

The background of the page is a vibrant photograph of a tropical beach. In the foreground, a large, lush green palm tree with long fronds dominates the right side. The ocean is a deep blue with white-capped waves crashing against a rocky shoreline. The sky is a clear, bright blue with a few wispy white clouds. The overall scene is bright and sunny, evoking a sense of a tropical paradise.

# COUNTRY GUIDE: GHANA

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<https://zapeo.net/ghana/>

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# ABOUT US

ZAPEO is an International PEO co-employer providing Employer of Record ( EOR ) Services in more than 113 countries around the world.

As an EOR, we provide employment contracts, payroll employees, pay over any taxes and statutory contributions and provide sponsorship for visa applications in order to comply with specific laws and regulations in the country.

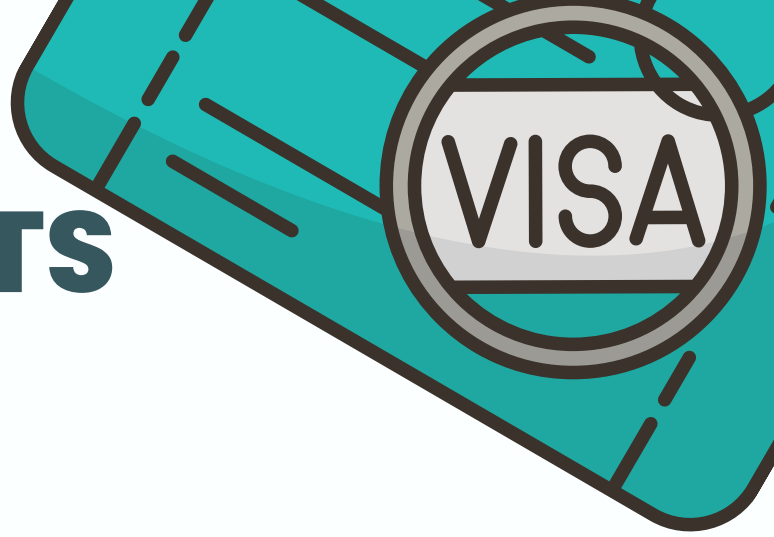
We also assist with onboarding and termination of both local or expatriate employees.

## BENEFITS

- Legal compliance
- Time and cost savings
- Access to global talent
- Flexibility
- Reduced liability
- Expertise



# WORK PERMITS AND VISAS



Ghana has a set of visas and work permits available to foreign nationals. Citizens of the Economic Community of West African States (ECOWAS) are not required to obtain a visa to visit Ghana. All other foreign nationals must apply for a visa at the Ghanaian embassy in their home country.

Visas and permits come in a variety of forms, including:

- **Single-entry:**

Visas allow visitors to cross the Ghanaian border only once and stay for up to three months.

- **Resident and work permit:**

To live and work in Ghana, international citizens will require a resident permit and a work permit in addition to an admission visa. A work permit is a document issued by the Ghana Immigration Service (GIS) that authorizes the employment of foreign nationals and specifies the quantity and type of people who are allowed to work. A Ghana work permit is normally valid for one year, with rare exceptions of up to six months. The work permit includes the name of the employer as well as a statement that the holder is only allowed to engage in the specific employment, business, or professional occupation listed on the work permit. A residence permit is normally sought after when a work permit has been granted. On behalf of the employee, a formal application to the Ghana Immigration Service is required.

# EMPLOYMENT CONTRACTS



## **Probation period**

There is no explicit provision in the Labor Act about maximum duration of probation period.

## **Notice period**

In Ghana, the notice period is as follows:

- One month's notice or compensation in lieu of notice for contracts of three years or more.
- Two weeks' notice or two weeks' salary in lieu of notice is required for employment contracts of less than three years.
- In the case of a week-to-week contract, seven days' notice is required. A contract that is determinable at will by any party may be terminated without notice at the end of the day.

## **Minimum wage**

Ghana's daily minimum wage is 13.53 GHS per day.

## **Working hours and overtime**

In Ghana, a conventional workweek is 40 hours long and is often split down into 8 hours per day for a five-day workweek. In some industries, the workweek can be extended to 48 hours. Overtime compensation is paid at 150% of the regular pay rate for hours worked in excess of 40 per week.

## **Termination**

The process for terminating an employee or a collective bargaining agreement differs depending on the type of contract and the cause for termination. The employment contract can be terminated at any time by either the employee or the employer. A written notice is required. If the termination is ruled unjust, the employee has the right to file a claim with the labor court and, in some situations, have their job reinstated. If the job is deemed 'at-will,' either the employer or the employee has the right to terminate the employment at any time without warning at the conclusion of the day. It is possible to pay the employee in place of notice if the employment contract does not contain an "at will" clause.

## **Severance**

Individual dismissals are not entitled to severance pay (for non-economic reasons). Compensation is negotiated between the company and the employee when the termination is due to redundancy.

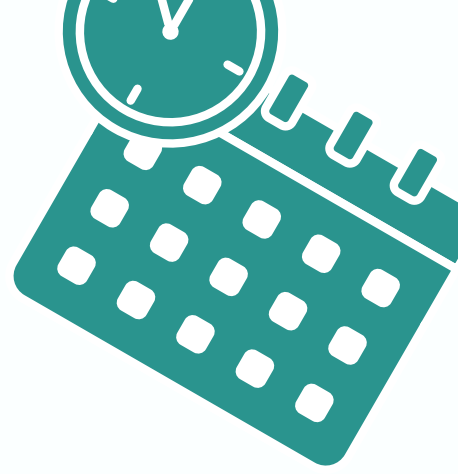
## **Non-compete clause**

Employers can impose restrictions on employees through non-compete agreements or a clear condition in the employment contract. Such limitations must be reasonable and for a specific period of time.

## **Collective bargaining**

Unless the latter is more favorable to the worker, the provisions of an established collective bargaining agreement take precedence over the terms of any contract, and it makes no difference whether the contract was concluded before the collective bargaining agreement.

# PAID TIME OFF



## Annual Vacation

A full-time employee's yearly paid leave entitlement is 15 working days after one year of employment. An employee is required to take all of their annual leave at the same time.

## Sick

In Ghana, there is no legal requirement for paid sick leave.

## Maternity

Pregnant employees are entitled to 12 weeks of paid maternity leave (increased to 14 weeks in the case of multiple or complex deliveries) at 100 percent of their usual pay rate.

When a woman returns from maternity leave, she is entitled to one hour of paid time off during the workday to nurse her kid until the child turns one year old.

## Paternity

There are no legal requirements for paternity leave.

## Family

An employee may be permitted extra leave pending employer approval for the following:

- Adoption: An employee who adopts a kid under the age of ten is entitled to paid leave depending on the average pay of the employee.
- Childcare leave: A mother or father can take paid (minimum salary) childcare leave, which varies depending on the age of the child:
  - 3 days' leave for up to two children under the age of 14.
  - 6 days' leave if you have three or more children under the age of 14.
- Parents of disabled children should consider the following: Until the child reaches the age of 18, the mother or father can take an extra day off each month.

## National Holidays

Ghana has a total of 13 public holidays which are paid.

## Other Paid Time Off

N/A

# EMPLOYEE BENEFITS



## Statutory

### Unemployment

Not yet established.

### Workers compensation

The Workmen's Compensation Act of 1987 requires all employers of labor to set aside money to compensate any employee who is injured on the job, whether or not the employer is at fault.

### Social Security

The social security contribution scheme is structured into three tiers, with the first two requiring mandatory contributions and the last one being voluntary. The employee is required to contribute 5.5% with the employer contributing 13%. Of the total contribution of 18.5%, 13.5% is contributed to the first tier and 5% to the second tier schemes.

### Retirement

Covered by Social Security.

### Health

The National Health Insurance Scheme (NHIS) is a government-sponsored social intervention program that aims to give people of Ghana financial access to high-quality health care.

## Private

### Workers compensation

Private workers compensation is available in Ghana.

### Retirement

Private retirement/pension schemes are available in Ghana.

### Health

Private healthcare is available in Ghana.

### Life

Private life insurance is available in Ghana.

# TAX



## Personal Income Tax ( PIT )

- **Tax year** : Tax year runs from January 1st to December 31st.
- **Tax rate** : Residents are subject to tax at rates ranging from 0% to 30%. Non-residents pay a flat rate of 25% on their taxes.
- **Tax method** : Taxes are levied on income earned during the calendar year. The tax will be assessed on the income received for the year in the case of irregular income. Anyone earning money in Ghana must either go to the local GRA DTRD office to declare and pay income tax, or file and pay taxes online.
- **Tax residency requirements** : If a person meets the following criteria, he or she is considered a resident for the evaluation for a year:
  - A Ghanaian citizen (other than one who has a permanent residency outside of Ghana for the whole assessment year) who is present in Ghana for a period or periods totaling 183 days or more in any 12-month period that begins or ends during the assessment year.
  - On assignment overseas, a Ghanaian government employee or official
  - A Ghanaian citizen who has been out of the country for less than 365 days (where the individual has a permanent home in Ghana).
- **Double taxation agreements ( DTA's )** : Ghana has multiple double taxation agreements.

## Investment Income Tax

Residents and non-residents alike are liable to a final withholding tax (WHT) of 8% on dividends. Non-residents will be subject to the provisions of any existing double tax treaties (DTTs). A resident financial institution's interest income to people is tax-free. Similarly, the payment of interest to people on government bonds, including interest on Treasury bills, is tax deductible.

## Taxable Income

The following are examples of taxable income from job, business, and investment for a resident:

- Gains and profits from any employment
- Profits or gains derived from a trade, business, profession, or vocation.
- Gains resulting from the sale of assets and liabilities.
- Gifts.
- Dividends.
- Any kind of fee or annuity.
- Royalties, premiums, and any other property earnings.



# PAYROLL



## Payroll Elements

- **Income:** Salary, earnings, bonuses, overtime pay, taxable benefits, allowances, and certain lump sum perks are examples of remuneration (revenue from employment). Profits or losses made by a company or trade. Income or profits derived from an individual's status as a trust beneficiary.
- **Deductions:** Aside from social security contributions, qualifying insurance premiums, and charitable contributions, no non-business expenses or standard deductions are allowed.
- **Benefits in Kind:** Benefits in kind are recognized as part of an employee's compensation under Ghanaian labor law. Benefits in kind are non-cash perks that an employee receives from their employer, such as housing, health insurance, corporate automobiles, and other perks of a similar kind.
- **Employer contributions:** Workers compensation and social security.

## Payroll Taxes

Rates of Contribution to the Social Security System ( Tier 1)

Employer: 13.0% of worker's basic salary; employee: 5.5% of worker's basic salary; total: 18.5%

The employer remits 13.5% of the 18.5% to SSNIT within 14 days of the next month. The Second-Tier Mandatory Occupational Scheme receives 5% of the proceeds.

SSNIT then pays 2.5% of the 13.5% to the National Health Insurance Authority (NHIA) for the members' health insurance.

## Payroll Calendar

Employees are not required to be paid on a set schedule.

Payrolls can be done weekly, biweekly, fortnightly, or monthly.

# LEGISLATION AND STATUTORY BODIES



## LEGISLATION

- Labor Act, 2003
- Labor Regulations, 2007
- National Pensions Act, 2008
- Workmen's Compensation Act, 1987
- Occupational Safety and Health Act, 2020

## STATUTORY BODIES

- The National Labor Commission
- Ghana Revenue Authority



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