from the E-Levy?***

***Cash-out from an individual's own wallet will not be subject to the E-Levy.***

***16. Will the processing of cheques be subject to the E-Levy?***

***No, the electronic clearing of bank cheques is not subject to E-Levy.***



# Frequently asked questions

## 17. *Will mobile money wallet balances attract the E-Levy?*

*No, mobile money wallet balances will not attract the levy. The levy applies only when there is an electronic transfer from your mobile money wallet.*





# Frequently asked questions

**18a.** *What system will be used to monitor the E-Levy collections?*

*GRA and the Charging Entities are developing a Revenue Collection System to have visibility in all the transactions.*



**18b.** *How long will the E-Levy collected be with the Charging Entities?*

*The E-Levy collected will be swept to BOG every 24 hours (daily).*

# Frequently asked questions

**19. Are Withdrawals from the ATM be E-Levy Chargeable ?**

*No. withdrawal from the ATM are just like CASH-OUT on your wallet*



## 20. Will the following transactions attract E-Levy?

S/N	ITEM	POSITION
1	Instant Pay	Taxable
2	Swift, ACH	Not Taxable
3	Intrabank Transfers	Not Taxable
4	Bank Threshold Value	20,000.00
5	Bank Threshold (Cummulative Inter-Bank)	Taxable beyond 20,000.00
6a	Loan disbursement from Licensed Entity	Not Taxable
6b	Loan repayment to Licensed Entity	Not Taxable
7	Transfer from either Account holder to Joint Accounts	Not Taxable
8	Transfers from Trustees to In Trust For (ITF) Accounts	Not Taxable
9	Transfers to Escrow Accounts on Instant Pay	Taxable
10	Insurance Claims	Not Taxable
11	Investment Accounts	Not Applicable
12	Transfers to and from Gaming Accounts	Not Taxable

# Frequently asked questions

**21. <sup>!</sup>How do I get back my E-Levy money deducted when the transfer is reversed ?**

*Your Levy money will be reversed as and when the charging reversed your transaction.*

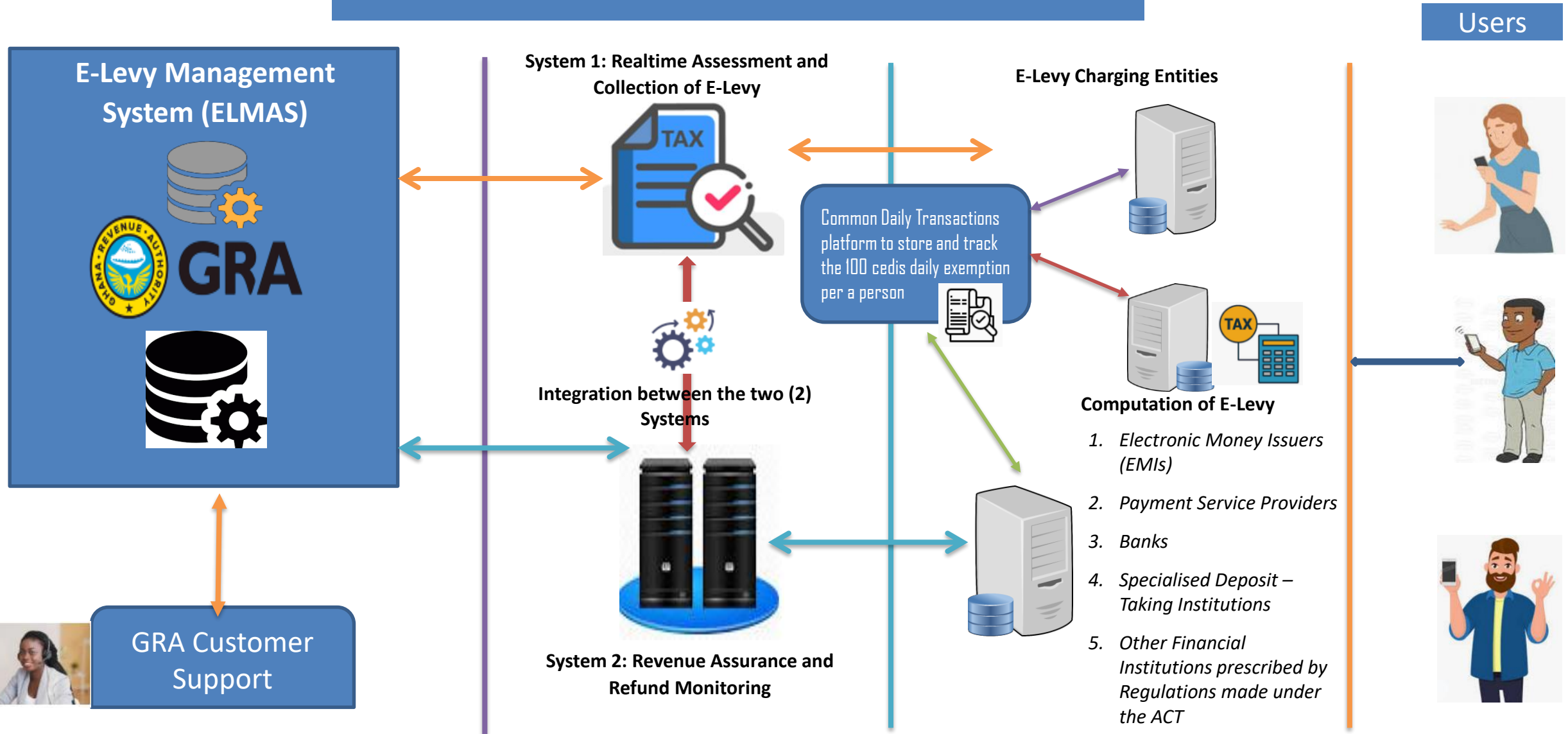
# Frequently asked questions

**22. <sup>|</sup>When will the E-Levy take effect?**

*Sunday 1<sup>st</sup> May 2022.*

# **GRA E-Levy Management System ( ELMAS)**

Figure 1: GRA E-Levy Management System ( ELMAS)



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 **END**

The word "END" is written in a large, white, sans-serif font. To its left is a decorative graphic consisting of four interlocking arrows pointing in different directions (up, down, left, right) in blue, red, green, and purple colors.



# Questions / Comments / Suggestions

