



**VAT, GETFUND LEVY AND NHIL ON ENERGY AND  
CAPACITY CHARGES**

The Ghana Revenue Authority's attention has been drawn to discussions in the media on Value Added Tax (VAT), Ghana Education Trust Fund Levy (GETFund) and National Health Insurance Levy (NHIL) on energy and capacity charges.

We wish to clarify the following:

- i. The GRA does not seek to introduce any new or additional taxes to be levied on energy and capacity charges.
- ii. The supply of electricity to a dwelling of up to a maximum consumption level specified for block charges for lifeline units is **STILL EXEMPT** from VAT, NHIL and GETFund Levy.
- iii. The Electricity Company of Ghana (ECG) already charges VAT, NHIL and GETFund levy on the supply of electricity in excess of lifeline units.

The purpose of the said letter was to draw the attention of power producers in particular, to the VAT mechanism as it applies to the power sector and to get operators to invoice the supply of power to the ECG correctly.

On account of their current invoicing policy, ECG over the years has had some challenges claiming input VAT associated with the supply of electricity by power producers, which could have reduced the net tax payable by ECG to GRA.

GRA is scheduling a meeting with Power Producers to address the application of the VAT mechanism to the power sector.

Meanwhile the letter dated 4<sup>th</sup> May, 2020 on VAT, GETfund Levy and NHIL on Energy and Capacity charges has been withdrawn.

The GRA wishes to assure the general public, especially power consumers, that no new taxes have been or are being introduced or levied on power consumption especially in the midst of the COVID-19 pandemic.

For: **COMMISSIONER-GENERAL**

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