



REGULATORY COMPLIANCE FOR COMPANIES

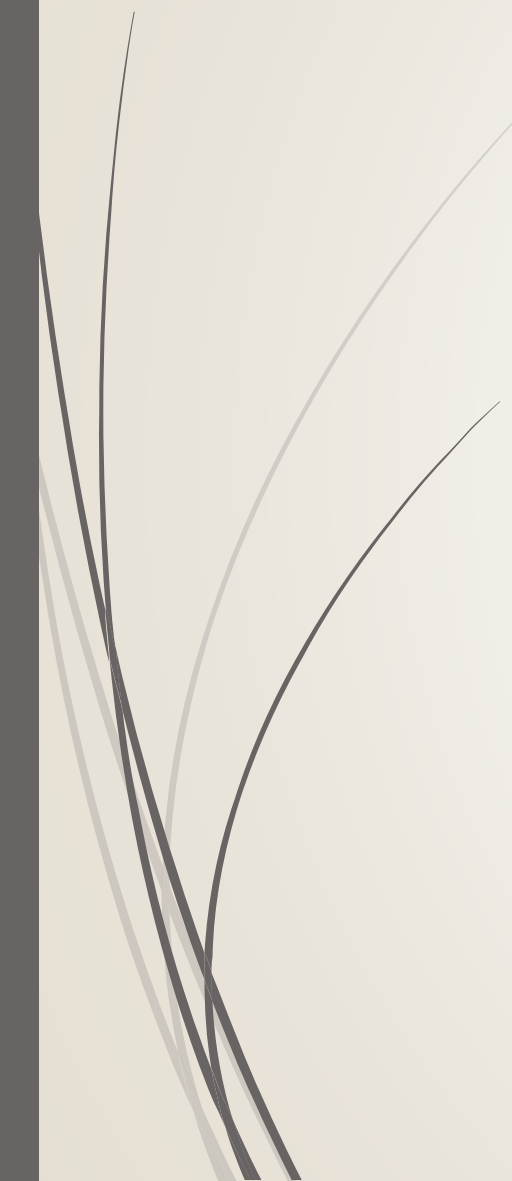
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WHAT IS REGULATORY COMPLIANCE?

- ▶ Regulatory compliance refers to an organization's adherence to existing laws, regulations, guidelines and specifications applicable or relevant to the organization.
 - ▶ Failure to adhere to these laws may result in the imposition of several sanctions including fines, penalties, imprisonment on officers of the organization.
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LAWS THAT GOVERN REGULATORY COMPLIANCE IN GHANA

- ▶ The laws that govern regulatory compliance in Ghana include;
 - Companies Act, 2019 (Act 992)
 - Anti-Money Laundering Act, 2008 (Act 749)
 - Environmental Protection Act, 1994 (Act 490)
 - The Ghana Investment Protection Centre Act, 2013 (Act 865)
 - The Income Tax Act, 2015 (Act 896)
 - National Pensions Act, 2008 (Act 766)

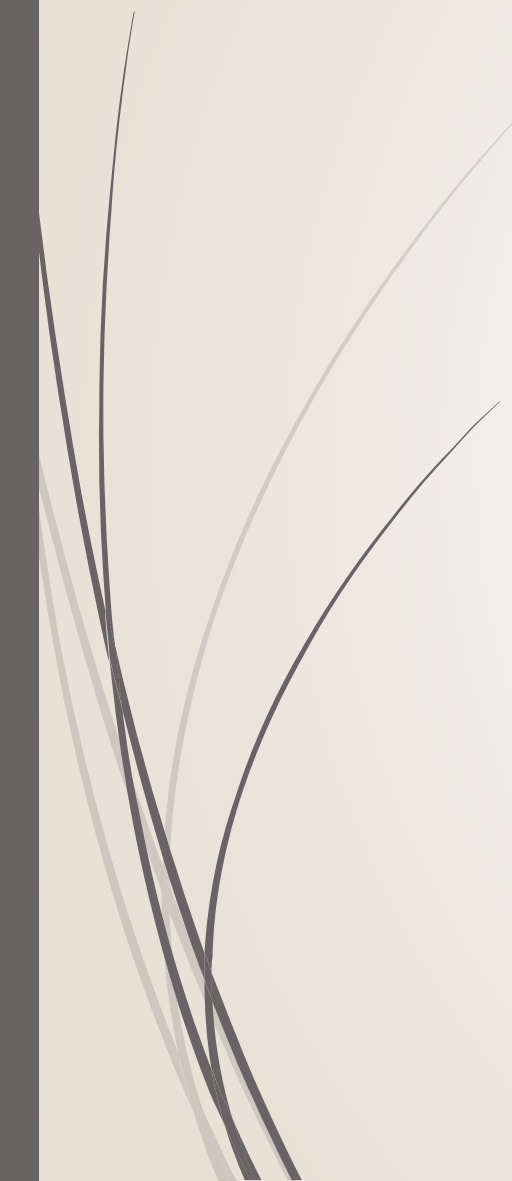


ANTI-MONEY LAUNDERING (AML) REQUIREMENTS

- ▶ Anti-Money Laundering Act, 2008 (Act 749) & AML Regulations, 2011 (L.I 1987) outline the AML rules and procedures for businesses.



ANTI-MONEY LAUNDERING (AML) REQUIREMENTS.....CONTD

- The law requires that all “accountable institutions” must comply with the AML Rules as contained in the AML Act.
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ACCOUNTABLE INSTITUTIONS UNDER THE AML ACT

- ▶ Essentially all businesses are deemed to be Accountable Institutions and are required to comply with the AML Rules.

E.g; a bank or a non-bank financial institution, auctioneers, lawyers, notaries, accountants, religious bodies, non-governmental organizations, person whose business or a principal part of whose business consists of providing financial services that involve the remittance or exchange of funds, operators of game of chance, insurance companies, a real estate company or agent, only to the extent that the real estate company or agent receives funds in the course of the agent's business to settle real estate transactions, dealers in precious metals and precious stones, dealers in motor vehicles and trust and company service providers.



GENERAL AML REQUIREMENTS FOR BUSINESSES

- Designate a compliance officer at management level to be responsible for the implementation of, and ongoing compliance with the AML Rules and any internal policies.
- Make all internal rules and policies on AML available to employees.
- Train its employees on the provisions of the AML Act and the internal rules.

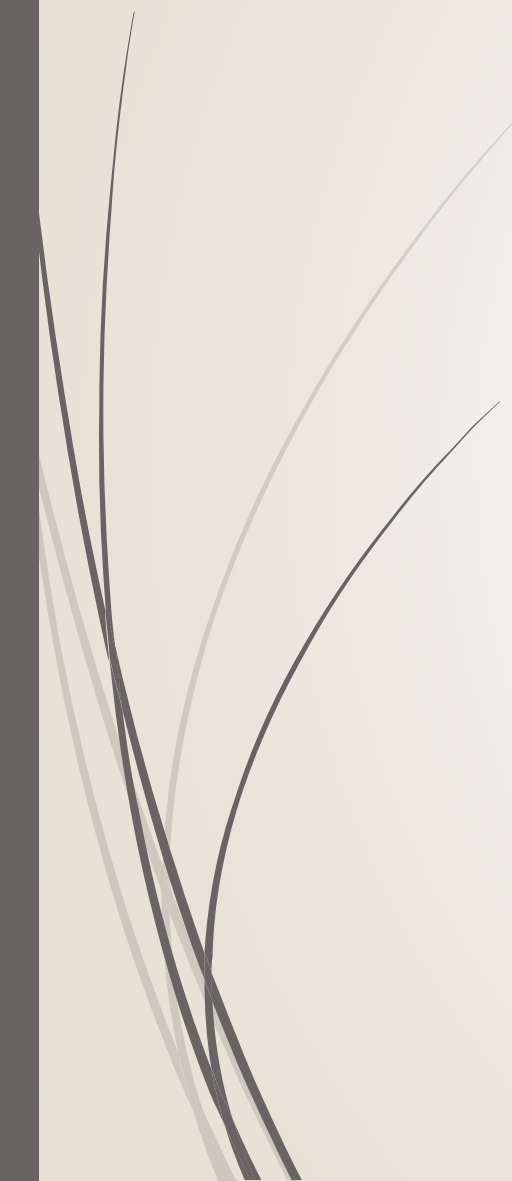


GENERAL AML REQUIREMENTS FOR BUSINESSES.....CONT'D

- ▶ formulate and implement internal policies on AML which provide for;
 - a. the establishment and verification of the identity of all customers and clients.
 - b. information of which records must be kept.
 - c. the manner in which and the place at which the records must be kept.
 - d. the steps to be taken to determine what transaction is reportable.



GENERAL AML REQUIREMENTS FOR BUSINESSES.....CONTD

- ▶ keep the record of the personal information of all customers or clients and all transactions carried out with customers or clients.
 - ▶ report any suspicious transaction to the Financial Intelligence Centre.
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SANCTIONS FOR NON-COMPLIANCE WITH AML RULES

- ▶ Companies that fail to comply with the AML Rules will be liable of a fine of not more than GHC 12,000 and

in the case of a body corporate, other than a partnership, each director or an officer of the body is considered to have committed an offence and is liable to a fine of not more than GHC 6,000 or a term of imprisonment not more than 3 years or to both.



SANCTIONS...CONT'D

in the case of a partnership, each partner or officer of that body is considered to have committed that offence and is liable to a fine of not more than GHC 6,000 or a term of imprisonment not more than 3 years or to both.



National Insurance Commission

- Every commercial building shall be insured against the hazards of collapse, fire, earthquake, storm and flood.
- The insurance policy should cover the legal liabilities of an owner or occupier of premises in respect of loss of or damage to property, bodily injury or death suffered by any user of the premises and third parties.
- commercial building means a privately owned building to which members of the public have ingress and egress for the purpose of obtaining educational or medical service, engaging in a commercial activity for the purpose of recreation or transaction of business.



GHANA INVESTMENT PROMOTION CENTRE

- ▶ Companies with foreign participation or shareholding are required to register with the Ghana Investment Promotion Centre (GIPC) after its incorporation and before commencement of its operations.



MINIMUM CAPITAL REQUIREMENTS

► **Joint enterprise with a Ghanaian Citizen**

Foreign partner must invest capital of not less than US\$ 200,000 in cash or capital goods relevant to the investment or a combination of both by way of equity participation.

- Ghanaian citizen should have at least 10% equity participation in the joint enterprise.

► **Enterprises wholly owned by Foreigners**

Foreigner is required to invest capital of not less than US\$ 500,000 in cash or capital goods relevant to the investment or a combination of both by way of equity capital in the enterprise.



MINIMUM CAPITAL REQUIREMENTS...CONTD

▶ Trading Enterprise (Purchase and Sale of Goods)

Foreigner is required to invest in the enterprise, not less than US\$ 1,000,000 in cash or goods and services relevant to the investments.



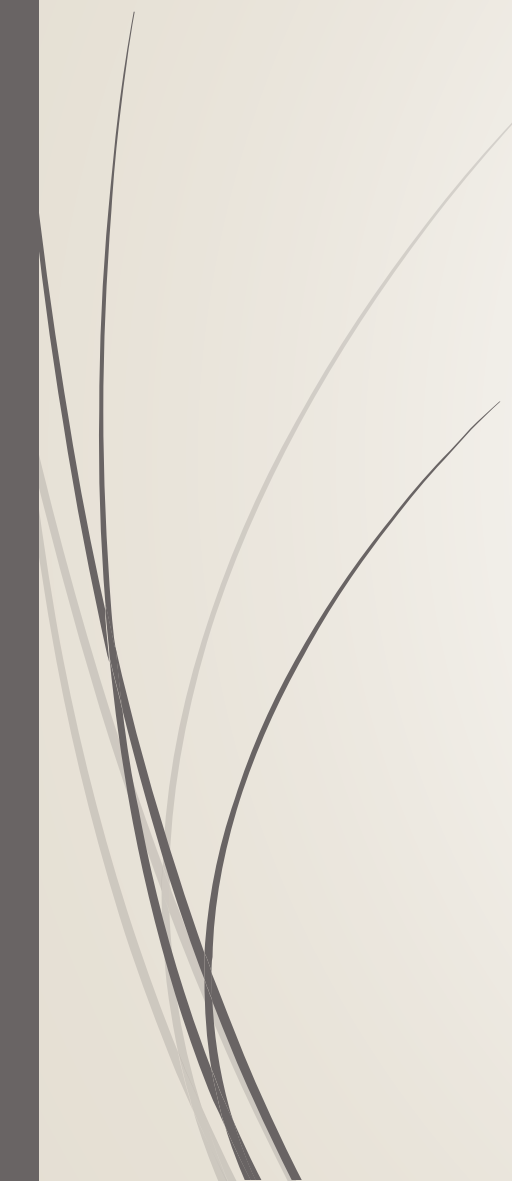
SANCTIONS FOR NON-COMPLIANCE WITH GIPC REQUIREMENTS

- ▶ A person who breaches any of the above requirements commits an offence and is liable on summary conviction to a fine of not less than **GHC 6,000** and not more than **GHC 12,000** and in the case of a continuing offence to an additional fine of not less **GHC 300** and not more than **GHC 600** in respect of each day that the offence continues.




ANNUAL GENERAL MEETINGS

(AGM)

- Companies are required to hold an AGM in each year.
 - Not more than fifteen months shall elapse between the date of one AGM and the next.
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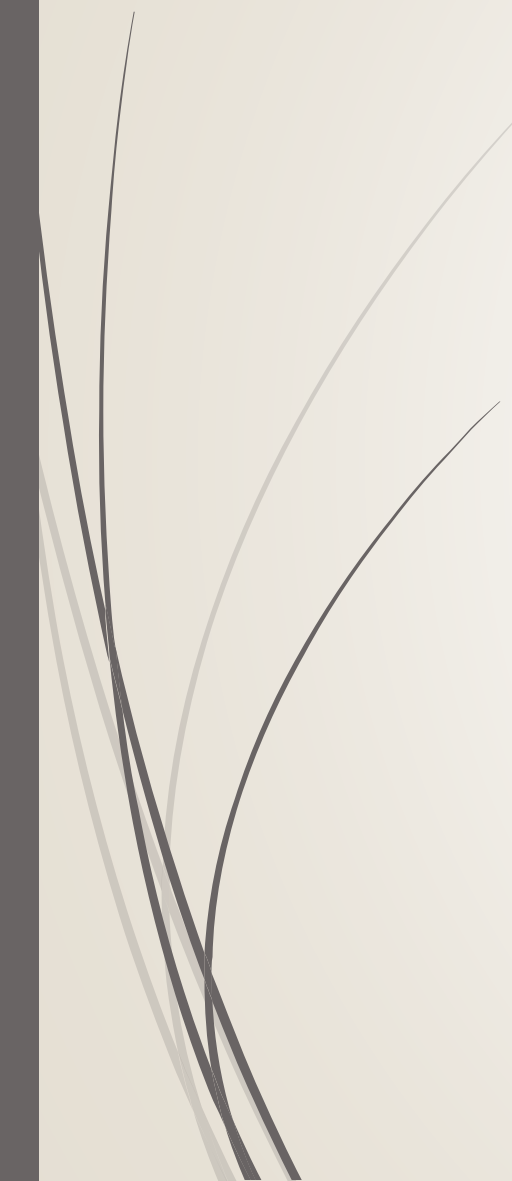


EXCEPTION TO HOLDING OF AGM

- A company that holds the first AGM within 18 months of incorporation is not required to hold the AGM in the year of incorporation or in the following year.
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WAIVER OF AN AGM

- ▶ A company can waive an AGM if the auditors and members of the company entitled to attend and vote at an AGM agree in writing that an AGM shall be dispensed with in any year.
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INTERVENTION OF REGISTRAR OF COMPANIES

- ▶ If the AGM is not held the Registrar may, on a motion by the Registrar or on the application of an officer or a member of the company, call, or direct the calling of, an AGM of the company.
- ▶ The Registrar may give the ancillary or consequential directions that the Registrar thinks fit, including directions in relation to the venue, calling, holding and conducting of the AGM.



SANCTIONS FOR NOT HOLDING AN AGM

- ▶ If an AGM is not held, the company and every officer of the company that is in default is liable to pay to the Registrar an administrative penalty of GHC 1,800.



FIRE CERTIFICATES

- ▶ A Fire Certificate shall be required for premises put to the following uses:
 - Public residential accommodation
 - For purpose of entertainment, recreation
 - As a place of work
 - As an institution providing health treatment or care for infants, disabled or aged persons
 - For purpose of teaching, training or research and
 - For a purpose which involves access to the premises by members of the public (whether on payment or not)



APPLICATION FOR FIRE CERTIFICATES

- ▶ A Fire Certificate is issued by the Chief Fire Officer.
- ▶ To obtain a Fire Certificate, an application should be submitted to the Chief Fire Officer stating the particular use of the premises and attaching the building plans.
- ▶ The Chief Fire Officer shall cause the premises to be inspected.



APPLICATION FOR FIRE CERTIFICATE...CONT'D

- ▶ The Chief Fire Officer shall issue the Fire Certificate if the inspection reveals that;
 - a. There is a safe and effective means of escape.
 - b. The fighting equipment on the premise is adequate
 - c. The fire detection and warning system is satisfactory

- ▶ The Fire Certificate is valid for 12 months and is subject to renewal at a fee.



SANCTIONS FOR NOT OBTAINING A FIRE CERTIFICATE

- ▶ A person who fails to obtain a fire certificate commits an offence and is liable on summary conviction to a fine not exceeding GHC 3,000 or to a term of imprisonment not exceeding 12 months or both and for each day of further default to a fine of GHC 300.



TAX OBLIGATIONS AND MONTHLY FILINGS

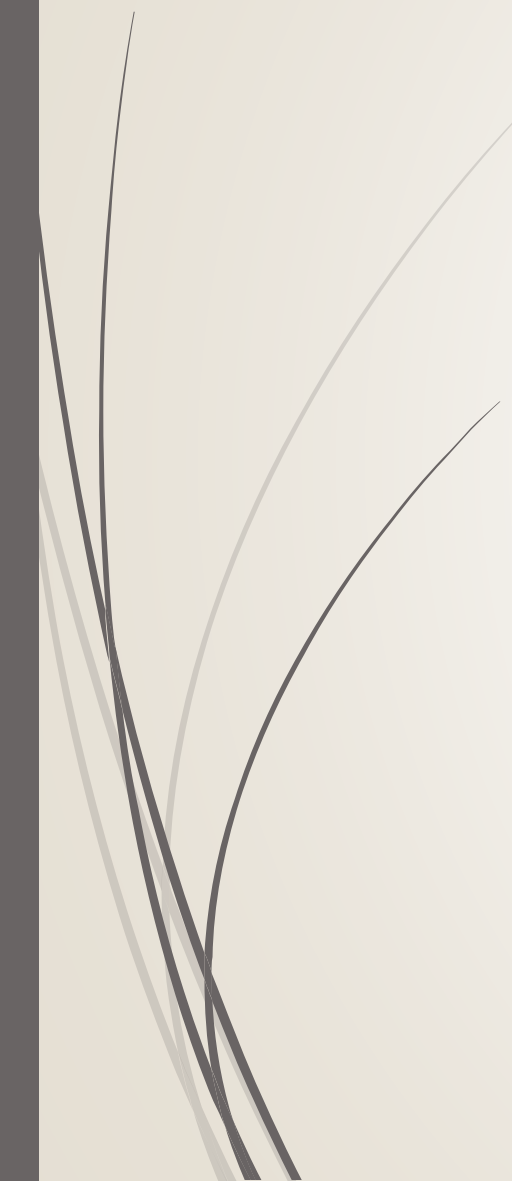
- ▶ All businesses are required to pay taxes; Corporate Income Tax (CIT), Pay-as-You-Earn (PAYE), Value-Added Tax (VAT), Income Tax to the Ghana Revenue Authority (GRA).

CORPORATE INCOME TAX (CIT)

- The CIT is paid by companies on profits made in the year. The general CIT rate is 25%.
- There are different rates for different sectors.
 - a. Mining and upstream petroleum companies-- 35%
 - b. Hotel industry--22%
 - c. non-traditional exports-- 8%
 - d. banks lending to the agricultural and leasing sectors --20%

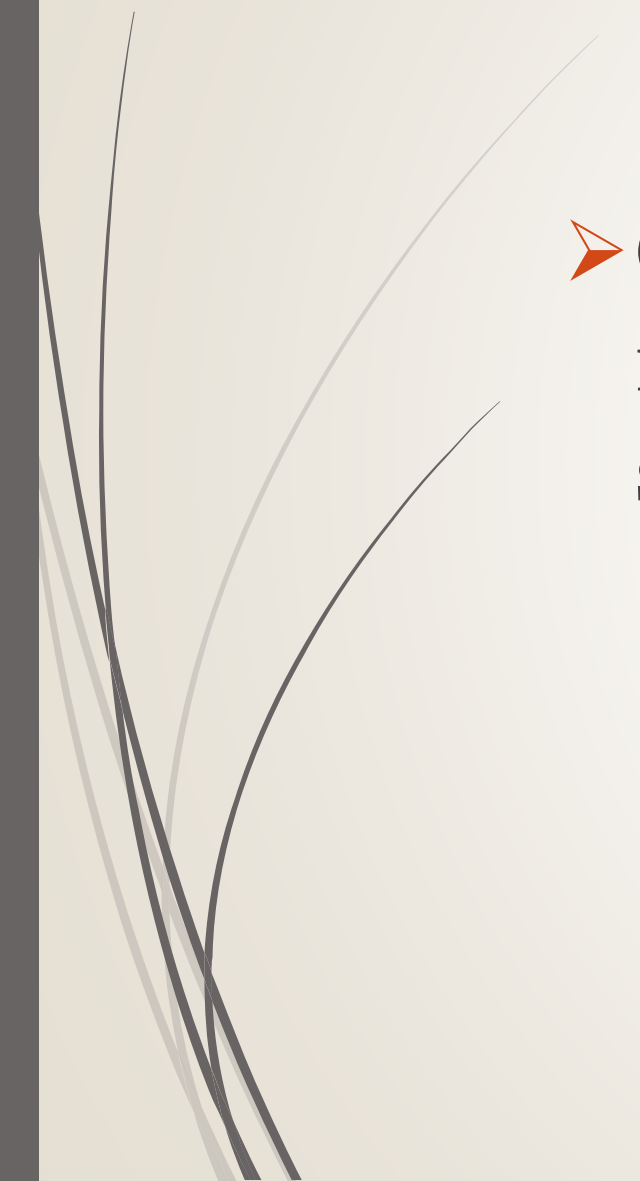


WITHHOLDING TAX

- Companies are obligated to withhold taxes on fees charged for goods and services provided or rendered by a third party or independent contractor.
 - Companies are required to pay same to GRA within 15 days of the end of the month in which the taxable payment was made. The withholding tax rate is 7.5%.
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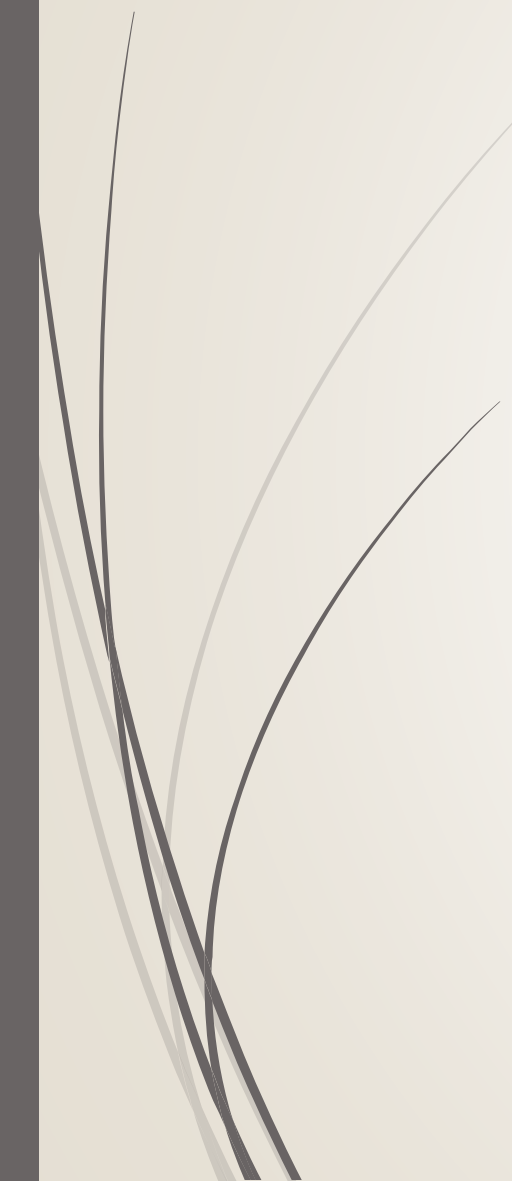


TAX DIVIDENDS

- Companies are required to withhold tax, at the rate of 8%, on dividend payments to its shareholders.
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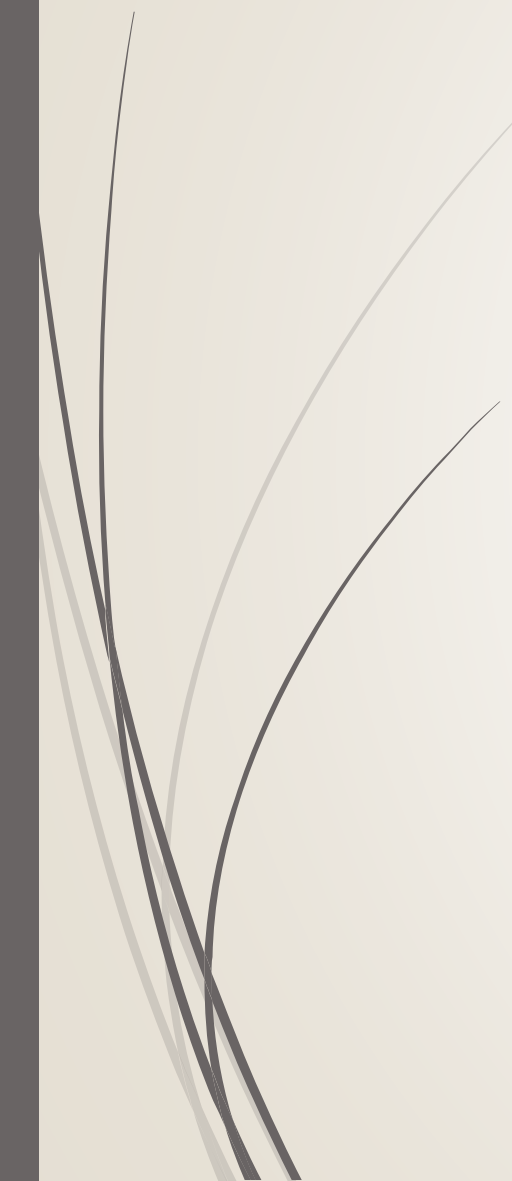


Pay As You Earn (PAYE)

- ▶ Employers are required to withhold income tax from the wages and salaries of its employees (**PAYE**) and pay same to the GRA on behalf of the employees.
 - ▶ Under the Income Tax Act, the PAYE tax is graduated and ranges from 0-25% depending on the income range.
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SANCTIONS FOR NOT PAYING TAXES

- ▶ A person who fails to pay tax on or before the date on which the tax is payable is liable to pay an interest on the tax amount due for the period for which any of the tax is outstanding.
 - ▶ The interest is calculated as one hundred and twenty-five percent of the statutory rate, compounded monthly, and applied to the amount outstanding at the start of the period
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VALUE ADDED TAX (VAT), NATIONAL HEALTH INSURANCE LEVY (NHIL), GETFUND LEVY

- VAT, NHIL & GETFUND is generally charged on the supply of goods and services made in Ghana and the import of goods and services. The rates are as follows:
 - **VAT- 12.5%**
 - **NHIL- 2.5%**
 - **GETFUND- 2.5%**



SANCTIONS FOR NOT PAYING VAT/GET FUND & NHIL

- ▶ A company that fails to pay VAT, GETFUND & NHIL commits an offence and is liable to a penalty of Five Hundred Ghana Cedis (GH¢500.00) and a further penalty of Ten Ghana Cedis (GH¢10.00) per day each day the return is not submitted.



REGISTRATION FOR SOCIAL SECURITY AND NATIONAL INSURANCE (SSNIT)

- ▶ It is mandatory for all companies, both local and foreign, to pay monthly SSNIT contributions (Tier 1 & 2) for or on behalf of their employees.



FIRST TIER (A mandatory basic social security scheme)

- Employers are required to contribute 13% of the employee's salary and deduct 5.5% of the employee's salary.
- Out of the total 18.5%, Employer is required to remit 13.5% to SSNIT within 14 days from the end of each month, on behalf of each employee.



SECOND TIER (A mandatory fully funded and privately managed occupational scheme)

- ▶ The company is required to establish an occupational pension scheme for the benefit of its employees. In that regard, the company is required to appoint a trustee, who is approved and licensed by the National Pensions Regulatory Authority (NPRA), for the purpose of managing such occupational pension scheme (*the scheme may be a stand-alone or multi-employer scheme*).



SECOND TIER...CONT'D

- ▶ The company is required to remit 5% of the total pension contribution of 18.5% to the custodian appointed by the trustee, within fourteen (14) days from the end of each month, on behalf of each employee.



SANCTIONS

➤ If a contribution is not paid within the specified period,

(a) a sum equal to 3% per month of the contribution payable shall be added to the contribution as a penalty;

(b) the Director-General shall serve a demand notice on the defaulting contributor and if payment of the contribution and penalty is not made within 30 days after the date of the service of the notice, the Director-General may proceed to collect and recover the contribution and the penalty; and



SANCTIONS...CONT'D

(c) if a person without reasonable excuse fails to pay the contribution and a penalty imposed, the Director-General may direct the person to pay an additional penalty of a sum equal to 3% of the total of the outstanding contribution and penalty imposed for each month during which the default continues.



ENVIRONMENTAL PROTECTION AGENCY (EPA) PERMIT

- ▶ Companies that provide the following services are required under the Environmental Assessment Regulations, 1999 (L.I 1652) to obtain an EPA permit and be registered with the EPA prior to commencement of operations;

agriculture, fishing, logging, forestry services, mining (including milling), quarrying and oil wells, crude oil, natural gas, beverages, leather, allied products plastic products wood, textile products, primary metals, fabricated metal products, transportation equipment, construction.

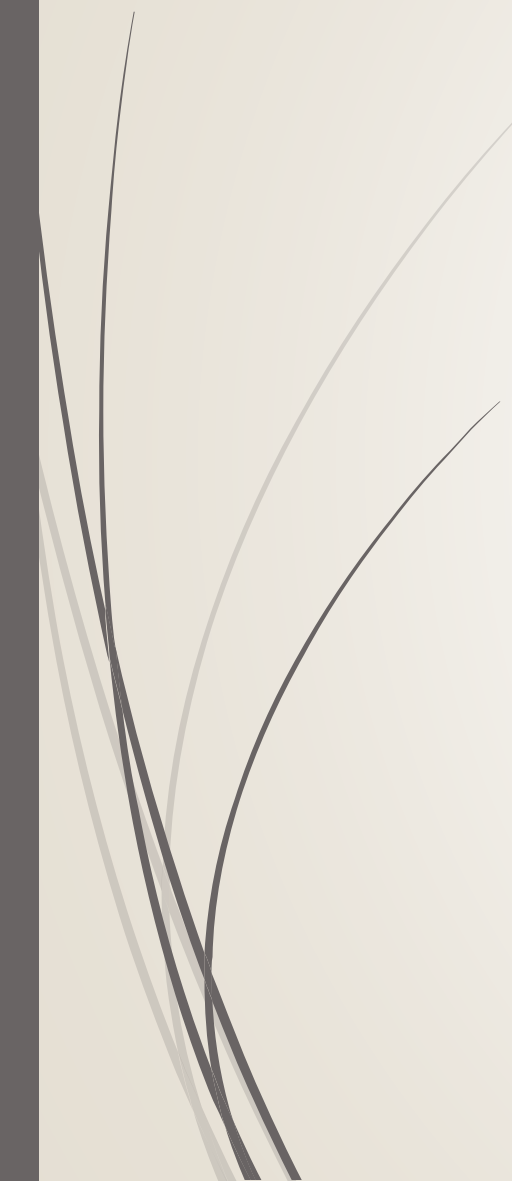


ENVIRONMENTAL PROTECTION AGENCY (EPA) PERMIT.....CONT'D

- ▶ Additionally, no person shall commence activities in respect of any undertaking which in the opinion of the EPA has or is likely to have adverse effect on the environment or public health unless, prior to the commencement, the undertaking has been registered by the EPA in respect of the undertaking.



EPA PERMIT

- ▶ A copy of the EPA Permit should be prominently displayed on the premises at all times.
 - ▶ All employees should be aware of the conditions of the Permit.
 - ▶ The EPA Permit is not transferable.
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SANCTIONS

- ▶ Any person who
 - a. commences an undertaking without an environmental permit issued
 - b. fails to comply with directives of the EPA to register an undertaking and obtain an environmental permit



SANCTIONS.....CONT'D

commits an offence and is liable on summary conviction to a fine not exceeding 1/-2 million or imprisonment for a term not exceeding one year or to both and in the case of a continuing offence to a further fine not exceeding 1/-200,000 for each day the offence is continued.