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**Report Highlights:**

On January 1, 2026, the Ghana Revenue Authority (GRA) published the VAT Administrative Guidelines for the Value Added Tax Act No. 1151 (2025); Administrative Guideline Number: GRA/AG/002 (date of issue, 31 December 2025). The guideline provides clarity and guidance to GRA's officers, tax preparers, consultants, taxpayers, and the general public. The reform measures eliminate the COVID-19 Health Recovery Levy of 1%, while incorporating the National Health Insurance Levy (NHIL) of 2.5% and the Ghana Education Trust Fund (GETFund) Levy of 2.5% into the overall standard VAT base. Under the new VAT framework, statutory levies are applied on a single tax base rather than being layered sequentially. The old system of adding levies (i.e., NHIL, GETFund, COVID-19 — that total up to 6%) to costs prior to applying the VAT rate of 15% is scrapped. The new reform measures reduces tax compounding, lowering costs for importers of food (including from the United States), distributors, retailers, as well as for consumers.

**DISCLAIMER:** The information contained in this report is derived from multiple governmental and non-governmental sources. The U.S. Embassy – Foreign Agricultural Service (FAS) Office of Agricultural Affairs (OAA) Accra, Abidjan, the U.S. Department of Agriculture (USDA) and/or the U.S. government make no claim of accuracy or authenticity. Neither the Government of Ghana or Côte d’Ivoire, nor any of those of the states mentioned herein, are officially endorsing this report. While all possible care has been taken in the preparation of this report, the information provided may not be completely accurate either because policies have changed since preparation, or because clear and consistent information about these policies was not available. Import approval for any product is subject to local rules and regulations as interpreted by government officials at the time of product entry. [Note: Use Google Chrome to access the links that do not open in Microsoft Edge.]

## INTRODUCTION

On January 1, 2026, the Ghana Revenue Authority (GRA), an agency of Ghana’s Ministry of Finance, published the [VAT Administrative Guidelines for the Value Added Tax Act No. 1151 \(2025\); Administrative Guideline Number: GRA/AG/002 \(date of issue, 31 December 2025\)](#).<sup>1</sup> The Ghana Revenue Authority asserts that the purpose of the guideline is to provide clarity and guidance to the GRA’s officers, tax preparers, consultants, taxpayers, and the general public on the provisions and implementation of Ghana’s Value Added Tax Act No. 1151 (2025). The Ghana Revenue Authority forms part of the Ghanaian Ministry of Finance.<sup>2</sup> This reform measure seeks to simplify the Ghanaian tax system, lower the effective consumption tax burden, eliminate the cascading effect on levies, and strengthen compliance, while ensuring transparency and a more accurate price transmission to consumers. The measure provides relief for Ghanaian importers and distributors of U.S.-origin food and agricultural products, that may transfer to Ghanaian consumers in the form of lower retail food prices.

## BACKGROUND

The VAT Administrative Guidelines, published on January 1, 2026, pursuant to the Value Added Tax Act No. 1151 (2025), represent the Ghanaian government’s commitment to stabilize the country’s macroeconomic environment, ease cost-of-living pressures, and improve the overall business climate. These objectives are elaborated in President John D. Mahama administration’s [2026 Budget Statement](#), which positions tax reform as a central pillar of fiscal consolidation and domestic revenue mobilization.<sup>3</sup>

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<sup>1</sup> Ghana Revenue Authority, “VAT Administrative Guidelines for the Value Added Tax Act, 2025 (ACT 1151), (downloadable PDF) located at: <https://gra.gov.gh/wp-content/uploads/2026/01/VAT-Guidelines-for-VAT-ACT-1151.pdf>. Additional GRA VAT specific information located at: <https://gra.gov.gh/domestic-tax/tax-types/vat/>.

<sup>2</sup> Ghana’s Ministry of Finance (MoF) is the Ghana Revenue Authority’s (GRA) line ministry, providing direct chain of command. The ministry serves as the supervising body for the GRA, overseeing its mandate to mobilize domestic revenue and implement fiscal policies. The GRA works closely with specific divisions within the ministry, such as the Revenue Policy Division (RPD), to formulate and execute tax strategies. The Ministry of Finance focuses on formulating policy and setting broad strategic goals, while the Ghana Revenue Authority is responsible for the technical implementation and day-to-day operations. The Commissioner General of the Ghana Revenue Authority is empowered under Section 1(2) of the Revenue Administration Act (RAA), 2016 (Act 915) as amended, to give written directives that are necessary for the administration and implementation of tax laws.

<sup>3</sup> Ghana Ministry of Finance, “2026 Budget Statement,” (downloadable PDF) located at: <https://mofep.gov.gh/sites/default/files/budget-statements/2026-Budget-Statement-and-Economic-Policy.pdf>. See also, Business and Financial Times (B&FT Online), 2026 Budget: Gov’t Targets Fiscal Discipline, Business-Friendly Tax Regime,” (November 14, 2025), located at: <https://thebftonline.com/2025/11/14/2026-budget-govt-targets-fiscal-discipline-business-friendly-tax-regime/>.

A key component of the Mahama administration's reform agenda is the restructuring of the Ghana's value added tax (VAT) system. Enacted earlier in 2025, under the [Value Added Tax Act, No. 1151 \(2025\)](#), the VAT reforms aim to simplify compliance, broaden the tax base, and reduce distortions in the indirect tax regime. The reform measures eliminate the [COVID-19 Health Recovery Levy of 1%](#), while incorporating the National Health Insurance Levy (NHIL) of 2.5% and the Ghana Education Trust Fund (GETFund) Levy of 2.5% into the overall standard VAT base. The reforms raise the VAT registration threshold and reduce the overall effective VAT rate to 20%, down from the prior effective tax rate of 21.9% under the previous structure. Effective January 1, 2026, these changes constitute a structural reset of Ghana's VAT framework, intended to further fiscal discipline while improving price transparency, economic efficiency, and competitiveness.<sup>4</sup>

In response to the reforms, major shopping malls and food retail outlets across Ghana reduced retail prices by 1.9% accordingly.<sup>5</sup> Local media reports indicate that these price adjustments have been verified by senior officials of the Ghana Revenue Authority (GRA), who have engaged both retailers and consumers and conducted test purchases to confirm the correct configuration of VAT invoices.<sup>6</sup> Ghana Revenue Authority officials claim that the VAT reforms potentially will put some Ghanaian cedi (GHS) 6.5 billion (i.e., approximately \$600 million) back into Ghanaians consumers' pockets.

## **CHANGES AND ADDITIONS TO VALUE ADDED TAX (VAT) – WHAT IT MEANS?**

Ghana's VAT is a consumption expenditure tax applied on the value added to goods and services at each stage in the production and distribution chain. It forms part of the final price a consumer pays for goods or services. In some countries, it is referred to as a "Goods and Services Tax (GST)."

FAS Accra (Post) sources inform that for months, local consumer pricing has confronted sustained pressure from both taxes and currency volatility, leading to higher prices. It is widely anticipated that Ghana's VAT reforms might shift that narrative. Consumers are already seeing some modest price reductions at major retail outlets, suggesting that the removal of cascading taxes is allowing savings to reach consumers at the checkout counter.

Ghana's food and agricultural product importers, who are often unseen but central to price formation, are reportedly experiencing a measure of relief through lower assessments and reduced upfront tax costs at the country's ports. This helps to improve cash flow, while contributing to better pricing stability. This has been reinforced by the recent steadiness of the Ghanaian cedi, which is easing exchange-rate risks and helping to contain import costs. Together, these early developments point to a tax system that is starting to better support economic activity rather than strain it, with benefits gradually flowing from the ports to the country's retail store shelves. Post sources elaborate that if the VAT reforms are sustained, this may mark a point where policy begins to work with the market, and not against it.

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<sup>4</sup> Attached to this FAIRS report is a downloadable Excel file; that facilitates computations under the exclusive tax system.

<sup>5</sup> Any COVID-19 levy charged on receipts for transactions made after January 1, 2026, is considered by the Ghana Revenue Authority (GRA) to be an illegal charge, entitling the buyer to a refund.

<sup>6</sup> See, Modern Ghana, "Shoppers Begin to see Price Reductions, located at:

<https://www.modernghana.com/news/1461481/shoppers-begin-to-see-price-reductions-following.html>. Also see, MyJoy

Online, "VAT Reforms on Track as GRA Inspects Implementation at Select Shops," located at:

<https://www.myjoyonline.com/vat-reforms-on-track-as-gra-inspects-implementation-at-selected-shops/>.

**TABLE 1: GHANA, Tax Reforms - Old Tax System versus New Tax System, 2026**

Component	Old System (Pre-2026)	New System (Post-Jan 1, 2026)
National Health Insurance Levy (NHIL)	2.5% (nominal)	2.5%
Ghana Education Trust Fund Levy (GETFund)	2.5% (nominal)	2.5%
COVID-19 Health Recovery Levy	1% (nominal)	<b>Abolished</b>
Flat-Rate Scheme	- 3% (retail goods, some) <sup>7</sup> - 5% (immovable properties)	<b>Abolished</b>
Registration Threshold (Goods)	GHS 200,000	GHS 750,000
Cascading Effect	Yes (levies included before VAT calculation)	<b>Abolished</b>
VAT Rate	15%	15%
<b>Effective Total Tax</b>	<b>21.9%</b>	<b>20%</b>

Source: Ghana Revenue Authority; FAS Accra office research.

**Incorporation of the National Health Insurance Levy (NHIL) of 2.5% and the Ghana Education Trust Fund Levy (GETFund) of 2.5% into the overall standard VAT base:** By doing so, businesses can now claim input tax credits from the NHIL and GETFund levies paid on eligible purchases, eliminating the cascading “tax-on-tax” effect that previously inflated production and distribution costs.

**Repealing the COVID-19 Health Recovery Levy of 1%:** Ghana by eliminating the COVID-19 Health Recovery Levy of 1% (nominal rate), is lowering the overall indirect tax burden on VAT applicable goods and services. This measure contributes to modest price reductions for consumers and reduces transaction costs across supply chains. Prior to the January 1, 2026, repeal of the COVID-19 levy, there existed a discrepancy between the “1%” nominal rate and the higher figure seen on receipts. This is due to the cascading effect of how taxes were previously calculated. While the nominal rate for the COVID-19 levy was exactly 1%, the way it interacted with other taxes such as the NHIL and the GETFund levies created a higher “effective” burden; specifically creating a “tax-on-tax” effect.

**Elimination of Tax Cascading:** Under Ghana’s new VAT framework, statutory levies are applied on a single tax base rather than being layered sequentially. Under the pre-2026 system, this cascading structure meant the total effective tax rate for a consumer was then actually 21.9%, even though the individual nominal rates only added up to 21% (i.e., 15% VAT + 2.5% NHIL + 2.5% GETFund + 1% COVID-19). The old system (pre-2026) of adding levies (i.e., NHIL, GETFund, COVID-19) to costs prior to applying the VAT rate of 15%, is now scrapped. The system currently avoids the “tax-on-tax” trap by calculating VAT, NHIL, and GETFund levies on the same base value; the new effective VAT rate

<sup>7</sup> The Ghana Revenue Authority’s 3% VAT Flat Rate Scheme (VFRS) of 2017, sought to established a simplified VAT regime for retailers and wholesalers. It required a flat 3% VAT charge on the value of goods sold, instead of the standard VAT rate. The measure covered taxable merchandise sold in shops and markets, including auto spare parts, electronics and home appliances, cosmetics and personal care products, hardware and building materials, plastic goods, bottled drinks and soft beverages, canned and packaged foods, imported clothing, shoes and bags, and general supermarket items. The VFRS did not apply to services, or to VAT-exempt items (e.g., fresh agricultural produce). The VFRS while aiming to simplify compliance and improve revenue collection, ultimately led to distortions and embedded taxes in supply chains.

is now a flat 20%. The 2026 reform measure reduces tax compounding, seeking to lower operating costs for businesses, including food importers, distributors, and retailers.

**Discontinuation of VAT Flat-Rate Schemes:** The 3% flat rate scheme on retail goods and 5% on flat rate scheme for supply of immovable properties have been abolished for a unified VAT structure intended to improve transparency, consistency, and predictability in tax treatment.

**Introduction of Digital Tax Administration Tools:** The Ghana Revenue Authority is deploying new digital systems to strengthen VAT administration, including improved monitoring of cross-border digital transactions. These tools are intended to enhance compliance in the digital economy and address non-resident suppliers operating in Ghana’s market.

**Simplified VAT Calculation Method:** Ghana’s VAT is currently calculated at 15% of the transaction value, along with the 2.5% National Health Insurance Levy (NHIL) and 2.5% GETFund levy, all of which are applied to the same tax base. This simplifies tax computation and reduces pricing distortions.

**Increase in VAT Registration Threshold:** The annual VAT registration threshold for businesses dealing in goods has been raised from GHS 200,000 (~USD 18,433) to GHS 750,000 (~USD 69,124).<sup>8</sup> This change excludes many of the country’s micro and small enterprises from VAT obligations, easing compliance burdens, allowing the Ghanaian tax authority to focus on the larger market participants.

**TABLE 2: GHANA, Tax Computation Calculations Example, Old versus New System Model**

Transaction Value:		OLD SYSTEM	NEW SYSTEM
		\$1,000	\$1,000
Levy	Rate (%)	Effect (Amount)	Effect (Amount)
National Health Insurance Levy (NHIL)	2.5% (nominal)	\$25	\$25
Ghana Education Trust Fund Levy (GETFund)	2.5% (nominal)	\$25	\$25
COVID-19 Health Recovery Levy	1% (nominal)	\$10	<b>\$0.00</b> (Abolished)
Cascading Effect (Transaction Value + Levies), Applied Prior to VAT Rate Calculation		<b>\$1,060</b> (sum = \$1,000 + NHIL 2.5% (\$25) + GETFund 2.5% (\$25) + COVID-19 1% (\$10))	<b>\$0.00</b> (Abolished)
VAT Rate	15%	<b>\$159</b> (\$1,060 * 15%)	<b>\$150</b> (e.g., \$1,000 * 15%)
<b>TOTAL COST</b>		<b>\$1,219.00</b> (sum = Cascade Effect (\$1,060) + VAT (\$159))	<b>\$1,200</b> (sum = Transaction Value (\$1,000) + VAT (\$150) + NHIL 2.5% (\$25) + GETFund 2.5% (\$25))
		Note: VAT is charged on the sum of the Levies and the Transaction Value	Note: VAT is charged <b>ONLY</b> on the Transaction Value

Source: Ghana Revenue Authority; FAS Accra office research.

<sup>8</sup> Using the conversion rate of USD 1.00 = GHS 10.85, as of January 23, 2026.

## **FAS ACCRA – POST COMMENTARY**

FAS Accra assesses Ghana's 2026 VAT reform as a positive shift toward helping to lower indirect trade costs, while assisting to broaden the tax base through improved compliance. Post's trade sources view the tax reform measure as being favorable for Ghana's food and agricultural products import trade, as well as for the retail food market; ultimately benefitting Ghanaian consumers with lower prices.

By abolishing the COVID-19 levy, eliminating cascading taxes, and simplifying VAT calculations, the reform reduces price distortions in import and distribution chains. This is relevant for U.S. food and agricultural product exporters and Ghanaian food importers alike. The Ghanaian marketplace, nonetheless, remains as price sensitive one, where landed costs and retail pricing remain critical.

Lower, more transparent taxes improve price pass-through, support demand for imported consumer-oriented and processed foods, and intermediate agricultural inputs. Ghana's 2026 tax reforms stand to improve trade, facilitating imports of food and agricultural products. These reforms better predictability for U.S. exporters and their Ghanaian import partners in the consumer food and agribusiness markets.<sup>9</sup>

### **Attachments:**

[GHANA - GHANA GRA-VAT Guidelines ACT 1151 \(2025\).pdf](#)

[GHANA - 2026-Budget-Statement and Economic-Policy.pdf](#)

[GHANA - COVID-19 Health-Recovery-Levy Act 1068 \(2021\).pdf](#)

[Exclusive Tax Computation Format.xlsx](#)

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<sup>9</sup> Located at: <https://www.modernghana.com/news/1461937/ieag-applauds-the-bank-of-ghana-for-cedi-stability.html>.