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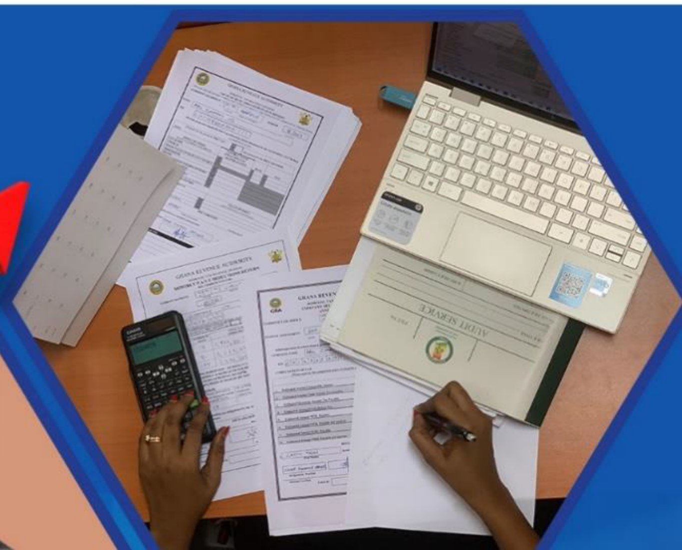

Performance Audit Report of the Auditor-General on Tax Administration in Ghana

May 2023

This report has been prepared in compliance with Article 187(2) of the 1992 Constitution of Ghana and Section 13(e) of the Audit Service Act, 2000 (Act 584) for submission to Parliament in accordance with Section 20 of the Act.

Johnson Akuamoah Asiedu
Auditor-General
Ghana Audit Service
July 2023

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This report can be found on the Ghana Audit Service website: audit.gov.gh

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7 July 2023

Dear Rt. Hon. Speaker

PERFORMANCE AUDIT REPORT OF THE AUDITOR-GENERAL ON TAX ADMINISTRATION BY THE GHANA REVENUE AUTHORITY

I have the honour, in accordance with Article 187(2) of the 1992 Constitution of Ghana, Sections 13(e) and 16 of the Audit Service Act, 2000 (Act 584) to present to you a performance audit report on Tax Administration by the Ghana Revenue Authority.

2. Mr. Speaker, taxes are crucial in supporting the provision of services, the maintenance of infrastructure, and the smooth functioning of the state. Ghana Revenue Authority was established to manage Tax Administration in Ghana.

3. There have been concerns about low tax compliance among taxpayers resulting in sub-optimal revenue generation.

4. In the World Bank report of 2020, low revenue from taxes was cited as impacting on total revenue available to the state.

5. As part of my mandate, and in line with Sections 13(e) and 16 of the Audit Service Act, 2000 (Act 584), this audit was commissioned to assess tax administration in Ghana.

6. The audit was carried out from October 2022 to November 2022 at the head office of the GRA. We assessed GRA's performance on tax administration based on information from GRA's statistical reports. A total of 142 taxpayers were sampled over

a period of three years and discussions with staff at five Taxpayer Service Centers across four Regions of Ghana were held.

7. We focused on; submission/filing of taxpayers returns, conducting desk reviews and tax audits on company income tax returns, and collection of tax revenue. The audit covered the period from 2017 to 2019.

8. We examined the activities of the Domestic Tax Revenue Department (DTRD) of GRA to determine efficiency and effectiveness of:

- Mobilising Revenue through the filling of tax returns,
- Determining tax obligations of Taxpayers through efficient tax reviews, and
- Assessment and Reconciliation of taxpayers' returns through audit.

9. We found that GRA did not effectively enforce Tax laws and administrative procedures to ensure taxpayers comply adequately with submitting/filing of their tax returns.

10. We also found that GRA did not efficiently carry out desk reviews because, as we noted, GRA reviewed 45 out of the 226 CIT returns it received within our audit period.

11. We also noted that GRA during tax audit activities, was unable to adequately cover taxpayers to recover undeclared tax liabilities.

12. Our reviews revealed that Tax Services Centers were unable to effectively collect or recover tax revenue from taxpayers under their jurisdiction. At the five Tax Service Centers we sampled, GRA over the three-year period collected about 2% (GH¢2,721,495.98) of a total of GH¢11,922,587.16 tax revenue due to the state with about GH¢20.7 million tax revenue outstanding.

13. I have made recommendations to GRA, the details of which are in this report to bring about improvement in their activities.

14. I also recommended to the Management of GRA at Headquarters to address the capacity gaps of the area audit offices to be able to rope in more taxpayers.

JOHNSON AKUAMOAH ASIEDU

AUDITOR-GENERAL

THE RIGHT HON. SPEAKER

OFFICE OF PARLIAMENT

PARLIAMENT HOUSE

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LIST OF ABBREVIATIONS

ATSC	Asokwa Taxpayer Service Centre
CEPS	Customs Excise and Preventive Service
CG	Commissioner-General
CIT	Company Income Tax
GDP	Gross Domestic Product
GRA	Ghana Revenue Authority
IMF	International Monetary Fund
IRS	Internal Revenue Service
ISSAIs	International Standards of Supreme Audit Institutions
KTSC	Koforidua Taxpayer Service Centre
NHIL	National Health Insurance Levy
OECD	Organisation for Economic Co-operation and Development
PAYE	Pay as You Earn
PIT	Personal Income Tax
STSC	Suame Taxpayer Service Centre
SDGs	Sustainable Development Goals
SMCD	Supreme Military Council Decree
STO	Small Tax Office
T1TSC	Tema 1 Taxpayer Service Centre
TIN	Taxpayer Identification Number
TSC	Taxpayer Service Centre
TTSC	Takoradi Taxpayer Service Centre
VAT	Value Added Tax

EXECUTIVE SUMMARY

The major economies of the world are built and supported by a sustainable system of revenue generation. One major sustainable means of revenue generation globally is taxation.

2. Tax is a compulsory levy, imposed by government or other tax raising body, on income, expenditure, or capital assets, for which the taxpayer receives nothing specific in return' (Lymer and Oats 2009). For any country, taxes are crucial in supporting the provision of services, the maintenance of infrastructure, the employment of civil servants, and the smooth functioning of the state.

3. Ghana Revenue Authority was established to manage Tax Administration in Ghana. The Authority over the years has put measures in place to enhance tax revenue mobilisation. However, there were concerns about low tax compliance and subsequent sub-optimal revenue generation to support the country's development agenda. For instance, the World Bank Report (2020) indicated that Ghana's tax revenue is low citing corporate and self-employed income taxes to be 9.4% and 0.13%of GDP respectively. The President addressing the Ghana Bar Association on September 14, 2021, indicated that tax compliance is low and that some sixty thousand (60,000) professionals working in the country, including lawyers, accountants, doctors, engineers, surveyors, architects, do not pay taxes.

What we did

4. We assessed GRA's performance on tax administration based on information from: GRA's statistical reports, a sample of 142 taxpayers for the period 2017 to 2019 and discussion with staff at five Taxpayer Service Centers across four Regions of Ghana. We focused on; submission/filing of tax

taxpayers returns, conducting desk reviews and tax audits on company income tax returns, and collection of tax revenue.

What we found

5. Despite the efforts GRA is making to improve tax revenue collection in the country, the audit identified areas that require improvement to ensure optimal tax revenue collection to support the funding of state activities. Summary of our findings are as follows:

GRA did not effectively enforce its Tax laws and administrative procedures to ensure taxpayers comply adequately with submission/filing of their tax returns.

We found that GRA did not:

- provide provisional assessment to taxpayers who failed to file a total of 216 (78.6%) of the expected 275 self-assessment estimates,
- ensure that taxpayers file a total of 200 (46.9%) out of the expected 426 Company Income Tax returns (CITS) contrary to Sections 31 & 35 of the Revenue Administration Act 2016 (Act 915),
- ensure that taxpayers submit a total of 861 (87.6%) of the expected 983 director's returns,
- impose penalties amounting to GH¢2.7million on taxpayers responsible for late filing and non-submission of 143 (63.3%) of 226 CITs.

GRA did not efficiently carry out desk reviews.

6. We found that GRA carried out desk review of 45 out of the 226 CIT returns it received over the audit period which yielded additional tax revenue of GH¢280,000.

GRA did not efficiently carry out audit of taxpayers to recover undeclared tax liabilities.

7. We found that GRA's Statistical reports showed that GRA audited 2.5% of the total taxpayer population over the audit period which yielded GH¢22.1 million tax revenue in the Ashanti Region alone. From our sample GRA over the three-year period audited 79 (18.5%) of the expected 426 CITs which yielded GH¢18.5 million undeclared tax liability.

TSCs were unable to effectively collect or recover tax revenue from taxpayers under their jurisdiction.

8. We found that GRA over the audit period collected two percent (GH¢ 2,721,495.98) of GH¢11,922,587.16 taxes due the state leaving outstanding balance of GH¢20.7 million uncollected.

What we recommended

9. To enhance the effectiveness and efficiency of GRA in tax administration, and subsequently improve the domestic revenue mobilisation, we recommended that;

i. GRA Management and heads of Compliance Units of the TSCs should:
   a) adequately enforce tax laws and administrative procedures to obtain all requisite tax returns from taxpayers,
   b) identify and audit taxpayers who failed to submit their tax returns, compute their tax liabilities with the appropriate penalties and retrieve tax revenue due the state,
   c) plan, supervise and monitor desk review activities to enhance efficiency in the desk review functionality, and
   d) apply the prescribed enforcement measures to recover outstanding tax revenue from defaulting taxpayers to the state.

ii. Management of GRA should assess the capacity of the area audit offices, identify, and address their capacity gaps to be able to rope in more taxpayers for auditing.

CHAPTER ONE

INTRODUCTION

1.1 Reasons for the audit

Tax is a compulsory levy, imposed by government or other tax raising body, on income, expenditure, or capital assets, for which the taxpayer receives nothing specific in return' (Lymer and Oats 2009). However, not all payments to government are considered tax payments: for example, charges, tolls, and other levies are paid to obtain a specific service and are not strictly tax payments.

2. For any country, taxes raised from individuals and businesses are crucial in supporting the provision of services, maintenance of infrastructure, employment of civil servants, and the smooth functioning of the state. Additionally, the collection of appropriate tax revenues helps to stabilise the economy by ensuring less dependency on government borrowing (Gamze & Gumus, 2013, Harelimana, 2018). The major economies of the world are built and supported by a sustainable system of revenue generation and one major sustainable means of revenue generation globally is taxation.

3. In many African countries including Ghana, tax evasion deprives the states of money and creates major holes in their budgets. A 2015 report by the High-Level Panel on Illicit Financial Flows from Africa cites tax abuse as an important contributor (along with laundering of criminal proceeds, corruption, and market abuse) to an estimated $30 billion to $60 billion per year that African governments lose to illicit financial flows which hampers economic growth[1].

4. Cobham (2005) estimates that low tax compliance in developing countries costs around $285 billion per year. In 2005, only 15% of gross domestic product (GDP) in developing countries including Ghana was derived from

[1] United Nations Economic Commission for Africa, 2015a, 2015b; Guardian, 2015.

taxes, compared to 35% in developed countries (Fuest & Riedel, 2009). In some of the poorest countries, this proportion was 12%. The World Bank Report (2020)[2] found Ghana's tax collection to be low (Corporate taxes, personal income taxes (PAYE) and self-employed were 9.4%, 2.1% and 0.13% of GDP, respectively) due to non-compliance of tax payments leading to more borrowing and rising debt burden.

5. For the country to meet the SDGs, it requires drastic improvement in revenue mobilisation to ensure effective implementation and achievement of the targets the country has subscribed to by 2030. According to the Auditor-General's report on Government of Ghana's Preparedness for the Implementation of the Sustainable Development Goals (SDGs) 2017, Government has in place policies and strategies for its developmental agenda under the SDGs. However, there is need for government to enhance its revenue mobilisation to provide adequate funding to ensure effective implementation and achievement of the SDGs.

6. The fundamental goal of any revenue authority is to collect taxes and duties payable according to the law (McKerchar et.al, 2009). However, when it comes to the obligations imposed on them by law, taxpayers are not always compliant. Therefore, for taxation to be effective in achieving both short- and long-term goals in any economy, the level of tax compliance must be improved for efficient tax administration.

7. The International Monetary Fund (IMF) in its April 2020 Report predicted a severe economic impact on sub-Saharan Africa because of the COVID Pandemic forecasting a recession of 1.8% across the region as a whole – the first since 1991 – compared with its previous forecast of 3.5% growth. The

[2] Ghana-Enhancing Revenue Mobilisation through Improved Tax Compliance and Administrative Systems (November 13, 2020)

post-COVID global economic crisis coupled with the Russian war with Ukraine, have increased fiscal pressure and created fiscal distortions in annual budgets of countries especially sub-Saharan African Countries including Ghana and across the globe. Against this backdrop, it is no surprise that many tax experts have called for strengthened efforts on the part of GRA in domestic resource mobilisation through enhanced tax compliance.

8. The President[3] addressing the Ghana Bar Association on September 14, 2021, indicated that tax compliance is low and that some sixty thousand (60,000) professionals working in the country, including lawyers, accountants, doctors, engineers, surveyors, architects, do not pay taxes. The President further stated that our tax-to-Gross Domestic Product (GDP) ratio of 14.3% compares unfavorably with our peers the world over. According to him, the average tax-to-GDP ratio in West Africa stands at 18% even though the recommended ratio for ECOWAS Member States is at least 20% and that of Organisation for Economic Co-operation and Development (OECD) countries is average of 34%. The President added that there is, therefore, an urgent need to significantly enhance our domestic revenue mobilisation capability to realise our development potential, create opportunities for our vibrant and dynamic youth, and deliver improved livelihoods for our fellow citizens.

9. The Auditor-General therefore commissioned this performance audit on Tax Administration in Ghana in line with Section 13e of the Audit Service Act 2000, Act 584.

[3] https://presidency.gov.gh/index.php/briefing-room/news-style-2/2021-paying-taxes-must-become-regular-features-of-our-lives-president-akufo-addo. Accessed on 4th October 2021 at 8:14pm

1.2 Purpose

10. The purpose of the audit was to determine and give assurance that GRA is maximising tax revenue generation by ensuring that taxpayers submit tax returns, the returns when received are reviewed and periodically audited to determine actual tax liabilities of taxpayers and the taxes due are collected.

1.3 Scope

11. The audit was conducted at the Ghana Revenue Authority's Taxpayers Service Centres at Tema Community 1 in Greater Accra Region, Asokwa and Suame in the Ashanti Region, Takoradi in the Western Region, and Koforidua in the Eastern Region. The audit covered the period of 2017 to 2019. The audit fieldwork was carried out from June to August 2022.

12. The audit focused on

i. submissions of returns:
   a. Self-Assessment,
   b. Corporate Income Tax (CIT), and
   c. Directors' returns.

ii. desk reviews of CIT Returns,

iii. periodic audits of CIT Returns, and

iv. collection of taxes

1.4 Audit Objectives

13. The objective of the audit was to determine whether GRA applied appropriate measures to:

i. ensure that taxpayers submitted to the Authority annual self-assessment, CIT (financial statement) and Directors returns on time,

ii. review taxpayers' financial statements to ascertain the accuracy of tax not in dispute,

iii. conduct periodic tax audits of taxpayers' financial statements to ascertain the actual tax liabilities, and

iv. collect the taxes due the state.

1.5 Audit questions and assessment criteria

14. The audit sought to answer the following questions.

Has GRA ensured that;

i. taxpayers filed their tax returns?

ii. desk audits were carried out annually on filed tax returns to determine taxpayers' initial tax liabilities?

iii. periodic tax audits were carried out on filed tax returns to determine actual tax liabilities?

iv. all taxes due the state were collected?

15. The detailed audit questions and assessment criteria used for the audit are presented in Appendix A.

1.6 Audit Standards Sampling and methodology.

16. We carried out the audit in accordance with the International Standards of Supreme Audit Institutions (ISSAIs), relevant to performance auditing. These are *ISSAI 100-Fundamental principles of Public Sector Auditing, ISSAI 300-* Fundamental *Principles of Performance Auditing and ISSAI (3000-3001) – Performance Audit Guidelines*. These standards require that the audit is planned and performed to obtain sufficient and appropriate evidence. It is also to provide a reasonable basis for the findings and conclusions based on the audit objective.

1.7 How the audit was carried out

17. GRA has 57 Taxpayers Service Centres (TSC) and 10 Area Offices across the country. We sampled five (5) TSCs and three (3) Area Audit Offices for the audit. To fulfil our audit objectives, we assessed information on 142 taxpayers',

through interviews, and documents review. See Table 1 for List of TSCs and the number of taxpayers sampled and Appendix B for the list of taxpayers.

18. To ascertain the effectiveness of the self-assessment system, we reviewed taxpayer files and determined the number of taxpayers that failed to file their self-estimate returns and the number that GRA provisionally assessed. To determine the effectiveness of GRA in ensuring that taxpayers file their CIT returns on time, we compared the number of taxpayers who filed late and the number GRA imposed penalties on. We counted the number of returns GRA received and the number that were desk reviewed and audited to determine the efficiency of desk review and tax audit functions. We also compared tax liabilities assessed and amount collected to determine whether all taxes due the state were effectively collected.

Table 1: Selected TSCs and number of taxpayers sampled for the audit

Name of TSC	No of taxpayers' files sampled
Asokwa	21
Koforidua	34
Suame	43
Takoradi	20
Tema1	24
Total	**142**

Source: GRA records

19. We interviewed officers at the TSCs and the Area Offices to determine their roles and the capacity of TSCs in tax administration and also clarify and corroborate observations made during the reviews of taxpayer files.

20. The report is structured as follows:

i. Chapter One - Introduction

ii. Chapter Two - Description of Tax Administration in Ghana

iii.	Chapter three	–	Filing of tax returns
iv.	Chapter four	–	Desk reviews of tax returns
v.	Chapter five	–	Field or tax audits
vi.	Chapter six	–	Collection of tax revenue
vii.	Chapter seven	-	Overall Conclusion

CHAPTER TWO

TAX ADMINISTRATION IN GHANA

2.1 Historical Background of taxation in Ghana

21. Income Tax was introduced in the then Gold Coast during the Second World War era with the passing into Law of the Income Tax Ordinance No.27 of 1943 on 22 September 1943. The ordinance commenced on 1 April 1944 thereby the year of Assessment (tax year) was 1 April to 31 March. Initially, the Central Revenue Department collected tax from only a few Limited Liability Companies and a very small number of Individuals. This ordinance has seen so many amendments.

22. In 1952, the Income Tax (Amendment) ordinance was passed to rectify the short comings in the previous one. A consolidated edition was published in 1961 by Act 68. On 1 July 1961, the tax year was changed from 1 July to 30 June whereas the Pay as You Earn (PAYE) system was also introduced.

23. From 1952 to 1963, other taxes and duties were added to the Income Tax. They include:

i. Minerals Duty, 1952
ii. Betting Tax, 1952
iii. Casino Revenue Tax, 1955
iv. Property Tax, 1961
v. Entertainment Duty Tax, 1962
vi. Airport Tax, Hold Customers Tax, Standard Assessment and Excess Profits Tax in 963.

24. In 1966, a Second Consolidated edition (known as Income Tax Decree 1966 No. 78) was published. The third edition (Income Tax Decree 1975–SMCD 5) forms the basis of Income Tax Administration in Ghana.

25. In July 1986, government took a decision on structural changes in the Central Revenue Department. The Internal Revenue Service (IRS) Law–1986 (PNDCL.143) was passed. The promulgation of the Revenue Agencies Board Act, 1998 (Act 558) established a central governing body to replace the existing governing boards of IRS, CEPS and VATS.

26. The Internal Revenue Act, 2000, Act 592 (IRA) was enacted in 2000 and was structured as a code under which all taxation laws administered by the Internal Revenue Service are collected. The Internal Revenue Act did not change the previous law (Income Tax Decree 1975) but provides detailed and precise rules than the old law and introduces new rules to cater for situations not directly dealt with in the previous law.

27. In 2009, the government of Ghana established the Ghana Revenue Authority (GRA) through the enactment of Ghana Revenue Authority Act, 2009 (Act 791) to replace the Internal Revenue Act. The GRA Act sought to consolidate the revenue collection agencies into one body to improve tax collection, streamline and reduce cost of tax administration. BY passing of the Act, Ghana Revenue Authority (GRA) is mandated by law to provide a holistic approach to tax administration through promotion of efficient collection of revenue and ensuring greater accountability and transparency to Government for the professional management of tax administration.

28. The GRA is required to promote tax compliance and tax education for effective revenue mobilisation. Since its establishment in 2009, the GRA had put in place measures to improve revenue mobilisation to support government business. It is in the light of encouraging voluntary tax compliance that the government of Ghana through GRA introduced the self-assessment policy in 2014 to allow taxpayers calculate their own tax liability and voluntarily pay. This approach by government has placed the responsibility on individual taxpayers thereby avoiding the cost of determining each taxpayer tax liability and collecting them. The downside of this policy is that more people will not voluntarily comply with their tax obligations especially when the level of enforcement on the part of GRA is low.

2.2 Tax compliance

29. Tax compliance generally encompasses all activities necessary to be carried out by GRA to ensure that the tax-paying public meet the statutory requirements of the tax law. This includes issuance of notice of returns due to taxpayers for the submission of tax returns, annual desk, and periodic audits to determine final tax due for taxpayers and imposition and collection of penalties for non-compliance by taxpayers.

2.3 Returns

30. It is a specified and simplified form meant for the declaration of income from all sources by taxable persons for the correct assessment of their tax. This includes personal income tax assessment return form, corporate income tax assessment form, quarterly estimates return forms and VAT monthly return form.

2.4 Submission dates for filing returns

31. In the case of a company, returns must be submitted not more than four months after the end of the company's financial year specifically by the end of April of each financial year. Quarterly returns are to be filed at the end of each quarter of the financial year or the year of assessment.

32. Directors of companies are required to file their returns at the end of each year of assessment specifically by the end of 31 December of each financial year. In the case of employees, employers are required to finalise the returns and file them not later than the 15th day of each month for previous month's returns.

33. Sections 117, 121, and 124 of the Income Tax Act, 2015 (Act 896) and Paragraph 6(1)(2) of the Commissioner General's Practice Note on Withholding Tax contains the provisions relating to filing of returns due.

2.5 Extensions of time to furnish a return of income

34. The Commissioner General of GRA may upon written request from the taxpayer extend the time for furnishing a return of income under the Income Tax Act, 2015 (Act 896) for not more than sixty (60) days. The taxpayer is required to apply in writing to the Commissioner General for the extension, and the grounds on which the Commissioner General may extend the time are the inability of the person to furnish the return by the due date because of:

   i. absence from Ghana,
   ii. sickness, or
   iii. other reasonable cause

35. It should be noted that the granting of the extension of time does not alter the due date for the payment of the tax due.

2.6 Failure to furnish returns

36. A company or a self-employed person that fails to submit to the Commissioner-General, an estimate or return of income, or any other return required by the Commissioner-General within the time required under Act 896 of 2015 is liable to pay:

i. a penalty of four currency points in the case of entities; and
ii. a penalty of two currency points, in the case of an individual for each day that the return remains outstanding.

37. The penalty applies separately to a failure to file an estimate and a failure to file a tax return incorporating the final amount. Where the person does not submit the return four months after the imposition of the penalty for non-submission, the Commissioner General shall, in addition, prosecute the person to compel the person to submit the return.

2.7 Mandate of the Ghana Revenue Authority

38. The GRA derives its mandate from the Ghana Revenue Act, 2009 (Act 791), the Income Tax Act, 2015 (Act 896) and its amendments; the Value Added Tax Act, 2013 (Act 870) and its amendments; and the Taxpayers Identification Numbering System Act, 2002 (Act 632).

2.8 Vision of Ghana Revenue Authority

39. The vision of GRA is "To be a world-class revenue administration recognised for professionalism, integrity and excellence".

2.9 Objectives of the Ghana revenue Authority

40. The Objectives of the Authority as outlined in Section 2 of Act 2009, (Act 791) are as follows:

i. provide a holistic approach to tax and customs administration,

ii. reduce administrative and tax compliance cost and provide better service to taxpayers,

iii. promote efficient collection of revenue and the equitable distribution of tax burden and ensure greater transparency and integrity,

iv. ensure greater accountability to Government for the professional management of tax administration,

v. improve information linkage and sharing of information among the Divisions of the Authority,

vi. provide a one-stop service for taxpayers for the submission of returns and payment of taxes,

vii. provide common tax procedures that enable taxpayers to be governed by a single set of rules, and

viii. provide for other matters related to the improvement of revenue administration.

2.10 Functions of Ghana Revenue Authority

41. To achieve the objective of the Authority, Section 3 of the GRA Act, 2009 (Act 791) requires the Authority to:

i. assess and collect taxes, interest and penalties on taxes due to the Republic with optimum efficiency,

ii. pay the amounts collected into the Consolidated Fund unless otherwise provided by this Act and other Acts,

iii. promote tax compliance and tax education,

iv. combat tax fraud and evasion and co-operate to that effect with other competent law enforcement agencies and revenue agencies in other countries,

v. advise District Assemblies on the assessment and collection of their revenue,

vi. prepare and publish reports and statistics related to its revenue collection,

vii. make recommendations to the Minister on revenue collection policy, and

viii. perform any other function in relation to revenue as directed by the Minister or assigned to it under any other enactment.

2.11 Key Players and their responsibilities

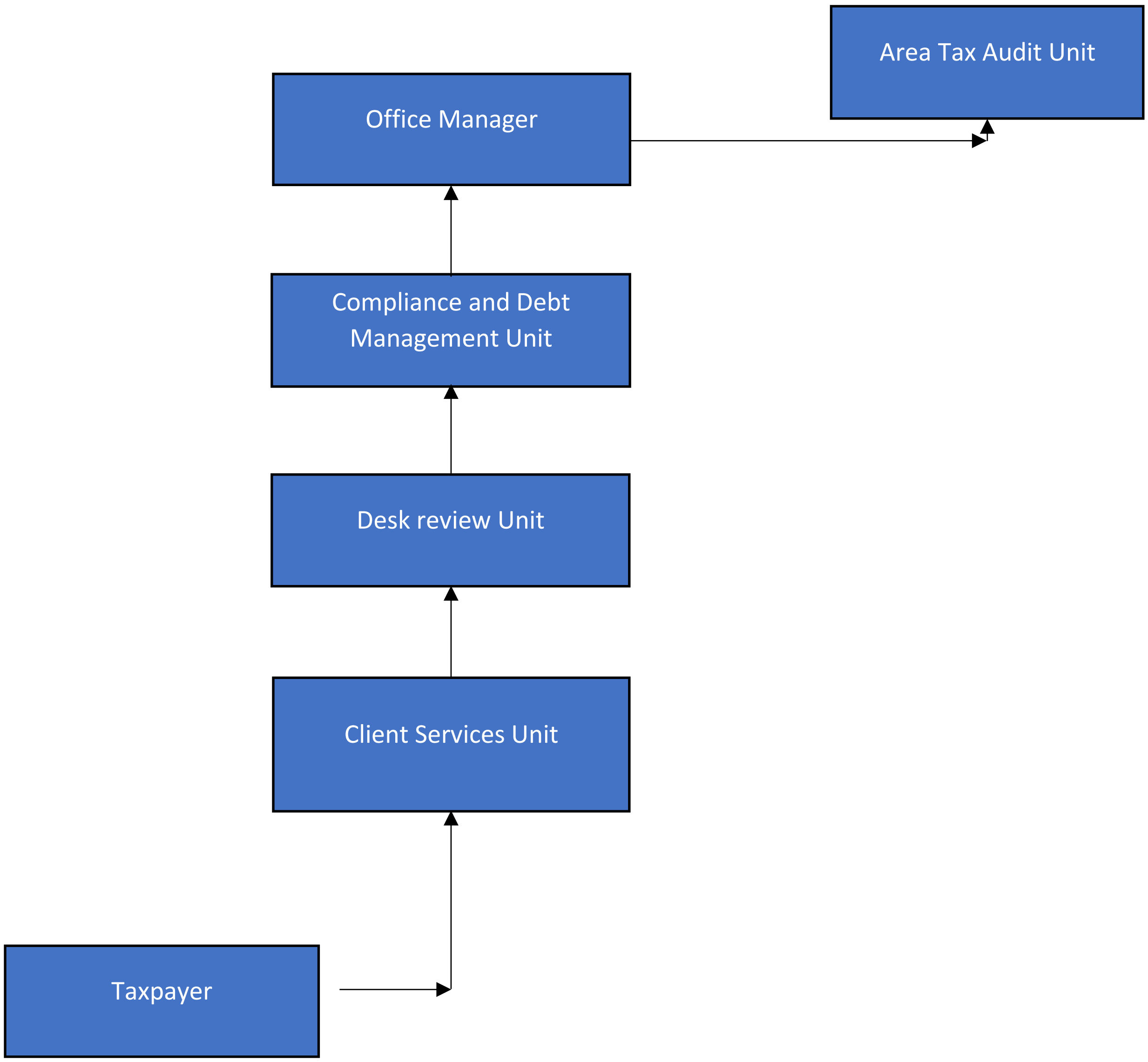
42. Table 2 presents key players involved in tax compliance and collection by the Ghana Revenue Authority in Ghana.

Table 2: Keyplayers and their responsibilities in relation to the audit

No.	Keyplayers	Responsibilities
1	Compliance, Enforcement and Debt Management Unit	• Monitoring the debts of taxpayers • Ensuring compliance with returns filing and payment • Identifying non-filers and late filers • Enforcing payments of tax arrears.
2	Area Tax Audit Department	• Identify high risk taxpayers. • Plan for periodic tax audits • Conduct periodic audit of returns of identified high risk taxpayers. • Make recommendations for payment of additional tax liabilities and applicable penalties discovered through tax audit.
3	Desk review Unit	• Review taxpayers returns to disallow inapplicable expenditures. • Recompute tax declared in taxpayers returns for accuracy. • Recommend payment of additional tax liabilities discovered through review of taxpayers returns. • Provide information to Area Tax Audit on high-risk taxpayers for follow-up
4	Client Services Unit	• Assist taxpayer to register for all current tax obligations and receive one Taxpayer Identification Number (TIN) for all tax administration purposes. • Assist Taxpayers apply and obtain tax clearance certificates and other relevant documents. • Assist taxpayers to pay all their domestic taxes (either direct or indirect) e.g PAYE, Corporate Income Tax, VAT/NHIL, Excise duty etc.
5	Taxpayers	• Maintaining of good business records • Submission of returns by the due dates • Payment of all taxes due • Making records available for examination • Informing the STO of any material change in business

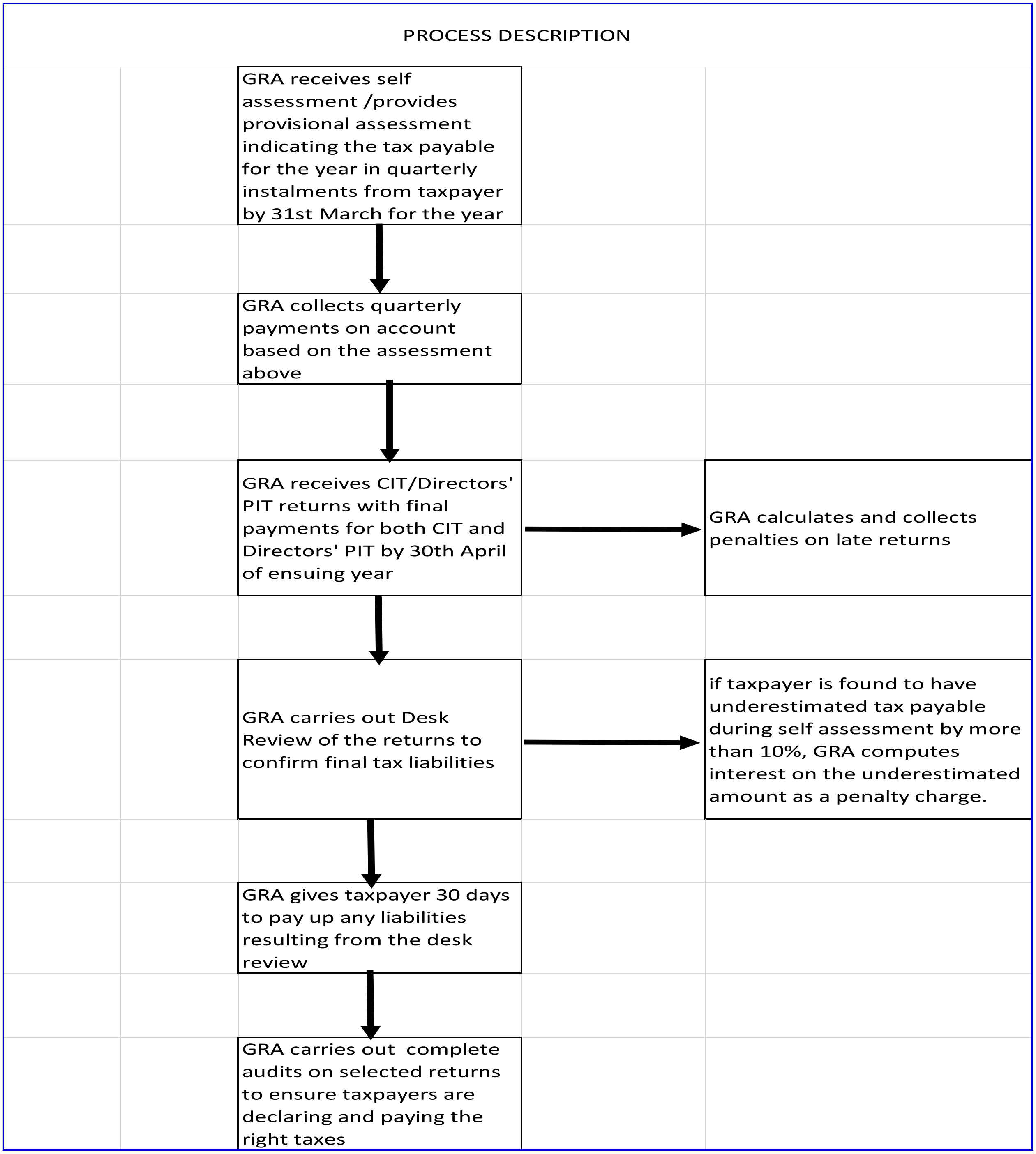
2.12 Relationship among Keyplayers

Figures 1 Relationship among Keyplayers.



43. The processes description for filing of tax returns and the corresponding processes by GRA is presented in figure 1.

Figure 2 System Description



CHAPTER THREE

FILING OF TAX RETURNS

3.0 Introduction

44. We examined filing of tax returns and presented our findings under the following:

i. Self-assessment Estimates Returns/Provisional Assessments,

ii. Corporate Income Tax Returns (CIT), and

iii. Directors' Income Tax Returns.

3.1 Self-Assessment Estimates Returns/ Provisional Assessment

45. Section 37 (1) of the Revenue Administration Act 2016 (Act 915) requires taxpayers to file Annual Self-Assessment Estimate returns on time. GRA's operational procedure requires taxpayers to file the returns by 31 March of the year of assessment. According to Section 37 (2) of the Revenue Administration Act 2016 (Act 915), where a taxpayer fails to file on time, the Commissioner-General (CG) may use best judgement and information reasonably available to assess the individual or entity and issue a Provisional Assessment to enable the taxpayers know how much Corporate Income Tax (CIT) they are required to pay at the end of each quarter. This helps the Authority to assess the tax liabilities of the taxpayers to aid in tax revenue projection and collection.

46. We examined filing of self-assessment estimates using a total of 142 taxpayers we sampled across the selected TSCs. Each taxpayer was to submit three self-assessment estimates for the three-year audit period (2017 to 2019). We expected the 142 taxpayers to have filed a total of 426 self-assessment estimates over the audit period.

47. Our analysis (Table 3) shows that out of the expected 426 self-assessment estimates, 151 (35.4%) were filed, 275(64.6 %) were not filed. Out of the 275 taxpayers that failed to file their self-assessment estimates, GRA issued provisional assessment to 59 (21.5%). 216 (78.5%) taxpayers were not provisionally assessed contrary to section 37 (2) of the Revenue Administration Act 2016 (Act 915).

Table 3: Analysis on filing self-assessment estimates (2017-2019) at selected TSCs.

Year	Expected No. of self-assessment estimates	No. of returns filed by 31 March	No. of returns not filed by 31 March	No. of Provisional Assessments Issued	No. of non-filed returns not covered with Provisional Assessments
2017	142	47	95	23	72
2018	142	49	93	17	76
2019	142	55	87	19	68
Total	**426**	**151**	**275**	**59**	**216**
Percentage	**100.0%**	**35.4%**	**64.6%**	**21.5%**	**78.5%**

Source: Taxpayers files (2017-2019), TSCs

48. At Asokwa TSC we sampled 21 taxpayers and expected a total of 63 self-assessment estimates returns to be filed over the three-year period. Out of the expected 63 returns a total of 23 (37%) were filed by 31 March, 40 (64.5%) were not filed. Out of the 40 returns that were not filed, 14 (35.0%) were provisionally assessed thus, Asokwa TSC did not provide provisional assessments for 26 (65.0%).

49. At Koforidua TSC we noted that out of a total of 102 self-assessment estimates we expected from the 43 taxpayers we sampled, 36 (35.6%) were filed, 66 (64.4%) were not filed. Koforidua TSC did not provide provisional assessments for any of the 66 self-assessments that were not filed.

50. At Suame TSC we sampled 43 taxpayers and expected a total of 129 self-assessment estimates returns to be filed. Out of the expected 129 returns, 48 (37.2%) were filed, 81(62.8%) were not filled. Out of 81 that were not filed the Suame TSC provisionally assessed 16 (19.8%). There were no provisional assessments for 65 (80.2%).

51. At Takoradi TSC, out of a total of 60 self-assessment estimates returns we expected from a sample of 20 taxpayers, 31 (51.7%) were filed, 29 (48.3 %) were not filed. Of the 29 returns that were not filed, Takoradi TSC did not provide provisional assessments for any.

52. At Tema1 we expected a sample of 24 taxpayers to have filed a total of 72 self-assessment estimates. However, of the 72 expected estimate returns, 13 (18.1%) were filed, 59 (81.9%) were not filed by 31 March. Out of the 59 that were not filed, 29 (49.2%) were provisionally assessed. T1TSC did not provide provisional assessment for the remaining 30 (50.8%). See Appendix C for analysis on self-assessment estimate returns for all the selected TSCs.

53. GRA is to collect tax from taxpayers quarterly based on the estimated tax liabilities on the self-assessment estimates. This is to ensure that funds are available to the Government periodically throughout the year to execute its developmental agenda. Therefore, Section 37 (2) of Act 915, therefore requires GRA to issue provisional assessments for taxpayers who fail to file their self-assessment estimates to enable the TSCs perform their quarterly tax revenue mobilisation.

54. We noted that the selected TSCs had monthly, quarterly and annual statistical reports that provided information on the number of taxpayers that had not submitted their annual self-assessment estimates. However, due to inadequate

planning and supervision, the Compliance Units did not act on the information to ensure that all the defaulting taxpayers were identified and issued provisional assessments as the law requires. According to the managers of the TSCs, provisional assessments were issued to defaulting taxpayers, but duplicates were not on file due to poor documentation.

55. Until the actual tax liabilities of the taxpayers who failed to file their returns are determined and collected through desk review and or tax audit (as illustrated in Case Example 1), tax revenue due the state for the number of years the taxpayers defaulted would be lost. Ther is a possibility /risk that a defaulting company will not be selected for auditing.

Case example 1:
JDS Pharmacy Ltd. did not file self-Assessment estimate returns for the period 2017 to 2019. Takoradi TSC also failed to provisionally assess the company thus did not know the tax the company owed until 30 July 2021, over two years later when the company was tax audited. The tax audit yielded GH¢322,072.19 including interest. This amount of tax revenue would have been lost to the state if the company was not captured for audit.

Source: Takoradi TSC

3.1.2 **Conclusion**

56. The selected TSCs did not adequately perform their provisional assessment functions. In our opinion the heads of the Compliance Units at the selected TSCs did not adequately supervise staff to ensure all taxpayers that defaulted in filing their self-assessment estimate returns were identified and issued with the required provisional assessments.

3.1.3 **Recommendations**

57. We recommend that managers of TSCs should ensure that the heads of the Compliance Units:

i. adequately oversee required procedures for issuing provisional assessments to defaulting taxpayers, and

ii. identify all the taxpayers who failed to file their self-assessment estimates, who were not provided with provisional assessment and were also not audited. Submit the list to the area audit office for them to be audited to retrieve the taxes they owe to the state.

Management Response

58. *Management agreed with the findings and recommendations. In 2021, GRA had replaced hitherto the manual system of filing returns with E-Filing System (digitalised processes of filing tax returns) which allows taxpayers who qualify for self-assessments to file assessments returns online. The Authority intends to configure its E-Systems to provisionally assess taxpayers who fail to file returns after the statutory period elapses. The Domestic Tax Revenue Division (DTRD) has set timelines to provisionally assess taxpayers who fail to comply or file Returns by the due date.*

3.2 Filing of Corporate Income Tax (CIT) Returns

59. Section 124 of the Income Tax Act, 2015 (Act 896) as amended requires that a taxpayer shall file with the Commissioner-General annual income returns not later than four (4) months after the end of each year of assessment. Operationally, a taxpayer is required to file CIT returns by 30 April in the ensuing year. The filing of tax returns enables GRA to ascertain whether the taxpayer has paid the right amount of taxes. The returns also serve as a source document for GRA to conduct either an annual desk review or periodic tax audit to ascertain the actual tax liability of a taxpayer.

60. We expected the 142 taxpayers we sampled to have filed a total of 426 CIT returns over the three-year audit period since each taxpayer is required to file a CIT return each year. Our analysis (Table 3) showed that out of the expected 426 CIT returns, 226 (53.1%) were filed thus 200 (46.9%) were not filed. Out of the 226 CIT returns filed, 83 (36.7%) were filed on time (by 30 April). One hundred and forty-three (143) representing 63.3% were filed after 30 April.

Table 4: Analysis on filing of CIT Returns (2017- 2019)

Year of Assessment	No. of CIT Returns expected to be filed by 30 April	No. of CIT Returns that were not filed	No. of CIT Returns filed	No. of CIT Returns filed by due date. (On time)	No. of CIT Returns filed after due date. (late)	Total No. of defaults in filing CIT Returns (late and non-filing)
2017	142	70	72	32	40	110
2018	142	63	79	37	42	105
2019	142	67	75	14	61	128
Total	**426**	**200**	**226**	**83**	**143**	**343**
Percentage	**100.0%**	**46.9%**	**53.1%**	**36.7%**	**63.3%**	**80.5%**

Source: Taxpayers files (2017-2019), TSC

61. We noted that the Compliance Units did not issue demand notices as well as exercise discretionary powers of the CG to prepare and file returns for all defaulting taxpayers as required under Sections 31 & 35 of the Revenue Administration Act 2016 (Act 915).

62. We also noted that the TSCs did not impose penalties on the taxpayers for late and/or non-submission of their CIT returns contrary to Section 73 of the Revenue Administration Act 2016 (Act 915). The Act requires a defaulting taxpayer to pay a penalty of 500 currency points and a further 10 points for each day of delay.

63. However, per our computation at the time of the audit (based on our sampled taxpayers), we expected the TSCs to have charged the defaulting taxpayers a total of about GH¢2.73 million as penalty for the instances of late and/or non-filing of returns for the audit period. Table 5 shows a summary of the yearly breakdown of the penalties. See Appendix E for details on computations and the defaulting companies.

Table 5: Summary of penalties for late and non-filing of CIT (2017 – 2019)

Year	Asokwa	Koforidua	Suame	Takoradi	Tema	Total (GH¢)
2017	178,382.00	296,320.00	451,110.00	88,160.00	247,510.00	1,261,482.00
2018	90,040.00	190,330.00	353,910.00	38,250.00	209,210.00	881,740.00
2019	61,100.00	122,150.00	266,040.00	14,170.00	122,710.00	586,170.00
Total	**329,522.00**	**608,800.00**	**1,071,060.00**	**140,580.00**	**579,430.00**	**2,729,392.00**

Source: Taxpayers file, (2017 to 2019)

64. At Asokwa TSC, we sampled 21 taxpayers and expected 63 CIT returns on file for the three-year audit period. Our analysis showed that 38 (60.3%) out of the expected 63 returns were filed while 25 (39.7%) were not filed. Out of the 38 returns that were filed, 18 (47.4%) were filed late. A total of 43 returns were in default (late and non-filed) but the TSC failed to charge a penalty of GH¢329,522.00.

65. At Koforidua TSC, we sampled 34 taxpayers and expected a total of 102 CIT returns to be filed. We noted that out of the expected 102 CIT returns, 59 (57. 8%) returns were filed, the remaining 43 (42.2%) returns were not filed. Of the 59 returns that were filed, 16 (15.6%) returns were filed on time, 43 (42.2%) were filed late. The TSC failed to charge an amount of GH¢608,800.00 as penalty.

66. We sampled 43 taxpayers in Suame and expected a total of 129 CIT returns. We noted from our analysis that out of the expected 129 CIT returns a total of 41 (31.8%) were filed, 88 (68.2%) were not filed. Also, out of the 41 CITs filed, 28 (68.3%) were filed on time while 13 (31.7%) were filed late. The TSC failed to charge a penalty of GH¢1,071,060.00.

67. At Takoradi TSC, we sampled 20 CIT returns and expected 60 CIT returns. Out of the 60 CIT returns, 20 (33.3%) were filed on time, 36(60%) were filed late and four (6.7%) were not filed. We noted that the TSC failed to charge an amount of GH¢140,580.00 as penalty.

68. We expected the 24 taxpayers we sampled at Tema 1 to have filed a total of 72 CIT returns over the three-year audit period. Our analysis showed that out of the expected 72 CIT returns, 30 were filed while 42 (58.3%) were not filed. Out of the 30 CIT returns filed, 6 (20%) were filed on time, while 24 (80%) were filed late. We noted that the TSC failed to charge an amount of GH¢579,430.00.

NB: See Appendix D for details on filing of CIT Returns and Appendix E for Calculations of penalties for late and non-filing of returns for all the selected TSCs.

69. We noted that the TSCs had information on the number of companies that had not submitted their CIT returns but due to inadequate oversight, the Compliance Units did not act on the information to ensure that all the instances of late and non-submission of returns were identified, demand notices issued and the appropriate penalties computed and imposed on the defaulting taxpayers. Aside the total of about GH¢2.6 million penalty (from our computations) that was not imposed, revenue from corporate income tax from the defaulting taxpayers for the number of years in default were not assessed for collection.

3.2.1 **Conclusion**

70. The heads of the Compliance Units did not effectively implement measures that would have ensured that all taxpayers filed their Corporate Income Tax returns on time. Also, they failed to identify all defaulting taxpayers to impose penalty on them as the law requires. In our opinion the lapses were due to inadequate supervision.

3.2.2 **Recommendation**

71. We recommend that the management of TSCs should ensure that the heads of the Compliance Units apply the requisite procedures to identify all taxpayers who defaulted in filing their CIT returns within the audit period (2017-2019), compute their tax liabilities with penalties and collect tax revenue due the state.

Management response

72. *Management agreed with the observation and the recommendations.*

The introduction of the E Filing module in GITMIS has also helped to resolve the identified controlled weaknesses associated with the manual system where penalties were manually calculated, imposed on each non-compliant taxpayer and manually having to be served each taxpayer with notices indicating their tax obligations. The E-Filling system automatically calculates and imposes penalty and interest on non-compliant taxpayers, in conformity with the required operational procedures and Laws.

3.3 Filing of Directors' Returns

73. Section 124 of the Income Tax Act, 2015 (Act 896) as amended requires a person to file annual income returns with the CG not later than four (4) months after the end of year of assessment thus by 30 April in the ensuing year. The return of income of a person for a year of assessment shall be the assessable income of the

person for the year from income streams (employment, business, and investment etc.).

74. Directors of companies enjoy some privileges which ordinary employees do not. It is therefore important for the TSCs to ensure that companies file comprehensive returns on their directors separately. This will enable the tax office to assess other taxable privileges/income streams in addition to the tax on their salaries. The returns also serve as a source document for the TSCs to conduct an audit of the income returns of directors to ascertain the actual tax liabilities of individual directors.

75. We noted that the 142 taxpayers we sampled across the selected TSCs had a total of 292 directors. We expected the 292 directors to have filed a total of about 875 directors returns over the three-year audit period. Out of the expected 875 returns, a total of 96 (11.0%) returns were filed, 779 (89.0%) were not filed. Out of the 96 that were filed, 44 (45.8%) were not filed on time. See Table 6 for details.

Table 6: Analysis on the filing of Directors' Returns (2017 - -2019)

Year	No. of Directors Returns Expected to be filed	No. of Directors returns that were not filed	No. of returns filed	No. of returns filed on time (by 30 April of the following year)	No. of returns filed late (after 30 April of the following year)
2017	291	257	34	22	12
2018	292	262	30	12	18
2019	292	260	32	18	14
Total	**875**	**779**	**96**	**52**	**44**
Percentage		**89.0%**	**11.0%**	**54.2%**	**45.8%**

Source: Taxpayers file (2017-2019)

76. At Asokwa TSC, the 21 companies we sampled had 57 directors in 2017, and 58 directors in 2018 and 2019. We expected the directors to have filed a total of 173 returns over the period 2017 to 2019. However, we noted that 10 (5.8%) returns were filed on time, two (1.2%) were filed late while 161(93.0%) were not filed.

77. At Koforidua TSC, the 34 taxpayers sampled had 41 directors. We therefore expected a total of 123 (41 for each year) directors' returns for the period under review. Out of the expected 123 returns, 7 (5.7%) were filed on time, 9 (7.3%) were filed late whilst the remaining 107 (87%) were not filed.

78. At Suame TSC, the 43 taxpayers we sampled had a total of 97 directors. We expected the 97 directors to have filed a total of 291 returns over the audit period but a total of 5 (1.7%) returns were filed. Four directors' returns were filed in 2017, one in 2018 and none in 2019. A total of 286 (98.3%) directors' returns were not filed.

79. At Takoradi TSC, we sampled 20 taxpayers who had a total of 44 directors. We expected the 44 directors to have filed a total of 132 returns. We noted that 50 (37.9%) returns were filed and 82 (62.1%) were not filed. Out of the 50 that were filed, 33 (66.0%) were filed late.

80. At Tema Community 1 TSC, the 24 taxpayers under review had 52 directors. We therefore expected the directors to have filed a total of 156 returns over the period under review. However, 13 (8.3%) returns were filed, 143 (91.7%) were not filed.

NB: See Appendix F for detailed analysis on the directors returns at all the selected TSCs.

81. We noted that the Compliance Units had the names, contact numbers and addresses of the directors but due to inadequate supervision, relented on their duties to notify the defaulting taxpayers to demand their directors' returns. Also, the TSCs did not apply penalties to defaulting directors for late and non-

submission of returns contrary to Section 73 (1) of the Revenue Administration Act, 2016 (Act 915) which requires defaulting taxpayers to pay a penalty of 500 currency points and a further 10 points for each day of delay.

82. We noted from the review of the files and interviews with the key officers that the taxpayers submitted their directors' returns as part of general employees' returns (PAYE) instead of filing them separately. The directors' returns in the form of PAYE did not indicate other income streams. The TSCs were unable to accurately assess the actual tax liabilities of the directors therefore there is a risk that the state is losing significant amounts of tax revenue that could have been generated from all the income streams of directors.

3.3.1 Conclusion

83. Management of TSCs did not ensure that all directors of companies filed their returns to enable the TSC ascertain the income streams of the directors and determine the actual taxes to be collected which in our opinion was due to inadequate oversight at the Compliance Units.

3.3.2 Recommendation

84. We recommend that management of the TSCs should ensure that the heads of Compliance Units adequately implement appropriate measures to;

i. ensure the directors file their returns separately from the PAYE, and
ii. identify all the directors who defaulted within the audit period, demand their returns, compute their tax liabilities with penalties and collect the taxes due the state.

Management Response

85. *Management agreed with the findings and accepted to implement the recommendations. The compliance Unit has been tasked to identify taxpayers who fail to file Returns, educate them, and encourage voluntary filing.*

CHAPTER FOUR

DESK REVIEW OF TAX RETURNS

4.0 Introduction

86. Desk review is a preliminary examination of a taxpayer's returns, including supporting documentation and financial records, in this context, to determine the accuracy of the tax liability and establish any outstanding tax revenue to be collected. Desk reviews also help to identify issues with taxpayers that may require further investigation (field tax audit).

87. Section 36 (1) of the Revenue Administration Act, 2016 (Act 915) requires the CG to review taxpayers' returns. According to the operational procedure of GRA, TSCs are to carry out desk reviews on the CITs returns they receive from taxpayers annually.

88. Generally, we examined the performance of the selected TSCs on desk reviews using data on the 142 taxpayers sampled. We noted that the 142 taxpayers filed a total of 226 CIT returns which we expected the TSCs to have desk reviewed. Our analysis (Table 7) showed that over the three-year period (2017 to 2019), the TSCs desk reviewed a total of 45 (19.9%) of the 226 CIT returns. The review yielded a total of GH¢280,404.87.

Table 7: Analysis on Desk Review on CIT from 142 sampled Taxpayers (2017 - 2019)

Year	Expected No. of CIT returns	No. of CIT returns filed	No. of CIT Returns desk reviewed	No. of CIT Returns not reviewed.	Additional Tax yield (GH¢)
2017	142	72	17	55	89,693.86
2018	142	79	13	66	23,057.38
2019	142	75	15	60	167,653.63
Total	**426**	**226**	**45**	**181**	**280,404.87**
Percentage			**19.9%**	**80.1%**	

Source: Taxpayers files (2017-2019)

89. The individual performance of the selected TSCs on desk review over the three-year audit period based on the CIT returns filed by sampled taxpayers at the TSCs is as follows: Asokwa TSC desk reviewed 17 (42.5%) out of 40 CIT returns; Koforidua TSC reviewed one (1.7&) out of 59; Suame reviewed 19 (46.3%) out of 41; Takoradi and Tema Community 1 TSCs reviewed six (10.7%) out of 56 and two out of 30(6.7%) CIT returns respectively. See Appendix G for details on desk reviews and tax yields at all the selected TSCs.

90. We also noted low performance on desk reviews at the TSCs from review of their monthly performance reports. For instance, at Asokwa TSC, the monthly performance report, (2017 to 2019) indicated that Asokwa received a total of 1538 CIT returns but reviewed a total of 307 (20%). The review yielded about GH¢1.94 million cedis.

91. Management of TSCs attributed their inability to annually carry out desk reviews of all CIT returns in their custody to under staffing. The Compliance Units at Asokwa had six staff, Suame had eight staff and Tema had four. Takoradi and Koforidua had eight and six staff respectively. This brings the staff strength of the five TSCs we selected to 32 for desk reviews. According to management of the TSCs, a staff can complete desk review of one CIT return in two days.

92. Given that there are about 199 working days in a year, taking cognisance of annual leave and public holidays, a staff could review 99 CIT returns in a year. Therefore, a total of 32 staff over the three-year period could have reviewed a total of 9,504 CIT returns. This implies that all the 226 returns filed could have been reviewed over the three-year audit period instead of the 45 (20%) CIT returns achieved. Therefore, the inability of the TSCs to effectively conduct desk reviews

was not due to understaffing but inadequate planning, supervision and monitoring.

93. According to our sample, desk review conducted on 45(20%) of the 226 CIT returns the taxpayers filed yielded GH¢280,404.87 undeclared tax. According to the monthly performance reports, desk reviews conducted on 307 (20%) of 1,538 CIT returns yielded GH¢1.94 million. We therefore infer that until all the remaining CIT returns (those filed but not reviewed) are reviewed and reviewed/audited, a significant amount of tax revenue held up on about 80% of CIT returns would be lost to the state.

4.1 Conclusion

94. In our opinion, the TSCs did not efficiently carry out desk reviews due to inadequate planning, supervision and monitoring of staff.

4.2 Recommendation

95. We recommend that management of TSCs should ensure that heads of Compliance Units:

i. plan, supervise and monitor the activities of the Units to enhance their desk review performances, and

ii. identify and review CIT returns that have not been desk reviewed or tax audited to recover undeclared tax revenue to the state.

Management Response

96. *Management agreed with the observation the recommendations. Management has tasked the Compliance Unit at the TSCs to conduct 70-75% desk review of all Returns submitted by taking into consideration risk assessments conducted on the taxpayers. The DC Operations is to ensure Desk reviews are planned, properly executed and quarterly returns submitted for review. This will serve as part of Key Performance Indicators for*

TSC managers. Staff are being retooled and retrained to ensure they deliver the needed results.

Supervision will be enhanced and shall be carried out by both Area and Head office Teams.

CHAPTER FIVE

TAX AUDITS

5.0 Introduction

97. Tax audit is an examination of underlying records to determine whether a taxpayer has correctly reported its task liabilities. The essence of the audit is to ensure that the taxpayer does not conceal information to suppress revenue or inflate expenditures or both to reduce the actual tax liability and to recover undeclared tax.

98. Section 36 (1) of the Revenue Administration Act, 2016 (Act 915), requires GRA to audit the tax affairs of taxpayers. GRA Area Audit Offices are responsible for carrying out the tax audits.

99. We examined performance on tax audits by Audit Offices[4] over the three-year audit period using information on the 142 taxpayers we sampled. We noted that on average the Area Audit Offices audited 18.5% of their taxpayers. Detailed analysis is presented in Table 8.

Table 8: Analysis of Tax Audit on CIT Returns from 20 sampled Companies (2017 - 2019)

Year	No. of Registered CIT Taxpayers sampled	No. of sampled CIT Taxpayers Not audited	No. of sampled CIT Taxpayers audited	Percentage of sampled CIT Taxpayers audited	Additional tax yield resulting from audits.
2017	142	111	31	21.8%	6,917,013.71
2018	142	111	31	21.8%	5,110,870.54
2019	142	125	17	12.0%	6,441,983.89
Average/Total				**18.5%**	**18,469,868.14**

Source: Taxpayers files (2017-2019)

[4] Suame, Takoradi and Koforidua Audit Area Offices.

100. At Asokwa TSC, out of the 21 taxpayers we sampled, the Area Audit Office, over the three-year period audited 10 taxpayers in 2017; nine (9) in 2018 and three (3) in 2019. The audits yielded a total of about GH¢1.0 million.

101. At Suame TSC, out of the 43 taxpayers we sampled, the Area Audit Office audited two (2) taxpayers in 2018 and four (4) taxpayers in 2019 which yielded GH¢136 thousand. There was no audit on any of our sampled taxpayers in 2017.

102. At Koforidua TSC, out of 34 taxpayers sampled the Area Audit Office audited five (5) taxpayers in 2017, three (3) in 2018 and four (4) in 2019. The audit yielded GH¢1.9 million.

103. At Takoradi TSC, the Area Audit Office audited 11 taxpayers each in 2017 and 2018 and one (1) taxpayer in 2019 out of the sampled 20 taxpayers. The audit yielded GH¢1.4 million.

104. At Tema1 TSC out of the sampled 24 taxpayers the Area Audit Office audited five (5) taxpayers in 2017, six (6) in 2016 and five (5) in 2019 which yielded GH¢5.9 million. See Appendix H for details on tax audits at the selected TSCs.

105. According to section 36(2) of the Revenue Administration Act 2016, (Act 915) the CG may select companies for audit based on:

i. the history of the company with respect to compliance or non-compliance with tax laws,

ii. the amount of tax payable by the company,

iii. the class of business or other activity conducted by the company, and

iv. criteria developed under a compliance management plan, which may include.

   a. random selection of returns for audit; or

b. other matters that the Commissioner-General considers relevant for ensuring the collection of tax due.

106. According to the area audit managers, the offices select taxpayers for audits based on several factors, including the area offices' risk assessment as well as on the risk profile of companies established by the compliance units. However, the risk assessment reports, or the profiles were not available at the time of audit. This was to enable us to determine the adequacy of the offices performance in terms of the total number of high risk companies identified vis-a-vis the actual number that was audited.

107. We noted from our interaction with management and staff at the Audit Area Offices that, but for staff capacity challenges, the audit offices could have done more as illustrated in Case Example 2.

Case Example 2: *The Suame Area Audit Office had 20 audit teams (2 staff per team) with two supervisors for conducting tax audits in the region. Our review of the 2017 to 2019 progress reports and our interaction with the area manager indicated that the office audited about 2.5% of the taxpayer population of 3,285 in the Ashanti Region which yielded about GH¢22.1 million. The Area Audit Office intends to increase the audit coverage to about 5% to rake in more tax revenue but will require at least 30 audit teams with 3 supervisors. But for the capacity challenges, the audit office was capable of recovering more revenue for the state. For example, in the year 2022, the office audited 61 companies and recovered undeclared tax liabilities of over GH¢30 million.*

Source: Suame Area Audit Office

5.1 Conclusion

108. In our opinion, the Area Audit Offices carried out tax audits but there was no assurance that the Area Audit Offices performed optimally. They could increase their audit coverage to uncover more undeclared tax revenues.

5.2 Recommendation

109. We recommend that Management of GRA should assess the capacities of the Area Audit Offices, identify, and address their capacity needs. This will enable the audit offices to increase their tax audit coverage and take in more tax revenue for the state.

Management Response

110. *Management agreed with the findings and recommendations. Management intends to strengthen and retrain tax auditors to be more effective. Tax audit Plans for each Area Office are to be submitted to the respective Deputy Commissioner Operations for review and approval.*

CHAPTER SIX

COLLECTION OF TAX REVENUE

6.0 Introduction

111. According to Section 46 of the Revenue Administration Act, 2016 (Act 915), a taxpayer is to pay tax at the time specified in the tax law under which the tax is charged or on the date specified in a notice served on the taxpayer from the CG for the tax to be paid. Section 51 of the Act recognises tax as a debt due Government on the date it becomes payable. In line with these requirements, we expected the TSCs to have collected all taxes due from taxpayers.

112. Companies are to pay their CIT for the year,

   i. in quarterly installments, based on an amount that the companies themselves have estimated (through self-assessment) or GRA has determined (through issuing provisional assessment) by the end of March of the year of assessment, and
   ii. as an assessed amount following an audit/desk review of their CIT returns.

113. We assessed the TSCs' performance on tax revenue collection over the audit period based on our analysis of general records on the TSCs' debt recovery/collection activities and data on the taxpayers we sampled. Generally, we found that the TSCs were unable to effectively collect or recover tax revenue from taxpayers under their jurisdiction. For instance, from the Asokwa TSC monthly performance report, a total debt stock that accrued to the TSC was about GH¢11.9 million, however, it collected about GH¢2.7 million (22.8%) of the total

debt stock with an outstanding debt of GH¢9.2 million (77.2%). See Table 9 for details.

Table 9: Debt Recovery/Collection Performance of Asokwa TSC

Year	Total Debt Stock Accrued in the Year (GH¢)	Debt Recovered in the Year (GH¢)	Percentage of Debt Stock Recovered in the Year (%)	Amount Outstanding
2017	2,267,516.23	316,865.45	14.0%	1,950,650.78
2018	3,048,934.57	561,437.70	18.4%	2,487,496.87
2019	6,606,136.36	1,843,192.83	27.9%	4,762,943.53
Total	**11,922,587.16**	**2,721,495.98**	**22.8%**	**9,201,091.18**

Source: ATSC's Monthly Performance Reports (2017-2019).

114. Takoradi TSC established a total tax liability of GH¢9.4 million from tax audit but collected a total of GH¢0.6 million (6.4 %) with an outstanding GH¢8.8 million (93.6%). See Table 10 for details.

Table 10: Analysis of Tax Revenue collection from 20 sampled Companies (2017 - 2019)

Year	Tax liability established	Tax liability collected	Amount Outstanding (GH¢)
2017	6,490,086.84	43,768.68	6,446,318.16
2018	2,819,996.49	562,233.69	2,257,762.80
2019	131,105.20	-	131,105.20
Total	**9,441,188.53**	**606,002.37**	**8,835,186.16**
Percentage		**6.40%**	**93.6%**

Source: TTSC's Monthly Performance Reports (2017-2019).

115. Suame TSC, established an amount of GH¢0.5 million as undeclared tax from 55 CIT returns audited over the audit period but collected GH¢0.02 million (4.38%) with GH¢0.48 million (95.62%) outstanding. Table 11 has the details.

Table 11: Analysis on Tax Revenue Collection (2017 - 2019)

Year	Assessed tax liability for the year (GH¢)	Amount of tax revenue collected at the end of the year (GH¢)	Amount Outstanding (GH¢)
2017	294,084.27	7,399.35	286,684.92
2018	101,695.68	12,008.78	89,686.90
2019	101,741.72	2,400.00	99,341.72
Total	**497,521.67**	**21,808.13**	**475,713.54**
Percentage		**4.38%**	**95.62%**

Source: review of sampled taxpayers annual self-assessment tax returns

116. Tema Community 1 TSC established an amount of 0.86 million through self-assessment and collected 0.43 million (50.3%) with 0.43 outstanding. Table 12 has the details.

Table 12: Analysis on Tax Revenue Collection & Self-assessment Returns (2017 – 2019)

Year	Amount assessed for the year (GH¢)	Amount collected at the end of the year (GH¢)	Amount outstanding at the end of the year (GH¢)
2017	196,545.44	27,243.71	169,301.73
2018	293,154.21	159,128.31	134,025.90
2019	372,696.85	247,700.31	124,996.54
Total	**862,396.50**	**434,072.33**	**428,324.17**
Percentage		**50.3**	**49.7**

Source: annual self-assessment returns, T1TSC

117. Koforidua TSC assessed the total tax liability of about GH¢1.9 million but collected GH¢0.21 million (10.7%) with GH¢1.69 million (89.3%) outstanding. See Table 13 for details.

Table 13: Analysis of Tax Revenue collection from 20 sampled Companies (2017 - 2019)

Year	Tax liability established	Tax liability collected	Outstanding tax liability
2017	780,658.91	205,000.00	575,658.91
2018	88,257.67	0.00	88,257.67
2019*	1,049,041.72	0.00	1,049,041.72
Total	**1,917,958.3**	**205,000**	**1,712,958.3**
Percentage		**10.7%**	**89.3%**

Source: Audit/ Desk Review Reports and payments receipts, KTSC

118. Section 47 (1) of the Revenue Administration Act 2016 (Act 915) allows a taxpayer to apply to the CG for an extension of time to pay tax. However, there was no application by the defaulting taxpayers to extend the payment of the outstanding GH¢20.7 million tax liability, as shown in Table 14.

Table 14: Outstanding Tax liabilities from selected TSCs

Taxpayers Service Centre	Outstanding Tax Liability (GH¢)
Asokwa	9,201,091.18
Koforidua	1,712,958.3
Suame	475,713.54
Takoradi	8,835,186.16
Tema1	428,324.17
Total	**20,653,273.35**

Source: Financial Records, sampled TSCs

119. According to Sections 80 and 51 (2) of Revenue Administration Act 2016 (Act 915) a person who fails to pay tax by the date on which the tax is payable commits an offence and the CG may initiate proceedings in court for the recovery of unpaid tax as well as the cost of the suit. However, at the time of the audit the TSCs did not take action to recover the debts due the state.

120. The Compliance and Debt Management Units of the TSCs failed to escalate the debt overdue to the Enforcement Units for the necessary action to be taken to retrieve outstanding debts from defaulting taxpayers.

6.1 Conclusion

121. In our opinion the selected TSCs did not effectively collect tax revenue for the state. They failed to recover about GH¢20.7 million (89.3%) of the assessed tax liability over the audit period due to inadequate collaboration between the Compliance, Debt Management and Enforcement Units.

6.2 Recommendations

122. We recommend that Managers of the TSCs should monitor the activities of the Compliance, Debt Management and Enforcement Units to ensure that they collectively apply the prescribed measures to collect taxes due and recover outstanding tax liabilities.

Management Response

123. *Management agreed with the findings and recommendations. Frantic efforts have been put in over the years to ensure debts created either through desk audits, provisional assessments or tax audits are collected and paid into the Consolidated Fund. These efforts include regular compliance visits, enforcement actions at the Area office levels and prosecutions.*

CHAPTER SEVEN

OVERALL CONCLUSION

124. The GRA over the years is providing tax services to taxpayers and has implemented measures to identify taxpayers, determined their tax liabilities and collected tax revenue due the state.

125. However, the TSCs did not adequately implement measures /tax laws to affectively manage filing of taxpayers' returns. They did not ensure that all taxpayers under their jurisdiction who failed to file their self-assessment estimate returns were identified and provided with provisional assessments. Also, not all the taxpayers who defaulted in filing their Corporate Income Tax and Directors' returns were identified and appropriate procedures taken to obtain their tax liabilities.

126. The TSCs did not efficiently carry out desk reviews of all the CIT returns they received to determine the accuracy of the tax liabilities of taxpayers to establish outstanding tax revenue to be collected. While there was no assurance that the Area Audit Offices optimally perform tax audits to uncover undeclared tax revenues, the TSCs did not effectively collect tax the established revenues.

127. Therefore, there is no assurance that, over the period under examination, GRA maximised tax revenue generation.

Management response

128. *The Authority is grateful to the Auditor General and his team for bringing to our attention control weaknesses in our assessment, collection and accounting for tax processes.*

We shall implement the recommendations to ensure revenue collection is optimised.

APPENDICES

APPENDIX A

Audit Questions and audit criteria

Audit Question	Audit Criteria and Source	Source
How has GRA ensured that taxpayers file their returns on time? · **Self-assessment return**	• taxpayers required to file Annual Self- assessment Estimate returns on time. GRA's operational procedure requires taxpayers to file the returns by 31 March of the current year. In the event where a taxpayer fails to file on time, the Commissioner-General (CG) may issue a Provisional Assessment to taxpayer.	Section 37 (1&2) of Revenue Administration Act 2016 (Act 915),
· **CIT returns**	• 2. a taxpayer shall file with the Commissioner-General annual income returns not later than four (4) months after the end of each year of assessment. Operationally, a taxpayer is required to file CIT returns by 30^{th} April in the ensuing year.	Section 124 of the Income Tax Act, 2015 (Act 896) as amended
Directors Income returns	• 3. a person required to file annual income returns with the CG not later than four (4) months after the end of year of assessment thus by 30^{th} April in the ensuing year.	Section 124 of the Income Tax Act, 2015 (Act 896) as amended
	• 4. Income tax pf directors of companies shall be computed using income streams	Section 4(1&2) of the Income Tax Act 2015 (Act 896) as amended
	• 5 a taxpayer is required to apply to the Commissioner-General for extension of time for late filing of returns.	Section 30 of the Revenue Administration Act 2016 (Act 915)
	• 6 a taxpayer who fails to file a tax return required by law is liable to pay a penalty.	According to Section 73 (1) of the Revenue Administration Act, 2016 (Act 915)
How has GRA ensured that desk audits are carried out annually on filed tax returns to determine taxpayers initial tax liabilities?	TSCs required to review returns and other relevant information (Financial statements etc. taxpayers submits for completeness and correctness annually.	GRA Desk Review Manual (2021)
How Has GRA ensured that periodic tax audits are carried out on filed tax returns to determine actual tax liabilities?	GRA required to audit the tax affairs of persons/companies	Section 36 of the Revenue Administration Act, 2016 (Act 915),
How does GRA ensure the collection of all taxes due the state?	a taxpayer is to pay tax at the time specified in the tax law under which the tax is charged or on the date specified in a notice served on the taxpayer from the Commissioner-General for the tax to be paid.	According to Section 46 of the Revenue Administration Act, 2016 (Act 915),

APPENDIX B

LIST OF TAXPAYERS SAMPLED

NO	ASOKWA TSC	KOFORIDUA TSC	SUAME TSC	TAKORADI TSC	TEMA1 TSC
1	Abellon Clean Energy Ghana	Kwamalex Com. Ltd	ABN-Plus Ltd.	Mustard Seed Development ltd	Key Textiles Company Ltd.
2	Access Freight Solution Ltd.	Big Bro Company Ltd	Angel Herbal Product Industry Ltd.	Macro Trucking ltd	Gello Mining Ltd.
3	Amponsah-Effah Pharmaceutical Ltd.	Pan Air Compoany Ltd	Blessed Brothers Co. Ltd	Hotel Alrose Ltd	Commodity Village Ltd.
4	Alhaji Salia Enterprise Ltd.	Otado Investment Ltd	Elite Minerals Ghana Ltd	13:05 Engineering & Const. Company Limited	West Hills Wood Co. Ltd.
5	Hagebo International Ltd.	Sir Jones Mottos and Trading Company	Cock-Pit Crew Co. Ltd	Galaxy Poly products ltd	Softnet Recycling Ltd.
6	Ghana Metallica Roofing Company Ltd.	Saama-D Company Ltd	Fondle Engineering Co. Ltd	Western Global Technology Company Ltd	Prisken Ghana Ltd.
7	Northern Mines and Quarries	Miura Company Ltd	Carl Chemist Ltd	Gaspark Company ltd	Tema Paper Industry Ltd.
8	DBS Industries Ltd.	Upper Manya Krobo Rurual Bank	Iddrisan Company Ltd.	JSD Pharmacy ltd	Greenwich Industries Ltd.
9	Consar Mining Support Services Ltd.	Capital View Hotel	God'sway Auto Spare Parts Ltd.	Amaja Oilfields ltd	Sea And Shore Co. Ltd.
10	XY Plywood Company Ltd.	Mumuadu Rural Bank Ltd	Hermanos Pub & Restaurant.	Kendick Law Firm	Spinewoods Company Ltd.
11	Koyo Machinery Ghana Ltd.	Mac Dic Enterprises Ltd	I.C.K.B. Timbers Co. Ltd.	About time company ltd	Danteng Wood Processing Co Ltd.

NO	ASOKWA TSC	KOFORIDUA TSC	SUAME TSC	TAKORADI TSC	TEMA1 TSC
12	Tabea Company Ltd.	Akuapim Rural Bank	Hay Nyark Company Ltd.	Asadul Enterprise ltd	Dougey RSC Ghana Ltd.
13	Alaga Ltd.	Nak Ventures Ltd	Odutek Electricals Company Ltd.	ICM Logistics Services ltd	Edbrime Company Ltd.
14	A-Amaco Company Ltd.	Maso Construction Company Ltd	Vetek Ghana Ltd.	Zeal Environmental Technologies ltd	Zina Quarry GH. Ltd.
15	Anidaso Hotel	Kwadjo Asante Contract Ltd	Nkoah Brothers Forest Mill Production Ltd.	Kings Furniture Company ltd	City Ghana Construction Ltd.
16	Agro Crown West Africa	Eastern Waste Management Services Ltd	Komfather Electrical Company Ltd.	Agenda Concrate Ghana ltd	Maritime Labour limited.
17	NickSeth Construction	Blane Construction Ltd	Joosak Koffe Haus Ltd	Gemans Lumber ltd	Balaji Farms
18	Hong Huan Industries Ltd.	Atlantic Rock Quarry Production Ltd	Solid Rock Microfinance	Farms Right Farms ltd	Longteng Plastic Products Co. Ltd.
19	Darls Legal Consult	Tradist Company Ltd	A Kannin Ltd	Anighart motors	Afko Fisheries Company Ltd.
20	Oropa Estate Ltd.	Africodia Impex Company Ltd	Dencent Company Limited	Mass logistics	Jemco Transformers Company Ltd.
21	Utrak Capital Management Ltd.	Oyinka Hotel (Enterprise)	Yaw Akuffo Company Ltd		Fati Ghana Ltd.
22		Royal Roses Oil Company Ltd.	Royal Rod Construction Ltd		Cadesmee International Ltd.
23		Longmann Ltd	Old Tafo Church Of Christ Standard School Ltd		Lynbrok Company Ltd.
24		Contactline Constrction Ltd	Maggiefrimps Company Ltd		Magen Energy and Power Ltd.

NO	ASOKWA TSC	KOFORIDUA TSC	SUAME TSC	TAKORADI TSC	TEMA1 TSC
25		Eldan Furniture Works Company Ltd	Adonko Bitters Ltd		
26		Maa Lizzy Store Company	Kumaning Medical Centre		
27		Contactline Constrction Ltd	Jabora Construction Ltd		
28		T. K Andoh Construction Works Limited	Angel Educational Complex		
29		Mansco Stone Quarry Limited	Positive Microfinance Company Ltd		
30		Eastern Premier Hotel	Peevis Pharmacy Ltd		
31		Aya Limited	Sarfo & Stephen Company Ltd		
32		Eastern Fm	Janet Educational Complex Ltd		
33		Kasmo Company Limited	Boa-Eve Pharmacy Ltd		
34		Gabson Pharmacy Limited	Modern Granite Quarry Co. Ltd		
35			Akfa Bel Company Ltd		
36			Blessed Assurance Motors & Co. Ltd		
37			Lucas Pharmacy Ltd		

NO	ASOKWA TSC	KOFORIDUA TSC	SUAME TSC	TAKORADI TSC	TEMA1 TSC
38			Nab-Effect Gh. Ltd		
39			Alex Nkrumah Ent. Ltd		

APPENDIX C

ANALYSIS ON FILING SELF-ASSESSMENT ESTIMATES RETURNS (2017-2019) - BREAKDOWN

Year	Expected No. of self-assessment estimates returns from sampled companies	No. of returns filed by 31 March	No. of returns not filed by 31 March	No. of Provisional Assessments Issued by GRA for returns not filed	No. of non-filed returns not covered with Provisional Assessments
Asokwa					
2017	21	7	14	3	11
2018	21	6	15	5	10
2019	21	10	11	6	5
Total	**63**	**23**	**40**	**14**	**26**
Percentage		**36.5%**	**63.5%**	**35%**	**65%**
Koforidua					
2017	34	9	25	**0**	**25**
2018	34	12	22	**0**	**22**
2019	34	15	19	**0**	**19**
Total	**102**	**36**	**66**	**0**	**66**
Percentage		**35.3%**	**64.7%**	**0.0%**	**100.0%**
Suame					
2017	43	14	29	11	**18**
2018	43	19	**24**	2	**22**
2019	43	15	**28**	3	**25**
Total	**129**	**48**	**81**	**16**	**65**
Percentage		**37.2%**	**62.8%**	**19.8%**	**80.2%**
Takoradi					
2017	20	12	8	0	8
2018	20	9	11	0	11
2019	20	10	10	0	10
Total	**60**	**31**	**29**	**0**	**29**
Percentages		**51.7%**	**48.3%**	**0.0%**	**100.0%**
Tema1					
2017	24	5	19	9	10
2018	24	3	21	10	11
2019	24	5	19	10	9
Total	**72**	**13**	**59**	**29**	**30**
Percentage	**100.0%**	**18.1%**	**81.9**	**49.2%**	**50.8%**
GRAND TOTAL	**426**	**151**	**275**	**59**	**216**
PERCENTAGE OF G.TOTAL		**35.4%**	**64.6%**	**21.5%**	**78.5%**

APPENDIX D

ANALYSIS ON FILING OF CIT RETURNS (2017-2019) BREAKDOWN FOR THE SELECTED TSCs

Year of Assessment	No. of CIT returns expected to be filed by 30 April	No. of CIT returns that were not filed	No. of CIT returns filed	No. of CIT returns filed by due date. (on time)	No. of CIT returns filed after due date. (late)	Total No. of defaults in filing CIT returns
Asokwa						
2017	21	11	10	4	6	17
2018	21	6	15	7	8	14
2019	21	8	13	9	4	12
Total	**63**	**25**	**38**	**20**	**18**	**43**
Percentage	**100.0%**	**39.7%**	**60.3%**	**52.6%**	**47.4%**	**68.3%**
Koforidua						
2017	34	17	17	7	10	27
2018	34	13	21	8	13	26
2019	34	13	21	1	20	23
Total	**102**	**43**	**59**	**16**	**43**	**76**
Percentage	**100.0%**	**42.2%**	**57.8%**	**27.1%**	**72.9%**	**74.5%**
Suame						
2017	43	27	16	10	6	36
2018	43	29	14	13	1	30
2019	43	32	11	5	6	38
Total	**129**	**88**	**41**	**28**	**13**	**104**
percentage	**100.0%**	**68.2%**	**31.8%**	**68.3%**	**31.7%**	**80.6%**
Takoradi						
2017	20	3	17	8	9	12
2018	20	1	19	8	11	12
2019	20	0	20	4	16	16
Total	**60**	**4**	**56**	**20**	**36**	**40**
percentage	**100.0%**	**6.7%**	**93.3%**	**35.7%**	**64.3%**	**66.7%**
Tema1						
2017	24	13	11	3	8	21
2018	24	15	9	1	8	23
2019	24	14	10	2	8	24
Total	**72**	**42**	**30**	**6**	**24**	**68**
Percentage	**100.0%**	**58.3%**	**41.7%**	**20.0%**	**80.0%**	**94.4%**
GRAND TOTAL	**426**	**200**	**226**	**83**	**143**	**338**
Percentage on Grand Total	**100.0%**	**46.9%**	**53.1%**	**36.7%**	**63.3%**	**79.3%**

APPENDIX E

CALCULATION OF PENALTIES FOR LATE AND NON- FILING OF RETURNS -ASOKWA TSC

No	Name of Taxpayer	Number of days delayed			Penalty (GHS)			Remarks
		2017	2018	2019	2017	2018	2019	
1	Abellon Clean Energy Ghana	1,544	1,179	813	15930	12280	8620	None filing and no penalty imposed
2	Access Freight Solutions Ltd	0	0	14	0	0	630	Penanlties were imposed for 2017 delay. 2018 filed on time. 2019 No penalty imposed for late filing
3	Amposah-Efah Pharmaceutical Ltd	1,544	0	0	15930	0	0	None filing in 2017, no penalty imposed; 2018 and 2019, submitted on time
4	Alhaji Salia Enterprise Ltd	1,003	638	211	10520	6870	2600	No penalty for late filing for 2017, 2018 and 2019
5	Hagebo International Ltd	0	0	0	0	0	0	filed on time
6	Ghana Metallica Roofing Company Ltd	0	0	0	0	0	0	filed on time
7	Northern Mines and Quarries	1,544	202	157	15930	2510	2060	2017, no filing, no penalty; 2018 and 2019 late filing, no penalties
8	DBS Industries Ltd	1,544	62	0	15930	1110	0	2017 no filing, no penalty; 2018 late filing, no penalty; 2019 filed on time.
9	Consar Mining Support Services Ltd	1,544	293	0	15930	3420	0	2017 no filing, no penalty; 2018 late filing, no penalty; 2019 non filing, penalty imposed through tax audit

No	Name of Taxpayer	Number of days delayed			Penalty (GHS)			Remarks
		2017	2018	2019	2017	2018	2019	
10	XY Plywood Company Ltd	1,544	0	0	15930	0	0	2017 no filing, no penalty; 2018 filed on time; 2019 no filing, penalty imposed thru tax audit
11	Koyo Machinery Ghana Ltd	30	38	665	790	870	7140	2017 late filing, no penalty; 2018 late filing, no penalty; 2019 late filing, no penalty
12	Tabea Company Ltd	177	0	0	2260	0	0	2017 late filing, no penalty; 2018 filed on time; 2019 filed on time.
13	Alaga Ltd	0	0	0	0	0	0	2017 and 2018, late filing, penalty imposed; 2019 filed on time.
14	Amaco Company Ltd	1,544	0	0	15930	0	0	2017 no filing, no penalty; 2018 and 2019 filed on time
15	Anidaso Company Ltd	427	62	0	4760	1110	0	2017 and 2018 late filing, no penalty; 2019 filed on time.
16	Agro Crown West Africa	1544	1,179	752	752	12280	8010	2017, 2018 and 2019 no filing, no penalties
17	Nickseth Construction	0	59	0	0	1080	0	2017 and 2019 filed on time; 2018 late filing, no penalty
18	Hong Huan Industries Company Ltd	1,544	1179	752	15930	12280	8010	no filing for 2017, 2018 and 2019, no penalties
19	Darls Legal Consult Limited	1,544	1,179	752	15930	12280	8010	no filing for 2017, 2018 and 2019, no penalties
20	Oropa Estate Ltd	1,544	1179	752	15930	12280	8010	2017, 2018 and 2019, no filing, no penalties

No	Name of Taxpayer	Number of days delayed			Penalty (GHS)			Remarks
		2017	2018	2019	2017	2018	2019	
21	Utrak Capital Management	0	1,118	752	0	11670	8010	2017 filed on time; 2018 and 2019 no filing, no penalties
	Total	**18,621**	**8,367**	**5,620**	**178,382**	**90,040**	**61,100**	**329,522**

CALCULATION OF PENALTIES FOR LATE AND NON- FILING OF RETURNS -KOFORIDUA TSC

No	Name of Taxpayer	Number of days delayed			Penalty (GHS)			Remarks
		2017	2018	2019	2017	2018	2019	
1	Kwamalex com. Ltd	1561	1196	0	16100	12450	0	
2	Big Bro Company Ltd	1561	1196	784	16100	12450	8330	
3	Pan Air Compoany Ltd	0	0	0	0	0	0	
4	Otado Investment Ltd	1561	28	784	16100	770	8330	
5	Sir Jones Mottos and Trading Company	1561	1196	0	16100	12450	0	
6	Saama-D Company Ltd	31	1196	1	800	12450	500	
7	Miura Company Ltd	1561	0	0	16100	0	0	
8	Upper Manya Krobo Rural Bank	28	59	1	770	1080	500	
9	Capital View Hotel	1561	7	1	16100	560	500	

No	Name of Taxpayer	Number of days delayed			Penalty (GHS)			Remarks
		2017	2018	2019	2017	2018	2019	
10	Mumuadu Rural Bank Ltd	1561	1196	784	16100	12450	8330	
11	Mac Dc Enterprises Ltd	0	59	0	0	1080	0	
12	Akuapim Rural Bank	1561	59	1	16100	1080	500	
13	Nak Ventures Ltd	73	34	10	1220	830	590	
14	Maso Construction Company Ltd	170	60	784	2190	1090	8330	
15	Kwadjo Asante Contract Ltd	1561	1196	784	16100	12450	8330	
16	Eastern Waste Management Services Ltd	967	602	116	10160	6510	1650	
17	Blane Construction Ltd	1561	1196	784	16100	12450	8330	
18	Atlantic Rock Quarry Production Ltd.	1,561	56	0	16100	1050	0	
19	Tradist Company Ltd	1,561	1196	784	16100	12450	8330	
20	Africodia Impex Company Ltd	0	0	0	0	0	0	
21	Oyinka Hotel (Enterprise)	0	0	784	0	0	8330	
	Royal Roses Oil Company Ltd.	70	1196	784	1190	12450	8330	
	Longmann	1561	1196	784	16100	12450	8330	

No	Name of Taxpayer	Number of days delayed			Penalty (GHS)			Remarks
		2017	2018	2019	2017	2018	2019	
	Contract Line Construction Ltd	1561	1196	784	16100	12450	8330	
	Eldan Furniture Works Company Ltd.	123	0	9	1720	0	580	
	Maa Lizzy Store Company Ltd	0	0	1	0	0	500	
	Rabeck Ghana Ltd	123	0	0	1720	0	0	
	T.K. Andoh Construction Works Ltd.	1561	1196	784	16100	12450	8330	
	Mansco	59	60	1	1080	1090	500	
	Eastern Premier Hotel	0	50	1	0	990	500	
	Aya Limited	49	0	0	980	0	0	
	Eastern Fm	1561	1079	653	16100	11280	7020	
	Kasmo Company Limited	1561	1196	784	16100	12450	8330	
	Gabson Pharmacy Limited	30	58	3	790	1070	520	
	Total	**28,260.00**	**17,759.00**	**10,990.00**	**296,320.00**	**190,330.00**	**122,150.00**	

CALCULATION OF PENALTIES FOR LATE AND NON- FILING OF RETURNS -SUAME TSC

No	Name of Taxpayer	Number of days delayed			Penalty (GHS)			REMARKS
		2017	2018	2019	2017	2018	2019	
1	ABN-Plus Ltd.	1544	1179	753	15930	12280	8020	
2	Angel Herbal Product Industry Ltd.	1544	1179	753	15930	12280	8020	
3	Aujess Company Ltd	1544	1179	0	15930	12280	0	
4	Blessed Brothers Co. Ltd	1544	1179	753	15930	12280	8020	
5	Elite Minerals Ghana Ltd	1544	1179	753	15930	12280	8020	
6	Cock-Pit Crew Co. Ltd	1544	1179	753	15930	12280	8020	
7	Fondle Engineering Co. Ltd	1544	0	753	15930	0	8020	
8	Carl Chemist Ltd	1544	1179	753	15930	12280	8020	
9	Iddrisan Company Ltd.	1544	1179	753	15930	12280	8020	
10	God'sway Auto Spare Parts Ltd.	1544	1179	753	15930	12280	8020	
11	Hermanos Pub & Restaurant.	1544	1179	753	15930	12280	8020	
12	I.C.K.B. Timbers Co. Ltd.	1544	0	753	15930	0	8020	
13	Hay Nyark Company Ltd.	1544	1179	753	15930	12280	8020	
14	World Cool Stone Quarry.	1544	1179	0	15930	12280	0	
15	Odutek Electricals Company Ltd.	1544	1179	753	15930	12280	8020	

No	Name of Taxpayer	Number of days delayed			Penalty (GHS)			REMARKS
		2017	2018	2019	2017	2018	2019	
16	Vetek Ghana Ltd.	1544	1179	753	15930	12280	8020	
17	Nkoah Brothers Forest Mill Production Ltd.	1544	1179	753	15930	12280	8020	
18	Komfather Electrical Company Ltd.	1544	1179	753	15930	12280	8020	
19	Joosak Koffe Haus Ltd	1544	1179	753	15930	12280	8020	
20	Solid Rock Microfinance	120	1179	753	1690	12280	8020	
21	A Kannin Ltd	1276	911	753	13250	9600	8020	
22	Dencent Company Limited	100	1179	753	1490	12280	8020	
23	Yaw Akuffo Company Ltd	1544	1170	753	15930	12190	8020	
24	Royal Rod Construction Ltd	1544	1179	753	15930	12280	8020	
25	Old Tafo Church Of Christ Standard School Ltd	70	0	0	1190	0	0	
26	Adonko Bitters Ltd	1544	1179	753	15930	12280	8020	
27	Angel Educational Complex	1544	1179	753	15930	12280	8020	
	Kumaning Medical Centre	0	7	0	0	560	0	
28	Boa-Eve Pharmacy Ltd	1544	0	753	15930	0	8020	
29	Modern Granite Quarry Co. Ltd	289	0	1	3380	0	500	
30	Akfa Bel Company Ltd	1544	1179	753	15930	12280	8020	
31	Blessed Assurance Motors & Co. Ltd	1544	1179	753	15930	12280	8020	
32	Nab-Effect Gh. Ltd	1544	1179	753	15930	12280	8020	
33	Sarfo and Stephen Company	0	1179	753	0	12280	8020	
34	Alex Nkrumah Enterprise	0	1179	753	0	12280	8020	
35	Maggiefrimps Company Ltd	0	0	0	0	0	0	
36	Jabora Construction Ltd	0	0	753	0	0	8020	

No	Name of Taxpayer	Number of days delayed			Penalty (GHS)			REMARKS
		2017	2018	2019	2017	2018	2019	
37	Lucas Pharmacy	0	0	39	0	0	880	
38	Positive Microfinance Company Ltd.	0	0	753	0	0	8020	
39	Peevis Pharmacy Ltd.	0	0	0	0	0	0	
40	Janet Educational Complex	0	0	753	0	0	8020	
	Total	**43543**	**33921**	**24889**	**451110**	**353910**	**266040**	

CALCULATION OF PENALTIES FOR LATE AND NON- FILING OF RETURNS -TAKORADI TSC

No	Name of Taxpayer	Number of days delayed			Penalty (GHS)			REMARKS
		2017	2018	2019	2017	2018	2019	
1	Mustard Seed Development Ltd	60	0	0	1090	0	0	
2	Macro Trucking Ltd	1687	1200	774	17360	12490	8230	
3	Hotel Alrose Ltd	1565	59	1	16140	1080	500	
4	13:05 Engineering & Const. Company Limited	849	484	58	8980	5330	1070	
5	Galaxy Poly products Ltd	18	17	0	670	660	0	
6	Western Global Technology Company Ltd	1565	0	10	16140	0	590	

No	Name of Taxpayer	Number of days delayed			Penalty (GHS)			REMARKS
		2017	2018	2019	2017	2018	2019	
7	Gaspark Company Ltd.	31	0	1	800	0	500	
8	JSD Pharmacy Ltd	385	457	4	4340	5060	530	
9	Amaja Oilfields Ltd	427	0	46	4760	0	950	
10	Kendick Law Firm	18	59	0	670	1080	0	
11	About Time Company Ltd	1565	0	0	16140	0	0	
12	Asadul Enterprise Ltd	58	59	0	1070	1080	0	
13	Mass Logistics	0	120	0	0	1690	0	
14	Agenda Concrete Ghana Ltd	0	457	31	0	5060	800	
15	Kings Furniture Company	0	98	1	0	1470	500	
16	ICM Logistics	0	163	0	0	2120	0	
17	Zeal Environmental Technologies Ltd	0	64	0	0	1130	0	
18	Gemans Lumber Ltd.	0	0	1	0	0	500	
	Total	**8228**	**3237**	**927**	**88160**	**38250**	**14170**	

CALCULATION OF PENALTIES FOR LATE AND NON- FILING OF RETURNS -TEMA1 TSC

No	Name of Taxpayer	Number of days delayed			Penalty (GHS)			REMARKS
		2017	2018	2019	2017	2018	2019	
1	KEY TEXTILES COMPANY LTD	1,579	89	78	16280	1380	1270	
2	GELLO MINING LTD	1,579	1,214	788	16280	12630	8370	
3	COMMODITY VILLAGE LTD	1,579	1,214	788	16280	12630	8370	
4	WEST HILLS WOOD CO. LTD	1,579	1,245	788	16280	12940	8370	
5	SOFTNET RECYCLING LTD	1,579	1,245	788	16280	12940	8370	
6	PRISKEN GHANA LTD	1,579	1,245	788	16280	12940	8370	

No	Name of Taxpayer	Number of days delayed			Penalty (GHS)			REMARKS
		2017	2018	2019	2017	2018	2019	
7	TEMA PAPER INDUSTRY LTD	105	32	66	1540	810	1150	
8	GREENWICH INDUSTRIES LTD	31	89	99	800	1380	1480	
9	SEA AND SHORE CO. LTD	302	136	788	3510	1850	8370	
10	Spinewoods Company ltd	750	1,214	58	7990	12630	1070	
11	Danteng Wood Processing Co ltd	0	1,214	788	0	12630	8370	
12	Dougey RSC Ghana ltd	129	1,214	35	1780	12630	840	
13	Edbrime Company ltd	169	1,214	58	2180	12630	1070	
14	Zina Quarry GH. Ltd	22	0	788	710	0	8370	
15	City Ghana Construction ltd.	0	120	0	0	1690	0	
16	Maritime Labour limited:	1,579	884	93	16280	9330	1420	
17	Balaji Farms	1,579	57	0	16280	1060	0	
18	Longteng Plastic Products Co. Ltd.	59	1,214	788	1080	12630	8370	
19	Afko Fisheries Company Ltd	1,579	1,214	788	16280	12630	8370	
20	Jemco Transformers Company Ltd	1,579	1,214	788	16280	12630	8370	
21	Fati Ghana Ltd	1,579	1,214	788	16280	12630	8370	

No	Name of Taxpayer	Number of days delayed			Penalty (GHS)			REMARKS
		2017	**2018**	**2019**	**2017**	**2018**	**2019**	
22	Cadesmee International Ltd	1,579	84	788	16280	1330	8370	
23	Lynbrok Company Ltd	1,579	1,214	511	16280	12630	5600	
24	Magen Energy and Power Ltd	1,579	1,214	0	16280	12630	0	
	Total	**23,673**	**19,794**	**11,242**	**247,510**	**209,210**	**122,710**	

APPENDIX F

ANALYSIS ON FILING OF DIRECTORS' RETURNS (2017-2019) BREAKDOWN FOR THE SELECTED TSCs

Year	No. Directors Returns Expected to be filed	No. of Directors returns that were not filed	No. of returns filed	No. of returns filed on time (by 30 April of the following year)	No. of returns filed late (after 30 April of the following year)
Asokwa					
2017	57	53	4	2	2
2018	58	54	4	4	0
2019	58	54	4	4	0
Total	**173**	**161**	**12**	**10**	**2**
Percentage	**100.0%**	**93.1%**	**6.9%**	**83.3%**	**16.7%**
Koforidua					
2017	41	27	14	6	8
2018	41	40	1	1	0
2019	41	40	1	0	1
Total	**123**	**107**	**16**	**7**	**9**
Percentage	**100.0%**	**87.0%**	**13.0%**	**43.8%**	**56.3%**
Suame					
2017	97	93	4	4	0
2018	97	96	1	1	0
2019	97	97	0	0	0
Total	**291**	**286**	**5**	**5**	**0**
Percentage	**100.0%**	**98.3%**	**1.7%**	**100.0%**	**0.0%**
Takoradi					
2017	44	34	10	8	2
2018	44	22	22	4	18
2019	44	26	18	5	13
Total	**132**	**82**	**50**	**17**	**33**
percentage	**100.0%**	**62.1%**	**37.9%**	**34.0%**	**66.0%**
Tema					
2017	52	50	2	2	0
2018	52	50	2	2	0
2019	52	43	9	9	0
Total	**156**	**143**	**13**	**13**	**0**
percentage	**100.0%**	**91.7%**	**8.3%**	**100.0%**	**0.0%**

GRAND TOTAL	**875**	**779**	**96**	**52**	**44**
Percentage on Grand Total		**89.0%**	**11.0%**	**54.2%**	**45.8%**

APPENDIX G

ANALYSIS ON DESK REVIEWS CARRIED OUT ON CIT RETURNS (2017-2019) BREAKDOWN FOR THE SELECTED TSCs

Year	Expected No. of CIT returns	No. of CIT returns filed	No. of CIT Returns desk reviewed	No. of CIT Returns not reviewed.	Additional Tax yielded from desk review
Asokwa					
2017	21	11	6	5	
2018	21	16	5	11	
2019	21	13	6	7	
Total	**63**	**40**	**17**	**23**	**-**
percentage		**100.0%**	**42.5%**	**57.5%**	
Koforidua					
2017	34	17	1	16	65,274.20
2018	34	21	0	21	
2019	34	21	0	21	
Total	**102**	**59**	**1**	**58**	**65,274.20**
percentage		**100.0%**	**1.7%**	**98.3%**	
Suame					
2017	43	16	8	8	18,268.61
2018	43	14	5	9	20,067.23
2019	43	11	6	5	49,607.32
Total	**129**	**41**	**19**	**22**	**87,943.16**
percentage		**100.0%**	**46.3%**	**53.7%**	
Takoradi					
2017	20	17	2	15	6,151.05
2018	20	19	2	17	2,990.15
2019	20	20	2	18	5,781.84
Total	**60**	**56**	**6**	**50**	**14,923.04**
percentage		**100.0%**	**10.7%**	**89.3%**	
Tema					
2017	24	11	0	11	
2018	24	9	1	8	
2019	24	10	1	9	112,264.47

Total	**72**	**30**	**2**	**28**	**112,264.47**
percentage		**100.0%**	**6.7%**	**93.3%**	
GRAND TOTAL	**426**	**226**	**45**	**181**	**280,404.87**
Percentage on Grand Total		**100.0%**	**19.9%**	**80.1%**	

APPENDIX H

ANALYSIS ON TAX AUDITS CARRIED OUT BY AREA AUDIT OFFICES (2017-2019) BREAKDOWN FOR THE SELECTED TSCs

Year	No. of Registered Taxpayers sampled	No. of sampled Taxpayers NOT audited	No. of sampled Taxpayers audited	Percenage of sampled Taxpayers Audited	Additional tax yield resulting from audits.
Asokwa					
2017	21	11	10	47.6%	145,715.34
2018	21	12	9	42.9%	702,144.32
2019	21	18	3	14.3%	185,438.75
Average/Total				**34.9%**	**1,033,298.41**
Koforidua					
2017	34	29	5	14.7%	281,211.53
2018	34	31	3	8.8%	26,796.38
2019	34	30	4	11.8%	1,609,950.39
Average/Total				**11.8%**	**1,917,958.30**
Suame					
2017	43	43	0	0.0%	
2018	43	41	2	4.7%	11,855.78
2019	43	39	4	9.3%	124,264.37
Average/Total				**4.7%**	**136,120.15**
Takoradi					
2017	20	9	11	55.0%	6,490,086.84
2018	20	9	11	55.0%	2,819,996.49

2019	20	19	1	5.0%	131,105.20
Average/Total				**38.3%**	**9,441,188.53**
Tema1					
2017	24	19	5	20.8%	
2018	24	18	6	25.0%	1,550,077.57
2019	24	19	5	20.8%	4,391,225.18
Average/Total				**22.2%**	**5,941,302.75**
Grand Total of additional liability from tax audits					**18,469,868.14**

Mission Statement

The Ghana Audit Service exists

To promote

good governance in the areas of transparency,
accountability and probity in Ghana1s
Public financial management system

By auditing

to recognised international standards

And

reporting audit results to Parliament