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BLAY AND ASSOCIATES

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Increasing Fintech Market Size in Ghana

WHAT'S INSIDE

Ghana's fintech sector has experienced remarkable growth, with the total value of transactions reaching GHS 3.0 trillion in 2024, marking a 57% increase from the previous year. The volume of transactions also saw a significant rise, climbing 19% to 8.1 billion transactions in the same period. Mobile money services have been a major contributor to this expansion. By the end of 2024, active mobile money customers numbered 23.5 million, and the count of active agents grew to 883,000. The float balance, representing the total electronic money held in trust, increased by 48.4%, reaching GHS 27.2 billion.

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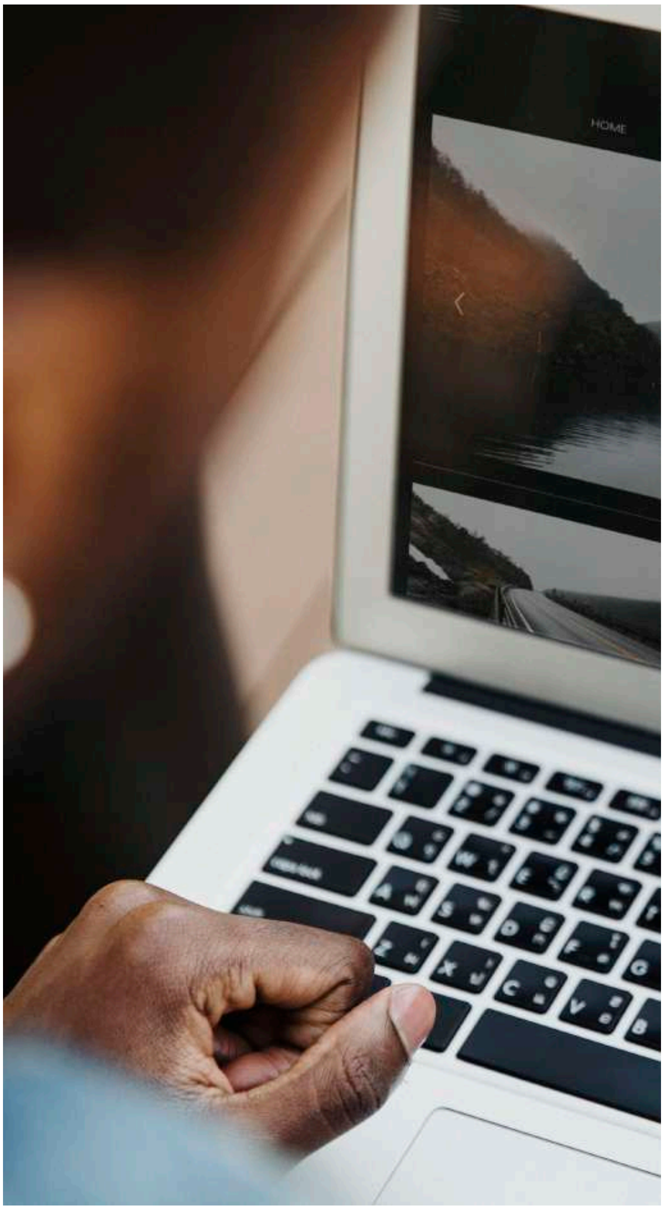
The Role of FinTech in Advancing Ghana's Financial Inclusion and Digital Economy: Part I

Ghana's fintech sector has emerged as a powerful catalyst for financial inclusion and the expansion of the digital economy. Positioned as one of the leading fintech hubs in West Africa, Ghana is experiencing transformative growth in its financial services landscape, driven by innovation, technology, and a supportive regulatory environment.

With a large portion of Ghana's population previously excluded from traditional financial services, fintech solutions are now providing access to essential financial tools such as banking, mobile payments, credit, insurance, and savings. This revolution is particularly significant for individuals who have been traditionally underserved by conventional banking systems. Mobile money services have enabled millions to engage with financial systems in ways that were once unimaginable.

The rapid adoption of digital technologies in Ghana can be attributed to its youthful and tech-savvy population. Increased internet penetration and the widespread use of smartphones have allowed a wide range of digital financial services to flourish. The younger generation, in particular, is driving the demand for accessible, efficient, and innovative fintech solutions that meet their needs.

Ghana's fintech ecosystem is characterized by innovation in mobile money payments, digital payments, peer-to-peer lending, and crowdfunding, safeguarded interoperability among other services. The government and regulatory authorities have played an instrumental role in nurturing the sector by providing a forward-looking framework that balances innovation with consumer protection. The Bank of Ghana's regulatory efforts, such as the implementation of the Payment Systems and Services Act (2019), have created a stable environment that encourages investment and growth in the fintech space.



In this quarter's newsletter, we are excited to present to you, dear reader, a two-part series exploring Ghana's fintech environment. Part 1 examines how fintech is transforming Ghana's financial landscape by driving financial inclusion and accelerating digital innovation. It highlights how mobile money, digital payments, and other fintech solutions are making financial services more accessible—especially for underserved communities. The chapter also outlines the types of fintech institutions active in Ghana, including DEMIs, PSPs, insurtech platforms, and lending startups, and additionally highlights major players such as MTN Mobile Money, Zeepay, Hubtel, and ExpressPay. While the sector faces challenges such as regulatory complexity, capital intensiveness, continental competition, infrastructure limitations, and consumer trust issues, Ghana is positioning itself as a fintech leader in Sub-Saharan Africa, with strong momentum and a clear vision for the future.

Ghana's Fintech Ecosystem: Key Insights

The emerging fintech sector in Ghana is profoundly transforming the nation's economic landscape by enhancing financial inclusion, driving economic growth, and modernizing the financial services industry.

Fintech innovations have significantly expanded access to financial services across Ghana, particularly benefiting underserved and rural populations. The proliferation of mobile money services has been instrumental in this progress. As of 2023, Ghana had an estimated 21 million active mobile money accounts.[1] While 74 million accounts were registered, 50 million were dormant. In 2023, the average number of mobile money transactions per day was 18.6 million, a significant increase from the previous year.[2]

[1] https://www.statista.com/statistics/1491316/annual-average-daily-mobile-money-transactions-in-ghana/
[2] https://www.africanleadershipmagazine.co.uk/mobile-money-in-ghana-transaction-boom-and-future-prospects/

Data from the Bank of Ghana shows that, there are 59 approved fintech & innovation approved institutions in Ghana[3]. The FinTech Sector Report for first quarter 2024, published by the FinTech and Innovation Office of the Bank of Ghana, reflects a robust performance in Ghana's digital financial landscape, marked by strong year-on-year growth despite a minor decline in quarterly transaction values. The total transaction value rose significantly to GHS 576.03 billion, a 33.4% increase from GHS 431.81 billion in Q1 2023. Transaction volumes also grew by 21.6%, reaching 1.86 billion from 1.53 billion in the same period last year[4].

This growth was mainly driven by Dedicated Electronic Money Issuers (DEMIs), which contributed 89.4% of total transaction value, and Payment Service Providers (PSPs), accounting for 10.6%. Mobile money usage saw continued expansion, with the number of active mobile money customers climbing to 23.4 million, and active mobile money agents reaching 616,000 as of March 2024.v

Float balances, which reflect the total e-money held in trust, increased significantly, rising from GHS 12.82 billion in February 2023 to GHS 18.69 billion by February 2024 a 45.8% year-on-year increase indicating strong liquidity in the system. Mobile money transaction patterns showed dominance in agent-to-agent transfers (30%), third-party transfers (17%), and cash-in/cash-out activities (10–11%).

The report also captures a growing trend in digital inflows and outflows, including wallet-to-bank and bank-to-wallet transfers, bill payments, and inward remittances. In terms of regulatory structure, the Bank of Ghana continues to reinforce the sector through a tiered licensing system for DEMIs, PSPs, and financial technology service providers, allowing for specialization and market expansion.

Overall, the report illustrates a dynamic and expanding fintech ecosystem in Ghana, supported by increased digital adoption, technological integration, and a resilient regulatory framework.

Fintech companies are leading the modernization of Ghana's financial sector by offering services such as mobile banking, digital payments, and microloans. These innovations have heightened competition, prompting traditional financial institutions to adopt digital strategies and improve their offerings. The Bank of Ghana has supported this evolution by implementing regulatory frameworks that foster innovation while safeguarding financial stability.

Ghana's Market Size

Ghana's fintech sector has experienced remarkable growth, with the total value of transactions reaching GHS 3.0 trillion in 2024, marking a 57% increase from the previous year. The volume of transactions also saw a significant rise, climbing 19% to 8.1 billion transactions in the same period. Mobile money services have been a major contributor to this expansion. By the end of 2024, active mobile money customers numbered 23.5 million, and the count of active agents grew to 883,000. The float balance, representing the total electronic money held in trust, increased by 48.4%, reaching GHS 27.2 billion.[5]

The distribution of mobile money transaction values in 2024 was led by agent-to-agent transfers at 39%, followed by third-party transfers (14%), cash-out (10%), and cash-in (10%). Other notable transaction types included bank-to-wallet transfers (7%), wallet-to-bank transfers (6%), person-to-person transfers (5%), and business-to-business transactions (2%).[6]

In terms of funding, Ghana's share of total African fintech funding increased to 6% in 2024, up from 0.7% in 2023, indicating growing investor confidence in the country's fintech landscape.[7]

Looking ahead, industry projections suggest that Ghana's fintech market will continue its upward trajectory, with expectations of reaching a market size of USD 5 billion by 2030, driven by increasing digital adoption and supportive regulatory frameworks.[8]

Ghana's Digital Economy Rise: Fintech, E-trade, and the path to African Leadership

Ghana is steadily positioning itself as a regional digital economy leader, driven by advancements in fintech, e-commerce, and targeted policy initiatives. The digital sector now contributes over 9% to GDP, with e-commerce growing at a compound annual rate of 28%, supported by widespread mobile connectivity active mobile connections exceed 129% of the population.[9]

Fintech innovation is central to this transformation, with mobile money adoption at around 87%, making Ghana a continental leader in digital financial inclusion. Key players like Hubtel and Nsano provide integrated digital payments and e-commerce services, with Hubtel recognized as Ghana's fastest-growing corporate entity and licensed as an Enhanced Payment Services Provider.[10,11]

The government has reinforced this momentum through strategic interventions, such as the National Artificial Intelligence Strategy and the implementation of the African Continental Free Trade Area (AfCTFA) Protocol on Digital Trade, which is expected to increase exports from $22 billion to $25.83 billion. These efforts underline Ghana's aspiration to lead in Africa's digital economy through regulatory maturity and innovation.[12] However, while Ghana demonstrates strong domestic growth and digital ambition, East African countries—particularly Kenya—have attracted substantially more foreign direct investment in fintech. In 2024, Kenya outperformed Ghana in fintech funding, largely due to a more mature digital ecosystem and effective government support. Nevertheless, Ghana remains notable for being the only top-five African country to achieve growth in venture capital investment in 2024, highlighting its growing prominence despite structural challenges and relatively lower FDI inflows.[13,14]

Governing Laws and Regulations

The Central Bank (The Bank of Ghana)

The primary regulation of Fintech innovations and companies falls under the regulatory purview of the Bank of Ghana. The Central Bank through the Fintech and Innovation Office is responsible for the licensing, supervision, and regulation of the activities of Fintech companies and has issued licensing and operational guidelines for the purposes of the procurement of licenses for the commercialization of permissible fintech innovations in Ghana. The Central Bank derives its authority to regulate Fintech innovations from legislations such as the Bank of Ghana Act 2002 (Act 612) as amended, Bank and Specialized Deposit-Taking Institutions Act 2016 (Act 930), Payment Systems and Services Act 2019 (Act 987), Anti-Money Laundering Act 2020 (Act 1044), Ghana Deposit Protection Act 2016 (Act 931) as amended and the Credit Reporting Act 2007 (Act 726).

Securities and Exchange Commission

The Securities and Exchange Commission under the Securities Industry Act 2016 (Act 929) has the mandate to promote orderly growth and development as well as maintain surveillance over activities in securities to ensure an efficient, fair, and transparent securities market in which the integrity of investors and the securities market are protected. The Commission also regulates fintech companies that offer digital investment products such as P2P lending platforms and crowdfunding platforms through a collaborative effort with the Bank of Ghana. Products such as BlackStars Brokerage investment application, are examples of such tech platforms that are regulated by the SEC.

[3] https://www.bog.gov.gh/fintech-innovation/approved-institutions/
[4] https://www.bog.gov.gh/wp-content/uploads/2024/05/FinTech_Sector_Report_2024-Q1-2.pdf
[5] Fintech Sector Report 2024 full year; fintech and innovation office; https://www.bog.gov.gh/wp-content/uploads/2025/03/FinTech-Sector-Report-2024-FY.pdf
[6] Fintech Sector Report 2024 full year; fintech and innovation office; https://www.bog.gov.gh/wp-content/uploads/2025/03/FinTech-Sector-Report-2024-FY.pdf
[7] Global Finance & Technology Network; Africa Fintech Landscape 2024; February 2025
[8] Ghana Investment and Promotion Centre; Ghana's ICT and Fintech Sector; https://www.gipc.gov.gh/
[9] https://gna.org.gh/2025/03/fintech-drives-ghanas-tech-funding-surge-but-diversification-urged/?utm_source=chatgpt.com
[10] https://www.bog.gov.gh/
[11] https://www.telecomschamber.org/industry-news
[12] https://au.int/en/articles/operational-phase-african-continental-free-trade-area-launched
[13] https://www.businessdailyafrica.com/bd/corporate/companies/kenya-tops-rivals-in-2024-venture-capital-investments-4944912?utm_source=chatgpt.com
[14] https://citinewsroom.com/2024/12/ghana-rakes-in-316m-in-fdi-in-first-three-quarters-of-2024/?utm_source=chatgpt.com

National Insurance Commission

The National Insurance Commission is established by the Insurance Act 2021 (Act 1061) and its main object is to ensure the effective administration, supervision, regulation, monitoring, and control of the business of insurance, to protect insurance policyholders, and to generally regulate the insurance market. All Fintech companies seeking to provide, design, or deploy insurance solutions and business models have an obligation under the Act to seek the necessary authorizations and licensing permits from the NIC. Entities such as Bima Ghana, aYo Ghana, Micro Ensure, Acacia Health Insurance (Digital Services) and Tigo Insurance (via BIMA partnership)

Financial Intelligence Centre

The Financial Intelligence Centre provides the regulatory framework for the receipt and analysis of suspicious transaction reports and other information relevant to predicate offences of Money Laundering/Terrorist Financing and Proliferation Financing (ML/TF&P) and to disseminate actionable intelligence to competent authorities. Compliance with Anti-Money Laundering/Combating of Financing Terrorism (AML/CFT) laws are very critical for every Fintech company's operationalization. The law requires Fintech companies to comply with the provisions of the Anti-Money Laundering Act 2020 (Act 1044).

National Communications Authority

The NCA is the regulator for the communications industry in Ghana. It oversees the telecommunications sector which includes mobile money services and other digital financial services. The NCA is responsible for ensuring that these services are secure and reliable and that the regulatory requirements relating to the operation of a communication network are duly complied with. It also provides short code services to fintech companies.

The Data Protection Commission

The Data Protection Commission (DPC) is established under the Data Protection Act, 2012 (Act 843) to protect the privacy of individual and personal data by regulating the processing of personal information. The Commission provides for the process to obtain, hold, use, or disclose personal information and for other related issues bordering on the protection of personal data. Fintech companies are enjoined by the Act to comply with the data and privacy standards through their collection, use, and storage of personal information of individuals.

Other Relevant Regulators

- **Ghana Revenue Authority:** Fintech companies must register and comply with tax laws under the Ghana Revenue Act 2009 and Income Tax Act 2015.
- **Office of the Registrar of Companies:** All fintechs must incorporate under the Companies Act 2019 and meet the 30% Ghanaian ownership requirement if foreign-owned.
- **Social Security and National Insurance Trust (SSNIT):** Fintechs must register with SSNIT and make monthly pension contributions for employees under the National Pensions Act 2008.
- **Ghana Investment Promotion Centre (GIPC):** GIPC oversees foreign investment and minimum capital requirements, subject to Bank of Ghana directives for fintechs.

Categories of Fintech Licences in Ghana

The Bank of Ghana (BoG), under the Payment Systems and Services Act, 2019 (Act 987), has implemented a comprehensive licensing framework to regulate and promote the growth of fintech services in the country. Aimed at maintaining financial stability while encouraging innovation, this framework classifies fintech licenses into four main categories: Dedicated Electronic Money Issuers (DEMIs), Payment Service Providers (PSPs), Payment Service Provider – Scheme, and Payment and Financial Technology Service Providers (PFTSPs). Each category aligns with the specific scope and nature of services offered within the fintech ecosystem.

Dedicated Electronic Money Issuer (DEMI) license

The Dedicated Electronic Money Issuer (DEMI) license is granted to companies that issue electronic money and operate mobile money wallets independently of traditional banks. These entities play a vital role in Ghana's mobile money ecosystem by facilitating person-to-person transfers, deposits, withdrawals, and payments for goods and services. Companies such as Zeepay Ghana Limited, Vodafone Cash, GCB G-Money, Airtel Mobile Commerce (Ghana) Limited, and YUP Ghana Limited operate under this license. Zeepay, notably, was the first non-mobile network operator in Ghana to obtain a DEMI license and has been a key player in cross-border remittances. Overall, these companies have significantly advanced financial inclusion, particularly in underserved and rural communities.

Payment Service Provider (PSP) licenses

Payment Service Provider (PSP) licenses have a wide cope in variety, fees and scope of services. Payment Service Provider (PSP) licenses are divided into three tiers: Standard, Medium, and Enhanced based on the scope of services a provider is authorized to offer.

- **The Standard PSP**s, such as Titan Payment System Limited, are typically Ghanaian-owned firms that offer limited services under the guidance or partnership of Enhanced PSPs.
- **The Medium-tier PSP**s, including TechFin Innovations Limited and ZappGhana Limited, have a broader mandate, allowing them to provide services like POS terminal deployment, bill payment aggregation, and the development of payment applications.
- **The Enhanced PSP**s, operating at the highest level, are authorized to offer a full suite of services, including payment processing, inward remittances, merchant acquiring, card issuance, and the operation of comprehensive digital financial platforms. Notable companies in this category include Hubtel Limited, Nsano Limited, Paystack Ghana Limited, ExpressPay Ghana Limited, Cellulant Ghana Limited, DreamOval Limited, IT Consortium Limited, and PaySwitch Ghana Limited.

Quick Highlights of Key Players in Ghana's PSP landscape include:

1. **MTN Mobile Money** - Dominates the mobile money market in Ghana, leveraging its extensive telecom infrastructure and agent network.

2. **Telecel Cash and AirtelTigo Money** – Significant contributors to the mobile money ecosystem, offering services that complement those of MTN.

3. **Zeepay** – A prominent fintech company specializing in remittance-to-wallet transfers and mobile financial services, operating across multiple countries.

4. **Hubtel** – A leading payment and messaging platform in Ghana, facilitating business transactions and e-commerce activities.

5. **ExpressPay** – Provides digital payment and money transfer services, including bill payments and fund transfers via mobile and card.

6. **Paystack** – Offers a payment gateway for online transactions, enabling businesses in Ghana to accept payments via various channels.

7. **Flutterwave** – Recently granted an Enhanced PSP License by the Bank of Ghana, allowing it to offer a comprehensive suite of payment solutions directly to businesses in Ghana.

Traditional banks with fintech subsidiaries, such as Ecobank Mobile and Fidelity Mobile, operate digital banking services. Savings and loans institutions, as well as microfinance organizations, use fintech to offer mobile-based microloans and savings products.

Payment Service Provider - Scheme License

In addition, the Payment Service Provider – Scheme license is intended for entities that manage payment network schemes or card switch infrastructures. These organizations facilitate interbank transactions and ensure the efficient operation of domestic digital payments. The most prominent licensee in this category is the Ghana Interbank Payment and Settlement Systems Limited (GhIPSS), which operates key platforms such as Gh-Link, e-zwich, and the Automated Clearing House (ACH). These systems are essential to Ghana's financial infrastructure, supporting both government and private sector payment activities.

Payment and Financial Technology Service Provider (PFTSP) license

Lastly, the Payment and Financial Technology Service Provider (PFTSP) license is granted to firms that do not directly manage customer funds but offer critical technological backend services to financial institutions and licensed Payment Service Providers. These services typically include digital product development, customer authentication (Know Your Customer and Customer Due Deligence), fraud prevention systems, credit scoring technologies, and software-as-a-service (SaaS) platforms that support financial transactions. Companies such as Optasia (Xtra MFS Ghana Limited), StacAi Limited, and Simbrella Ghana Limited operate under this license, providing infrastructure that enhances operational efficiency and regulatory compliance across the fintech ecosystem.[15][16]

Emerging Prospects in the Fintech Sector Service Provider - Scheme License

Ghana's fintech sector is thriving due to robust demand fueled by increasing telecom and mobile data penetration, with the COVID-19 pandemic accelerating the shift toward digital transactions. The government has supported this growth through regulatory reforms, such as the Payment Systems and Services Bill and the Ghana Cash Lite Road Map, which promote competition by allowing non-bank entities to participate.

Internet usage continues to rise, with over half the population online, reinforcing the sector's expansion. The Bank of Ghana is adapting to global fintech trends, reassessing its stance on digital currencies like Bitcoin while emphasizing blockchain's potential for financial inclusion. New regulations, including cryptocurrency oversight by 2025, are being developed alongside enhanced cybersecurity measures.

Innovations such as mobile money integration, Europay Mastercard and Visa (EMV) technology, and AI-driven credit rating platforms are transforming lending and payments. High mobile phone ownership and public engagement in financial activities further drive adoption. As a key fintech hub in Sub-Saharan Africa, Ghana attracts foreign investment and serves as a gateway to the West African market, offering opportunities for international collaboration and growth.

GLOSSARY

Fintech: Short for "financial technology," referring to the use of technology to deliver financial services efficiently.

Digital financial services: Financial services delivered through digital platforms, including mobile apps, USSD, and web portals.

Payment Systems and Services Act, 2019 (Act 987): The key law in Ghana governing digital payments, fintech operations, and electronic money institutions.

Dedicated Electronic Money Issuers (DEMIs): Non-bank entities licensed to issue and manage electronic money services such as mobile wallets.

Payment Service Providers (PSPs): Licensed companies that enable businesses and individuals to perform electronic financial transactions.

Mobile banking: Accessing banking services via mobile apps or SMS, including transfers, balance checks, and bill payments.

Insurtech: Technology-driven innovation in the insurance sector, often focusing on digital insurance platforms or microinsurance.

Interoperability: The ability of different financial systems (e.g., mobile money platforms, banks) to connect and transact seamlessly.

Core banking systems: The centralized systems used by banks to manage daily operations such as account management, transactions, and reporting.

Digital identity systems: Technologies that verify and authenticate individuals' identities digitally, often used for KYC processes.

Anti-Money Laundering (AML): Regulations and processes aimed at preventing the use of financial systems for illicit money laundering activities.

Know Your Customer (KYC): The process by which financial institutions verify the identity of their clients to prevent fraud and comply with AML laws.

Digital transformation in finance: The integration of digital technologies into all areas of financial services to improve service delivery and access.

Ghana's Digital Financial Inclusion Agenda: National strategies and initiatives aimed at increasing financial access through digital means.

Ghana.gov platform: The government's central digital platform for accessing public services and making electronic payments.

Fintech and Innovation Office (BoG): A unit within the Bank of Ghana responsible for licensing and supervising fintech operations in the country.

[15] https://www.bog.gov.gh/supervision-regulation/registered-institutions/
[16] https://www.bog.gov.gh/wp-content/uploads/2020/03/Licensing-and-Regulatory-Framework-for-Operators-of-Electronic-Payment-Systems.pdf

Taxation of the Oil Industry in Ghana: A Legal and Regulatory Guide

Part I: Domestic Taxation Framework Applicable to the Oil Industry

Introduction

The discovery of commercial quantities of oil in Ghana in 2007 most notably, the Jubilee Field transformed the country's economic and legal landscape. Ghana, as an emergent oil-producing nation, Ghana faced the complex task of developing a taxation regime that would both attract foreign investment and ensure equitable national benefit. Taxation plays a central role in this balance, representing the most stable and significant revenue stream from the extractive sector. Ghana's petroleum taxation framework has since undergone substantial reforms to reflect this dual objective.

This article critically examines the domestic legal and tax instruments that apply to the petroleum industry in Ghana, including income tax, royalties, capital gains, and indirect transfers. The analysis draws from statutory law, administrative practice, and international comparisons, providing a scholarly and practical guide to the Ghanaian legal framework.

Legal and Historical Evolution of the Petroleum Fiscal Regime

Ghana's engagement with hydrocarbon petroleum regulation began in the mid-1980s with the enactment of three legislations. eThe first legislation governing the sector is the Ghana National Petroleum Corporation Act, 1983 (PNDCL 64), which established the Ghana National Petroleum Corporation (GNPC) (GNPC) as the national oil corporation and key state actor in petroleum operations[1]. This was followed by the Petroleum Exploration and Production Law, 1984 (PNDCL 84), which was enacted to regulate the exploration and production activities whilst authorized providing the framework for the government of Ghana's engagement with international oil companies (IOCs) regarding petroleum operationsexploration under concession agreements[2]. Thirdly, The Petroleum Income Tax Law, 1987 (PNDCL 188) was passed to regulate taxation in the upstream oil and gas sector. Presently, both PNDCL 84 and PNDCL 188 have been repealed.

Following the discovery of oil, Ghana introduced the Petroleum Revenue Management Act, 2011 (Act 815) to provide a framework for the upstream petroleum sector to guide govern the collection, allocation, and investment management all revenue associated with commercial activities of petroleum produced within the jurisdiction of Ghana revenue[3]. This Act established the Petroleum Holding Fund, the Ghana Stabilisation Fund, and the Ghana Heritage Fund, marking a major advancement in fiscal governance and Ghana's petroleum revenue management framework, a strategic move to ensure transparency, accountability, and prudent use of oil and gas revenues.

In tandem, the outdated licensing regime under PNDCL 84 was replaced by the Petroleum (Exploration and Production) Act, 2016 (Act 919), a modern legislation that introduced competitive bidding and clarified the rights and obligations of contractors[4].

These petroleum-specific laws are complemented by the Income Tax Act, 2015 (Act 896) ("Act 896"), which introduced petroleum-specific provisions and repealing the older Internal Revenue Act, 2000 (Act 592)[5]. The integration of petroleum taxation into general income tax law reflects Ghana's intention to unify its tax code while retaining sector-specific rules.

Income Taxation of Upstream Petroleum Operations

Petroleum companies are taxed under section 3(3) of Act 896, which classifies income from petroleum operations as a separate source of income[6]. The applicable corporate income tax rate for petroleum operations under petroleum agreements is up to fifty percent (50%) on the profits of petroleum companies.[7] Due to the provision granting the State the discretion to modify the stipulated 50% rate, all existing petroleum agreements currently apply an effective corporate income tax rate of 35% on profits.

Ghana applies ring-fencing rules under section 78(3) of Act 896, which prevent petroleum companies from losses in one contract area to offset gains in another[8]. This ensures project-level accountability and mitigates tax base erosion. A petroleum agreement area is treated as a distinct business for tax purposes.

Allowable deductions include expenses "wholly, exclusively and necessarily" incurred in earning income exploration, production, and decommissioning costs qualify, provided they are approved by the Ghana Revenue Authority (GRA)[9]. Capital allowances are granted on a straight-line basis over five years.[10]

Losses may be carried forward for five (5) years under section 17 of Act 896, though not across ring-fenced areas[11]. This limits the strategic deferral of tax obligations. Non-resident service providers are subject to a 15% final withholding tax on payments received for services rendered to petroleum companies[12]. This captures tax from foreign technical service providers, who often dominate upstream operations.

Withholding Taxes and Non-Resident Taxation

Withholding tax is a vital instrument for taxing non-resident participation in Ghana's oil sector. Sections 116 and 117 of Act 896 impose withholding tax on interest, royalties, management fees, and service fees paid to non-residents[13]. The standard rate is fifteen percent (15%), reduced under applicable Double Taxation Agreements ("DTAs")[14].

Contractors must withhold tax at a rate of 5% on payments to resident and non-resident subcontractors for works and services, including tool and equipment rental, and also 5% on the supply of goods and services exceeding GHS 500 to residents. Rent payments to resident individuals attract 8%, while payments to non-residents for royalties, natural resource payments, and rents are taxed at 10%, and management, consulting, technical, and endorsement fees are taxed at 15%. Short-term insurance premiums paid to non-residents attract a 5% withholding tax. Some Petroleum Agreements allow exemptions for cost-based payments between contractors and affiliates. Subcontractors are also required to withhold tax: 8% on interest (excluding individuals and financial institutions), dividends, and rent paid to residents, and 5% on goods and services above GHS 500. For non-residents, subcontractors must withhold 8% on dividends, 10% on royalties and rents, 15% on management and consulting fees, and 5% on short-term insurance premiums[15].

Ghana has entered DTAs with the United Kingdom, South Africa, France, and several others[15][16]. These treaties reduce withholding tax and define the threshold for Permanent Establishment (PE), a prerequisite for taxing business profits. Under most DTAs, a PE exists where a non-resident has a fixed place of business or operates through a dependent agent[17].

A recent example involved a tax dispute in 2022 between the Seadrill Ghana Operations Limited v. The Commissioner-

General of the Ghana Revenue Authority (GRA)[18], where the Independent Tax Appeals Board, upheld the GRA's decision that a six-month drilling campaign by a foreign subcontractor constituted a PE under the Ghana-UK DTA, triggering corporate income tax obligations[17][19]. Ghanaian courts and the GRA interpret PE provisions in line with OECD Commentary, although Ghana is not an OECD member[20][18]. This reflects a trend towards harmonizing domestic tax enforcement with international norms.

Other Taxes: Windfall Taxes, Royalties and Surface Rentals

Royalties are a key fiscal instrument imposed on gross production, irrespective of profitability. Oil companies pay royalties to the state being the owner of the mineral rights[21]. Under section 87 of Act 919, royalties are payable in cash or kind (oil), typically ranging from 5% to 12.5% of the total gross production depending on the negotiated petroleum agreement[22]. Where the State elects for payment in kind, the value of the oil is US Dollars on the day the petroleum received is reported and recorded by the Ghana Revenue Authority as payment to the State[23]. Royalties are non-deductible for income tax purposes[24]. Surface rentals are annual payments imposed for the area licensed, intended to discourage speculative licensing and promote active exploration[25]. These rentals are a key component to petroleum taxation, constituting annual payments made by the oil companies to the State for the right to lease the surface area of land or sea designated for petroleum exploration. These payments are calculated in U.S. Dollars per square kilometer of acreage operated by the licensees.

[1] Ghana National Petroleum Corporation Act, 1983 (PNDCL 64).
[2] Petroleum Exploration and Production Law, 1984 (PNDCL 84).
[3] Petroleum Revenue Management Act, 2011 (Act 815).
[4] Petroleum (Exploration and Production) Act, 2016 (Act 919).
[5] Income Tax Act, 2015 (Act 896).
[6] s 3(3), Act 896.
[7] https://www.piacghana.org/wp-content/uploads/2023/06/simplified_guide_to_ghanas_petroleum.pdf
[8] s 78(3), Act 896.
[9] Ghana Revenue Authority, Transfer Pricing Guidelines for Multinational Enterprises and Tax Administrations (2019), para 45.
[10] s 17, Act 896.
[11] ibid.
[12] s 109, Act 896.
[13] ss 116–117, Act 896.
[14] Double Taxation Agreement between Ghana and the United Kingdom (1993), art 10.
[15] https://www.pwc.com/gh/en/pdf/ghana-petrol-tax-guide-2011.pdf
[16] Ministry of Finance, Ghana's Double Taxation Treaty Network: Status Report 2024.
[17] OECD, Model Tax Convention on Income and on Capital (Condensed Version, 2017), Commentary to Article 5.
[18] SEADRILL-VRS-COMM-GENERAL-GRA-JUDGMENT.pdf
[19] Ghana Revenue Authority v Offshore Tech Inc. (2022) Tax Appeal No. 114/22 (unreported).
[20] OECD (n 16)
[21] https://www.piacghana.org/wp-content/uploads/2023/06/simplified_guide_to_ghanas_petroleum.pdf
[22] s 87, Act 919.
[23] https://www.piacghana.org/wp-content/uploads/2023/06/simplified_guide_to_ghanas_petroleum.pdf
[24] ibid.
[25] Ministry of Energy, Model Petroleum Agreement (2018), cl 12.

Under the Model Petroleum Agreement, the surface rental charges are currently as indicated in the table below:

Rate of Return (RoR)	Additional Oil Entitlements
RoR < 12.5%	0%
RoR > 12.5%	10%
17.5%<=RoR < 22.5%	12.5%
22.5%<=RoR < 27.5%	20%
RoR >= 27.5%	30%

Although nominally compared to royalties, these charges serve both fiscal and regulatory functions. They are generally non-deductible, though practice varies depending on contractual terms.

Additionally, Windfall profit taxes, also known as additional oil entitlements, were introduced with the aim of capturing extra gains from oil companies. These are taxes are additional taxes levied on windfall profit at a pre-negotiated rate of return. The rationale behind the windfall tax was to ensure that the State benefits from unexpected high profits in the petroleum sector.[26]

The Government of Ghana has a share or a percentage interest in the crude oil being produced in a development and production area by Contractors. The Additional Oil Entitlement (AOE) indicated in the petroleum agreements seeks to measure Ghana's entitlement to the crude oil and acts as an additional windfall tax. This share is based on the after-tax inflation – adjusted rate of return that the Contractor achieved with respect to each field. AOE are computed monthly, quarterly or yearly depending on the provisions of the petroleum agreement of the Contractor. A provisional AOE calculation is based on the best estimates of factors in case of disagreement. A revision is made retrospectively when the disagreement is resolved. A final computation of AOE is made within thirty (30) days following the filing of annual tax returns by the Contractor.[27]

Capital Gains and Indirect Transfers

Capital gains taxation has received renewed attention, particularly regarding indirect transfers. Section 5 of Act 896 taxes gains from the disposal of assets, including rights or interests in oil blocks[2822].This covers both direct transfers (sale of a petroleum interest) and indirect transfers (sale of shares in an offshore parent company holding the Ghanaian interest).

Act 1094 (2020 Amendment) clarified the GRA's powers to tax indirect transfers, which were previously ambiguous.[2923] Companies must notify the GRA of any change in control that may trigger a capital gains event. Valuation is based on the fair market value of the Ghanaian asset, and enforcement requires inter-jurisdictional cooperation.

This reform followed high-profile transactions such as the Tullow/Kosmos stake restructuring, where offshore share transfers triggered scrutiny over whether Ghana could tax the underlying Ghanaian petroleum assets.[30]

Comparative Insight and Fiscal Alignment: Ghana and Nigeria

Ghana's taxation of petroleum operations reflects a hybrid regime, combining elements of royalty/tax and production-sharing systems. Comparatively, Nigeria's Petroleum Industry Act (2021) adopts a production-sharing and cost-recovery approach, with tiered taxation based on water depth and fiscal instrument type[3125]. Ghana's relative simplicity, combined with recent updates to anti-avoidance rules and transparency provisions, has earned it praise in regional assessments[2632].

However, challenges remain. Ghana must balance fiscal competitiveness with its sovereign interest in optimizing petroleum revenues, particularly under pressure from declining exploration activity and global energy transition dynamics.

Conclusion

Ghana's domestic legal framework for taxing petroleum operations is robust and evolving. It combines core principles of general income taxation with petroleum-specific provisions under Act 919 and its accompanying agreements. The system reflects a policy commitment to transparency, ring-fencing, and evquitable resource mobilization.

Nonetheless, several complexities lie at the intersection of domestic and international tax law. These include the enforcement of anti-avoidance rules, the impact of fiscal stability clauses, and the challenge of taxing multinational entities operating through complex structures. In Part II, we will explore these themes in depth examining Ghana's international taxation challenges, its treaty policy, stability agreements, and how global reforms such as the OECD Pillar Two framework might shape the future of petroleum taxation in Ghana.

[26] https://citinewsroom.com/2022/02/apply-windfall-profit-from-oil-revenue-to-reduce-fuel-prices-wereko-brobby/
[27] https://www.pwc.com/gh/en/pdf/ghana-petrol-tax-guide-2011.pdf
[28] Section 5, Act 896.
[29] Income Tax (Amendment) Act, 2020 (Act 1094).
[30] Public Interest and Accountability Committee (PIAC), Annual Report on Petroleum Revenue Management (2023).
[31] Petroleum Industry Act (Nigeria), No. 6 of 2021, ss 257–280.
[32] African Centre for Energy Policy, Ghana Petroleum Tax Review 2023.

GLOSSARY

Term	Definition
Capital Allowances	Deductions allowed for the depreciation of capital assets over time. In Ghana's petroleum sector, these are claimed on a straight-line basis over five years for qualifying expenditures.
Capital Gains Tax	A tax on profits arising from the sale or transfer of capital assets, including shares or interests in petroleum rights.
Dependent Agent	An individual or entity acting on behalf of a non-resident company with authority to conclude contracts, triggering a permanent establishment and tax liability in Ghana.
Double Taxation Agreement (DTA)	A bilateral treaty between Ghana and another country to avoid taxing the same income in both jurisdictions, typically by allocating taxing rights and reducing withholding tax rates.
Economic Rent	The excess profits generated from resource extraction beyond normal returns on investment, which states seek to capture through taxation and royalties.
Exploration and Production License	A government-issued authorization that grants rights to search for and extract petroleum resources in a specified area, subject to applicable fiscal and regulatory conditions.
Fiscal Stability Clause	A provision in petroleum agreements guaranteeing that the fiscal terms (such as taxes and royalties) will not be worsened for the investor during the life of the contract.
Ghana National Petroleum Corporation	The state-owned entity established under PNDCL 64 to participate in petroleum operations, representing Ghana's commercial interests in the sector.
Ghana Revenue Authority (GRA)	The central tax administration body responsible for assessing, collecting, and enforcing tax laws in Ghana, including those relating to the petroleum sector.
Ghana Stabilisation Fund	A sub-fund of the Petroleum Holding Fund designed to cushion the national budget against petroleum revenue volatility.
Indirect Transfers	Transactions involving the sale of shares in an offshore holding company that owns a Ghanaian petroleum interest, triggering Ghanaian capital gains tax despite the transaction occurring outside the country.
Model Petroleum Agreement (MPA)	A standard contractual template issued by the Government of Ghana outlining terms and conditions for exploration and production agreements, including fiscal obligations, rights, and responsibilities of contractors.
OECD Pillar Two	A global tax reform initiative led by the OECD introducing a minimum effective tax rate (currently 15%) on large multinational corporations to reduce base erosion and profit shifting.
Permanent Establishment (PE)	A fixed place of business through which a non-resident company operates in Ghana, or a dependent agent acting on its behalf, triggering local tax obligations under both Ghanaian law and DTAs.
Petroleum Fiscal Regime	The legal and policy framework that governs how revenue from petroleum operations is shared between the state and oil companies, including taxes, royalties, bonuses, and production-sharing terms.
Petroleum Holding Fund	A fund established under the Petroleum Revenue Management Act to receive all petroleum revenues due to the state before allocation to other government accounts.
Petroleum Operator	A company licensed to conduct exploration, development, and production activities under a petroleum agreement in Ghana.
Production Sharing Contract (PSC)	An agreement where the oil company bears exploration risks and costs but, if successful, shares production with the state after cost recovery. This is not Ghana's dominant regime but is used in other jurisdictions like Nigeria.
Ring-fencing	A tax rule that restricts companies from offsetting losses from one project or contract area against profits from another, ensuring tax is assessed on a project-by-project basis.
Royalty Tax System	A fiscal model in which oil companies pay a royalty on gross production and corporate income tax on net profits, as opposed to sharing production directly with the state.
Surface Rentals	Annual fees paid by license holders for the surface area of land covered by their petroleum rights, aimed at discouraging speculative holding of acreage.

GLOSSARY	
Term	Definition
Tax Appeals Board	An independent body established under the Revenue Administration Act to hear and determine appeals from taxpayers dissatisfied with decisions of the Ghana Revenue Authority, as outlined in Section 44 of Revenue Administration Act, 2016 (Act 915) , as amended
Tax Base Erosion	Strategies used by multinational companies to reduce their tax burden by shifting profits out of high-tax jurisdictions or exploiting legal loopholes, often addressed through anti-avoidance measures.
Transfer Pricing	The pricing of transactions between related entities, particularly across borders, which may be used to shift profits. Ghana enforces rules requiring arm's length pricing to prevent abuse.
Upstream Petroleum Operations	Activities related to the exploration, development, and production of crude oil and natural gas, as opposed to downstream (refining, distribution) operations.
Withholding Tax	A tax deducted at source on payments such as interest, royalties, and service fees made to residents or non-residents, with non-resident rates typically higher unless reduced by a DTA.

“We shape our buildings; thereafter they shape us.”

- Winston S. Churchill

Let’s keep in touch

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