



## Post Covid-19 tax reforms - implications for public sector auditors Emmanuel Amegah (PA/Lawra District Office)

As we all know, the Covid-19 pandemic which was first recorded in Ghana on 12 March 2020 has destabilized Ghana's economy through 2020 up till date. As a result, Government spending increased marginally due to relief packages offered to vulnerable and small scales businesses.

The overall effect was that, budget deficit as at the end of 2020 stood at 16.2% of GDP as against budget deficit of 7.6% of GDP in 2019.

This has called for the need to raise revenue in 2021 to support Government budget to mitigate the effects on the economy.

For this purpose, Ghanaian Parliament has passed three new tax laws and amended two existing laws to be implemented in 2021. These are listed as follows;

Covid-19 Health Recovery Levy Act, 2021 (Act 1068)

Financial Sector Recovery Levy Act, 2021 (Act 1067)

Penalty and Interest Waiver Act, 2021 (Act 1065)

Income Tax (Amendment) Act, 2021 (Act 1066)

Energy Sector Levy (Amendment) Act, 2021 (Act 1064)

However, for the purpose of this write up, I will limit myself to Covid-19 Health Recovery Levy Act, 2021 (Act 1068) and Income Tax (Amendment) Act 2021 (Act 1066) because of their

direct implication on routine compliance audit conducted on the accounts of MMDAs and MDAs by the staff of the Audit Service.

### Covid-19 Health Recovery Levy Act, 2021 (Act 1068)

This act was passed by parliament of Ghana in 2021 and it is effective from 1st May 2021. The Act imposes 1% levy on the supply of goods and services produce in the country other than exempt goods and services; and import of goods and services other than exempt imports.

The levy will be an addition to the sales taxes we currently have. List of exempts goods are provided at Section 35 and the First Schedule of Value Added Tax 2013 (Act 870) and Exempt Import are provided at Section 37 and the First Schedule of Value Added Tax 2013 (Act 870). The levy

also applies to the supply of goods subject to VAT Flat Rate.

Also, note that, the Standard VAT rate is still 12.5% with GETFund Levy and NHIL still at the rate of 2.5% each. As a result of the imposition of this Act, the old Vat Flat Rate of 3% on goods supplied by wholesalers or retailers now increased to 4% (made up of 3% Old Flat VAT rate and the 1% Covid-19 Levy). This implies that supply of these goods will from 1st May 2021 attract total Value Added Tax (VAT) at a flat rate of 4% and no longer 3%.

Public sector auditors must therefore take note of this change in the VAT rate and ensure compliance during the 2021 audit of MMDAs and the MDAs.

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### Sample Calculations of the Standard VAT and the Flat VAT rate system

Standard VAT - Old system	Flat VAT Rate - Old System
Product Gross Cost – GH¢1,000	Cost of Product - GH¢1,000
NHIL (2.5% x 1,000) – GH¢25	Add 3% VAT - GH¢30.00
GETFUND (2.5% x 1,000) – GH¢25	Total Price to the customer - GH¢1,030.00
Sub-total (1,000+25+25) – GH¢1,050	
VAT (12.5% x 1,050) – GH¢131.25	
Total price to customer (1,050 + 131.25) – GH¢1,181.20	
Standard VAT - New system	Flat VAT Rate - New System
Product Gross Cost – GH¢1,000	Cost of Product - GH¢1,000
NHIL (2.5% x 1,000) – GH¢25	Add 3% VAT - GH¢30.00
GETFUND (2.5% x 1,000) – GH¢25	Add 1% Covid – 19 levy - GH¢10.00
COVID-19 Levy (1% x 1,000) – GH¢10	Total Price to the customer - GH¢1,040.00
Sub-total (1,000+25+25+10) – GH¢1,060	
VAT (12.5% x 1,060) – GH¢132.50	<b>NB:</b> Note that, here the 1% Covid-19 Levy is not to be added to the cost of the item before charging the 3% flat VAT rate.
Total price to customer (1,060 + 132.50) – GH¢1,192.5	

Articles and contributions are welcome from staff

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Stop the spread of the virus, and prevent strong new variants by:



### Western North builds capacity of staff

The Western North Regional Office in collaboration with the district offices of Sefwi Wiaowso, Bibiani and Enchi organized a three day workshop for officers in June 2021. The workshop was aimed at capacity building and knowledge sharing on public financial management impacting on audit such as budget implementation, revenue management by assemblies, GIFMIS and Validation of financial statements.



Participants and facilitators



Participants and facilitators

### Transport Officer Gati retires

The Service held a send-off ceremony for Mr Samuel Gati, Transport Officer, who retired in June 2021, after 35 years of work. Mr Gati who served as Transport Officer from 2003 to 2021 expressed gratitude to management and staff for the support and cooperation throughout the years.

His happy moments in the Service was whenever vehicles

were purchased to add to the fleet of cars in the districts.

His achievement is the training of drivers in the quest to reduce the number of accidents that used to occur in the past. He wish the training of the drivers will continue as he has seen a reduction of fatal accidents since he instituted the training in 2015.



Mrs Painsil presenting citation to Mr. Gati



Mr. Ali presenting cash donation from drivers

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### Post Covid-19 tax reforms - implications for public sector auditors

However, it is worth noting that the Covid-19 Health Recovery Levy Act, 2021 (Act 1068) is not allowable as an input tax deduction. What this means is that the levy is non-recoverable just as the NHIL and GETFund Levies are also not recoverable.

#### Income Tax (Amendment) Act, 2021 (Act 1066)

This Act amends the Sixth schedule to the Income Tax Act 2015 and provides for a 30% rebate of income tax due for the second, third and fourth quarters of

2021 for taxpayers in the following areas – accommodation and food, education, travel and tours, and arts and entertainment sectors.

A suspension of quarterly income tax instalment payments for the second, third and fourth quarters of 2021 by self-employed persons applying the Income tax stamp system and owners of taxis and trotros under the Vehicle Income Tax (VIT) system.

To benefit from these concessions, the person must be registered with the Ghana Revenue Authority, made instalment

payment for the first quarter of 2021 and continue to discharge any other obligation specified by an enactment administered by the Commissioner-General.

#### Conclusion

Since most of our audit are regularity/compliance audits, it is necessary for us as Public Sector Auditors to be abreast with the above tax reforms which has an impact on our audits in 2021 and beyond.

### Presentation of new instruments to Audit Service Choir

The Board Chairman, Prof. Edward Dua Agyeman presented a set of musical instruments to the Audit Service Choir on 18 June 2021 in fulfilment of a promise he made during the annual thanksgiving service held in January 2021.

The choir on receiving the instruments treated Management and staff present to some tunes.

The leader of the choir expressed gratitude on behalf of the group and promised to take good care of the instruments.



Prof addressing the choir and invitees



Management and invited guests



Section of the choir



Section of staff present

### Handing over of Winneba District Office and renovation of Greater Accra Regional and District offices

The Board and Management of the Service has handed over the completed Winneba district office to staff. The project which commenced in

2013 was completed in 2021.

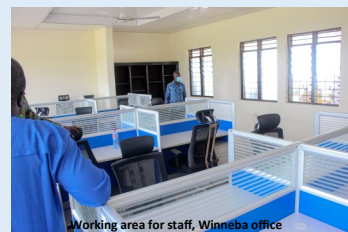
The Greater Accra Regional and District office in Tema has also seen a face-lift with renovation of the building.



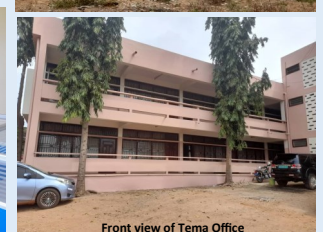
Front view of Winneba Office



Back view of Tema Office



Working area for staff, Winneba office



Front view of Tema Office





I once told a friend because of her I will never want to be a goat if I were an animal, she laughed heartedly and asked me why? I told her I will never want to be a goat

## If you were an animal, what would you be? (Stella Vinyo Dekey)

because of her penchant for goat meat, and if I should become a goat, I will only end up as pepper soup in most African pots or on barbecue grills. She then asked "so what animal would you like to be"? Well, relax while I apprise you of why I would like to be an eagle. An eagle is a bird of prey which flies at high altitudes and considered as the king of birds. I identify as an eagle because of the special leadership skills or qualities such as fearlessness, tenacity, vitality, and the nurturing skills possessed by the eagle; and the fact that they are visionary and transformational thinkers. If you have an eagle in an organization who has a big vision and is focused, he will achieve big results because they lead and guide others towards achieving organizational goals.

The eagle does not easily succumb to its prey, it puts up a fierce fight and ensures its territory is always protected, hence, successful people are fearless and face problems head on. Ever wondered why eagles are considered tenacious?

Watch them when there is a storm. While other birds will naturally out of fear fly away from the storm, eagles will take advantage of the storm and use the current to soar to greater heights to avoid the storm. Likening this trait to the workplace, we are encouraged to come up against our challenges and rise beyond the call of duty. Are you also aware eagles do not eat dead meat? This tells you that they always go out there to find fresh food, are you also eating clean? They are also high flyers and do not mingle with other birds. According to Dr Myles Munroe, pigeons scavenge on the ground, grumble and complain all day long, eagles do not! They fly and make less noise as they wait for opportunities to strike their next prey. The eagle is, therefore, teaching us to be problem solvers, face the storm and stop complaining incessantly.

When you think of the protective nature of a mother, think of the eagle. Research has it that no member of the bird family is gentler and more attentive to its young ones than the eagle. The eagle as a transformational and visionary thinker can bear comparison to the Public Ser-

vice. It is said that when the eagle attains about age 30, its body deteriorates and its wings become weak which makes it difficult for it to survive. The tenacious eagle does not give up living, rather it isolates itself for about six months on a mountain top, plucks out all its feathers allowing for a new growth which helps it to live for another 30 to 40 years. Relating this to the public sector, Management undertakes retreats to evaluate its policies, cut down on staff and other expenditure and also introduce new policies and measures that will result in organizational change, leading to efficiency and effectiveness in operations and value for money.

The DOPE Test divides people in the workplace into four birds; the Doves, the Owls, the Peacocks and the Eagles. The Doves are the calm and peacemakers loved by everyone and the Owls, being details oriented, ensure high quality results. The Peacocks have highly interpersonal skills, and finally, the Eagles are the leaders in the organization. So, are you a mouse, timid and shy? A cat, independent and smart? a dog, loyal and fun? a bird, free and loved? a fox, cunning and sly? a peacock, beautiful and self-centred, or an eagle like me? Whatever animal you identify with, learn the positives and impact lives.

Work stress has significant health consequences that range from relatively benign (like getting more colds and flus) to potentially serious (such as heart disease and metabolic syndrome).

While stress at work is common, finding a low-stress job is hard (if not impossible). A more realistic approach is to adopt effective coping strategies to reduce stress at your current job. Here are some stress management techniques you can try if you are finding it hard to cope with work stress.

### Start your day off right

You might be surprised by how having a stressful morning contributes to workplace stress. When you start off the day with planning, good nutrition, and a positive attitude, you might find that the stress of your job rolls off your back more easily.

### Be clear on requirements

A factor known to contribute to job burnout is unclear requirements for employees. If you don't know exactly what is expected of you, or if the requirements for your role keep changing with little notice, you might become extremely stressed. If you

find yourself never knowing if what you are doing is enough, it may help to have a talk with your supervisor. You can take the time to go over expectations and discuss strategies for meeting them. This can relieve stress for both of you!

### stay away from conflict

Interpersonal conflict takes a toll on your physical and emotional health. Conflict among co-workers can be difficult to escape, so it's a good idea to avoid conflict at work as much as you can.

### Stay organized

Even if you're a naturally disorganized person, planning ahead to stay organized can greatly decrease your stress at work. Being organized with your time means less rushing in the morning to avoid being late as well as less hustling to get out at the end of the day. Keeping yourself organized can also mean avoiding the negative effects of clutter, and being more efficient with your work.

### Be comfortable

Another surprising stressor at work is physical discomfort, often related to

your workspace. Sitting in an uncomfortable chair at work may result in sore back and make you more reactive to stress. Even small things like office noise can be distracting and cause feelings of low-grade frustration. Do what you can to create a quiet, comfortable, and soothing workspace.

### Forget multitasking

Multitasking was once heralded as a fantastic way to maximize one's time and get more done in a day. However, people eventually began to realize that if they had a phone to their ear and were making calculations at the same time, their speed and accuracy (not to mention sanity) often suffered. Instead of multitasking to stay on top of your tasks, try another cognitive strategy like chunking.

### Walk at lunch

Many people feel the ill effects of leading a sedentary lifestyle. You can combat the physical and mental effects of work stress by getting some exercise on your lunch break. If your schedule allows for it, you might try taking short exercise breaks through-

out the day. This can help you blow off steam, lift your mood, and get into better shape.

### Keep perfectionism in check

Being a high achiever might make you feel good about yourself and help you excel at work, but being a perfectionist can create problems for you (and those around you). You might not be able to do everything perfectly, every time—especially in a busy, fast-paced job. A good strategy to avoid the perfectionism trap is always striving to just do your best and making time to congratulate yourself on your efforts. You may find that your results are better and you'll be much less stressed at work.

### Listen to music on the drive home

Listening to music offers many benefits and can be an effective way to relieve stress. Playing an uplifting song while you make breakfast can help you start the day off feeling better prepared to interact with the people in your life. Likewise, combating the stress of a long day with your favourite music on the drive home can help you wind down and feel less stressed when you get there.

Source: <https://www.verywellmind.com>

Health corner

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Kweku Arhinsah Bondzie

Senior Auditor, Sefwi Wiawso

Hails from Winneba in the Effutu District of the Central Region

Joined the Service in September 2008

Favourite food is Etsew/Ga Kenkey with fish and hot pepper

Hobbies are reading, music and socialisation