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GHANA

Analysis of 2024 Tax Expenditure Report

About BudgIT

BudgIT is a civic organisation that uses creative technology to simplify public information, stimulating a community of active citizens and enabling their right to demand accountability, institutional reforms, efficient service delivery and an equitable society.

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Executive Summary

In 2024, Ghana's tax expenditures (TEs), amounted to GH¢4.804 billion, representing 3.18% of total revenue and 0.41% of gross domestic product (GDP). This figure was GH¢440.94 million less than the programmed GH¢5.245 billion, primarily due to better enforcement of the Exemptions Act, 2022 (Act 1083). While this shows fiscal prudence from Ghana on Imports, the problem here is the significant increase in domestic TEs, raising questions about the transparency, equity and value-for-money of Ghana's exemptions regime.

The import tax expenditure declined to GH¢2.51 billion in 2024 from GH¢3.55 billion in 2022 due to stricter enforcement of the Exemptions Act, despite the domestic tax expenditure increasing by 114% to GH¢2.298 billion due to a triple increase in the Domestic Direct TE (203%) from export incentives (+8,782%), mining (+66%), and free zones (+169%). The import tax expenditure is highlyconcentrated, with the top five beneficiaries from the exemptions accounting for over 76% of the entire tax expenditure, mining companies alone accounting for GH¢658.70 million (26.28%) while the business institutions account for 60.95%. In 2024, Parliament granted two waivers amounting to GH¢268.62 million, where 91% (GH¢244.22 million) were granted to one company, Ghana Bauxite Company. The tax expenditure in total is expected to grow to GH¢6.44 billion by 2029, with import exemptions holding roughly 58% of the total.

The benefits of taxes are limited to few companies, and the lack of verification mechanisms on whether the exemptions generate any public benefit, such as job creation, in proportion to the revenue foregone further raises issues regarding equity.

Additionally, while domestic incentives are increasing at a rate faster than the mechanisms for assessing their effectiveness, the lack of sunset clauses and independent evaluations means that the tax expenditures will continue indefinitely, competing with other government spending such as health and education.

The report recommends introducing mandatory sunset clauses and evidence-based renewal for all major tax expenditures, mandating beneficiary-level disclosure for large tax expenditures in high-risk sectors, conducting periodic, independent cost-benefit reviews of major sectoral incentives, and establishing a standing parliamentary and civil society oversight framework for tax expenditures.

1.0 Introduction

Ghana's total tax expenditure for the year 2024 was GH¢4.804 billion, which represents the revenues that the government willingly forwent due to tax incentives, exemptions, and preferential rates. The amount foregone is higher than the sum total of GH¢4.73 billion that the government expended on two of its biggest social programs, specifically the Free Senior High School/TVET (GH¢3.6 billion) initiative and the Ghana School Feeding Program (GH¢1.13 billion).

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Although the amount falls GH¢440.94 million short of the expected GH¢5.25 billion, mainly as a result of the improved implementation of the Exemptions Act, 2022 (Act 1083), it is nonetheless a large sum that must be critically examined.

The critical problem associated with the heavy reliance on tax exemptions provided to a select few private sector companies, particularly mining corporations (26.28%) and private business enterprises (60.95%), cannot be overlooked.

2.0 Context and Background

Tax expenditures are losses in government revenue incurred as a result of planned divergence from the regular tax system. For Ghana, tax expenditures are covered by Article 174 of the Constitution of 1992 and are regulated via the Exemptions Act of 2022 (Act 1083). Tax expenditure information for Ghana has to be submitted yearly by the Minister of Finance to Parliament and quarterly by the Ghana Revenue Authority.

The Revenue Forgone Method, which also adheres to the ECOWAS Directive C/DIR.4/07/23, is what Ghana uses to calculate the TEs. The formula adopted is: Tax Expenditure = Benchmark Tax Liability - Actual Tax Liability. Data for the calculation is retrieved from two main systems, the GITMIS (Ghana Integrated Tax Management Information System) for domestic tax expenditures and ICUMS (Integrated Customs Management System) for import exemptions.

Tax expenditures are categorised into three buckets: Import TE (exemptions on goods entering Ghana), Domestic Indirect TE (including excise sliding scales and zero-rated goods), and Domestic Direct TE (sectoral incentives for agriculture, mining, export, free zones, etc.).

3.0
Analysis of 2024 Tax Expenditure Data

The Numbers that Matter Most

Indicator	2024 value (GH¢)
Total tax expenditure	4,804 billion
Import tax expenditure	2.506 billion
Domestic indirect tax expenditure	1.498 billion
Domestic direct tax expenditure	799.82 million
TE-to-GDP ratio	0.41%
TE-to-total revenue ratio	3.18%
Initial 2024 projection	5.245 billion
Deviation from projection	440.94 million lower

Domestic Direct Tax Expenditure rose from GH¢264.04 million in 2023 to GH¢799.82 million in 2024. This represents an increase of 203%. This surge was largely driven by a significant increase in export incentives, which rose from GH¢2.62 million to GH¢232.70 million.

3.1 Overall Performance

Ghana's Total Tax expenditure (TE) remained relatively high over a three-year period, recording GH¢4.80 billion for 2024, up from GH¢4.62 billion in 2023 and another GH¢4.80 billion in 2022. However, the composition of these tax expenditures has been notably different across the period under study. Import-related tax expenditures dropped substantially to GH¢2.51 billion in 2024, compared to GH¢3.55 billion in 2022, indicating an improved management of import duties.
This is certainly an encouraging development considering Ghana's ongoing efforts in domestic revenue mobilisation and fiscal consolidation.

While import-related exemptions were reduced, there was a noticeable increase in domestic tax expenditure, particularly in direct tax expenditures. Domestic Direct Tax Expenditure rose from GH¢264.04 million in 2023 to GH¢799.82 million in 2024. This represents an increase of 203%. This surge was largely driven by a significant increase in export incentives, which rose

https://www.mofep.gov.gh/sites/default/files/reports/revenue/Tax%20Expenditure%202024.pdf from GH¢2.62 million to GH¢232.70 million. Additionally, mining sector concessions increased from GH¢224.85 million to GH¢374 million.

It is critical to discuss the effectiveness of the incentives provided to strategic sectors. Owing to the fact that Ghana still faces revenue issues and concerns related to its national debt, it is imperative for the government to be transparent in its tax exemptions and evaluate exemption performance regularly.

Category	Amount (GH¢M)	% Share
Import TE	**2.506 Billion**	**51.16%**
Domestic TE (Indirect)	**1.50 Billion**	**31.19%**
Domestic TE (Direct)	**799.8 Million**	**16.65%**
Total Tax Expenditure	**4.804 Billion**	**100%**

Source: 2024 Tax Expenditure Report

3.2 Import Tax Expenditure: Who Benefits?

Import exemptions totalling GH¢2.51 billion were distributed across several beneficiary groups. The top five accounted for over 76% of all import TEs:

Beneficiary	Amount (GH¢M)	% Share
Mining Companies	**658.70 million**	**26.28%**
General Exemptions	**428.92 million**	**17.11%**
GNPC & Upstream Oil Operators	**296.96 million**	**11.85%**
ECOWAS (Trade Liberalisation)	**267.61 million**	**10.68%**
Security Agencies	**260.03 million**	**10.38%**
Govt, Privileged Persons & Orgs	**87.52 million**	**3.49%**
Technical Assistance Schemes	**51.82 million**	**2.07%**
EU-GEPA	**40.52 million**	**1.62%**
Auto Policy	**36.79 million**	**1.47%**
AfCFTA	**7.38 million**	**0.29%**
Members of Parliament & Council of State	**5.36 million**	**0.21%**
Total	**2.51 billion**	**100%**

Source: 2024 Tax Expenditure Report

Seven mining companies received GH¢658.70 million in import exemptions (26.28% of all import TEs). Newmont Ghana Gold Limited alone received GH¢300.40 million.

Notable is that 60.95% of import TEs flowed to business institutions, while public institutions received 35.60%, NGOs 0.16%, and individual consignees 1.23%. The dominance of corporate beneficiaries, particularly in extractives (mining and petroleum) raises equity concerns and questions about commensurate public benefits.

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The mining tax regime in Ghana places higher duties on the mining industry. These are 35% corporate income tax as against 25% standard rate, 5% mineral royalty on gross revenues, 15% percent withholding tax on royalty payments, and 20% capital allowance calculated using a straight-line method over a period of five years. The import duty exemption provision is confined to only plant, machinery, and accessories brought in solely for use in mining operations, and its intent is to reduce the initial capital expenditure associated with setting up a mine and not to cover tax expenses.

Whether such concessions have been converted into development remains difficult to verify based on available public data. Pursuant to Article 267(6) of the 1992 Constitution, 25% of mineral royalties must go to stool lands and traditional authorities, however, lack of clear guidelines on how that money could be used has enabled some traditional councils to misapply that money beyond the intended purpose of development in the community. In addition, the Minerals Development Fund, which ensures another 20% of mineral royalties goes to mining communities, is not enough because the fund is below the 30% recommended by the Ghana Chamber of Mines to satisfy development needs in the communities.

The Minerals and Mining (Local Content and Local Participation) Regulations (L.I. 2431), enacted in 2020, require mining companies to develop local content and procurement plans to be submitted to the Minerals Commission, however, there is no data in the Tax Expenditure Report or the Minerals Commission's publications linking the GH¢658.70 million worth of import duty exemptions to tangible employment and local or community development. It is therefore imperative for CSOs to advocate for disclosure and there is no way to confirm whether the exemptions are delivering value commensurate with the revenue forgone.

3.3 Domestic Tax Expenditure Trends

Domestic TE increased significantly from GH¢1.073 billion in 2023 to GH¢2.298 billion in 2024, showing an increase of 114%. The reason for the increment can be attributed to two major areas. The Domestic Indirect Tax Expenditure had increased from GH¢809.49 million to GH¢1.498 billion, where the Excise Sliding Scale accounts for most of it, at GH¢615.21M which is designed to encourage manufacturers to make use of locally available raw materials. Also, project-based domestic relief increased from GH¢53.51M to GH¢437.46M, indicating a considerable expansion in domestic project exemption, while domestic refunds dropped from GH¢129.30 million to GH¢44.12 million, pointing to an improved revenue administration.

The amount spent on Domestic Direct Tax Expenditure increased by more than three times, growing from GH¢264.04 million to GH¢799.82 million. However, the most notable increase was recorded in export incentives that grew from GH¢2.62 million in 2023 to GH¢232.70 million in 2024, an increase of 88 times, thus posing the question whether such incentives benefit local companies or multinational corporations. The mining sector saw a 66% increase in concessions representing GH¢374.00 million, Free Zone incentives grew by 169% to GH¢77.62 million, and agricultural exemptions increased 63 times to GH¢44.39 million. The significant increase in agriculture incentives was a commendable development, given that food security remains one of the government's main goals. However, the magnitude at which these direct incentives have grown calls for greater transparency and accountability in how the benefits from tax expenditure are distributed.

Table 3.3 Domestic Tax Expenditure Trends

2023 (GH¢M)	Category/Change	2024 (GH¢M)
809.49	**Domestic Indirect TE** +85%	1,498.37
—	Excise Sliding Scale -	615.21
53.51	Projects (domestic relief) +717%	437.46
129.30	Domestic Refunds (post-paid) –66%	44.12
264.04	**Domestic Direct TE** +203%	799.82
2.62	Export Incentives +8,782%	232.70
224.85	Mining Concessions +66%	374.00
28.89	Free Zone Incentives +169%	77.62
0.70	Agriculture +6,241%	—
1,073.53	Total Domestic TE +114%	2,298.19

3.4 Tax Expenditure to GDP (TE-to-GDP) and Revenue Ratios

Ghana's total TE-to-GDP ratio stands at 0.41%, which is relatively modest compared to regional peers. However, the TE-to-revenue ratio of 3.18% is more telling. What this means is that for every GH¢100 of revenue collected, GH¢3.18 is foregone as a tax expenditure. Import TE alone accounts for 4.94% of import revenue, meaning nearly GH¢1 in GH¢20 of import taxes is effectively waived. The 0.41% TE-to-GDP ratio is low by international standards (Sub-Saharan Africa average is approximately 2-3% of GDP). This could suggest tight management or significant under-reporting.

The Global Tax Expenditures Transparency Index (GTETI), the first cross-country assessment of TE reporting quality, jointly produced by the Council on Economic Policies and the German Institute of Development and Sustainability, ranks Ghana 63rd out of 116 countries assessed worldwide, with a score of 46%, placing it in the bottom half of African countries that report the TE. Benin leads the continent by a wide margin (8th globally, 71%), and Niger, Burkina Faso, Guinea, Tunisia, Cameroon, Uganda (37th, 56%) and Rwanda (40th, 55%) all outrank Ghana, while Nigeria, South Africa and Zambia trail behind.

Ghana's performance across the index's five pillars is inconsistent. While Ghana fares relatively well with Public Availability (14.3/20) and Institutional Framework (17.3/20), owing to fairly consistent publication by the Ministry of Finance, its score drops drastically for Methodology and Scope (6.0/20), Descriptive TE Data (2.8/20) and TE Assessments (5.6/20). Although Ghana does provide some data on beneficiaries, such as the list of mining firms included in the Tax Expenditure report, the specific policy objectives or taxation mechanisms behind the provisions are seldom revealed. Also, similar to about 84% of other countries evaluated around the world, Ghana publishes no ex-ante or ex-post impact evaluation framework.

According to the 2025 IMF evaluation report, about 30 percent of Sub-Saharan African countries do not calculate TEs, while only half of the countries that do produce comprehensive estimates. Therefore, the 2-3% GDP regional benchmark is not based on a uniform foundation. Ghana's narrower methodology and scope, more than tighter management, likely explains much of the gap with the regional average. CSOs should press GRA and the Ministry of Finance for provision-level detail and ex-post impact assessments so Ghana's figures can be benchmarked with confidence.[3]

Table 3.4 Selected African countries on the Global Tax Expenditures Transparency Index (GTETI), ranked by overall score2

Country	GTETI Rank (/116)	GTETI Score (/100)	Public Availability (/20)	Descriptive TE Data (/20)	TE Assessments (/20)
Benin	8	71.0	11.0	15.2	15.6
Niger	19	62.2	13.3	15.0	5.6
Guinea	25	60.4	15.0	7.6	8.4
Burkina Faso	26	60.2	10.0	16.2	5.6
Tunisia	27	59.1	11.3	9.3	6.4
Cameroon	31	58.0	12.0	5.5	10.8
Uganda	37	56.0	11.0	10.2	8.0
Rwanda	40	55.1	10.0	10.4	8.0
Senegal	61	46.8	7.0	5.8	4.8
Gabon	62	46.2	10.0	5.5	4.0
Ghana	63	46.0	14.3	2.8	5.6
Nigeria	68	44.6	11.3	5.5	4.8
South Africa	71	44.2	14.3	7.3	6.4
Zambia	72	43.9	17.0	10.3	5.6

Source: https://gteti.taxexpenditures.org/ranking/

[3] IMF, "Tax Expenditures in Sub-Saharan Africa" (2025)

4.0 Parliamentary Exemptions

The 2024 fiscal year saw Parliament pass two tax waivers on the same day, July 26, 2024, totalling GH¢268.62m.

The 2024 fiscal year saw Parliament pass two tax waivers on the same day, July 26, 2024, totalling GH¢268.62m. The most significant was a tax waiver on import duty which amounted to $16,397,575 (GH¢244.22M) given to the Ghana Bauxite Company (GBC), a privately owned mining company under the Ghana Investment Promotion Centre (GIPC). The other tax waiver amounted to EUR 1,517,040 (GH¢24.40M) for the purchase of electronic learning laboratory equipment for Senior High Schools during phase two of the Televic project, awarded to the Belgian company, Televic, through the Ministry of Education.

Table 4.1: Parliamentary Exemptions in 2024

Project	Currency Amount	GH¢ Equivalent	Share of Total
Ghana Bauxite Company - Import Duty Waiver	USD 16,397,575	GH¢244.22M	91%
Televic Phase II - SHS E-learning Labs	EUR 1,517,040	GH¢24.40M	9%
Total		**GH¢268.62M**	**100%**

Source: 2024 Tax Expenditure Report

GBC's public record offers a partial answer, though none of it is formally linked to this waiver. Since Ofori-Poku Company Limited (OPCL) took an 80 percent stake in 2022, GBC has invested roughly US$123 million in new mining equipment, more than doubled its workforce (from under 500 to over 1,000 employees), and raised output from 1.3 million to a record 1.8 million tonnes of bauxite exported in 2024, targeting 6 million tonnes by end-2025. Management has also floated a pre-feasibility study for an alumina refinery it says would add jobs, export earnings and tax revenue.

However, none of this appears in any government or parliamentary record as justification for the GH¢244.22 million import duty waiver approved on 26 July 2024. No jobs target, export-earnings projection or revenue estimate was attached to the approval, and no mechanism exists to verify these benefits afterward. The waiver thus illustrates, in one transaction, the TE Assessments gap behind Ghana's GTETI score (5.6/20): substantial revenue is foregone on the strength of a company's growth story, not a published, measurable case for the specific concession granted.

The GBC waiver alone made up 91% of the total approved exemptions. This shows the government's ongoing reliance on import duty relief to attract foreign investment in the extractives sector. This trend calls for attention, considering the amount of revenue that was lost. The Televic approval brings up a critical concern. Awarding a public education contract to a foreign supplier, without clear reasons for excluding Ghanaian firms, conflicts with the goals of local content and industrial policy. Together, these waivers show the need for a stricter, criteria-based system for assessing and approving parliamentary tax exemptions.

5.0 Difference Between Projection and Outturn

The 2024 total tax expenditure outturn of GH¢4.804 billion was GH¢440.94 million lower than the projected GH¢5.245 billion. This overall reduction is largely attributed to stringent enforcement of the Exemptions Act, 2022 (Act 1083). This is an encouraging sign that legal and administrative reforms can improve fiscal discipline.

In contrast, the domestic direct and indirect tax expenditures exceeded projections. The overshoot in these categories was a result of an increase in the number of beneficiaries in sectors such as agribusiness and exports, higher chargeable income declarations under location incentives, extension of tax expenditures for zero-rated sales for textiles and automobiles and reduced refund applications in 2024. This suggests that while progress may have been made in controlling import-side leakages, domestic tax incentive regimes still require close monitoring and tighter design.

6.0
Medium-Term Outlook:
Tax Expenditure Estimates, 2026–2029

Over the medium term, Ghana's TE is expected to increase slightly, from GH¢5.75 billion in 2026 to GH¢6.44 billion in 2029, representing an increase of approximately GH¢690 million over the four-year period. Import exemptions are expected to remain the largest component, rising from GH¢3.12 billion in 2026 to GH¢3.72 billion in 2029, constituting approximately 58% of total TE in the medium term. Domestic indirect TE is expected to remain stable, ranging between GH¢1.51 billion and GH¢1.55 billion, while domestic direct TE, the smallest component, shows a slight growth, from GH¢1.11 billion to GH¢1.17 billion, indicating a gradual expansion of targeted incentives directed towards specific sectors and investors.

Year	Total TE (GH¢Billion)	Import (GH¢Billion)	Domestic Indirect (GH¢Billion)	Domestic Direct (GH¢Billion)
2026	5.75	71.0	11.0	15.2
2027	5.99	62.2	13.3	15.0
2028	6.21	60.4	15.0	7.6
2029	6.44	60.2	10.0	16.2

Source: https://gteti.taxexpenditures.org/ranking/

In terms of budgetary considerations, these estimates present significant implications. A projected total tax expenditure amounting to GH¢6.44 billion by 2029 presents an increasing burden on Ghana's financial system, which could have otherwise been directed towards investments in health, education, and other infrastructure. At a time when Ghana is navigating post-debt restructuring and fiscal consolidation while aiming to rebuild fiscal buffers, such levels of large-scale off-budget expenditures through the tax system threaten to erode the credibility of the country's revenue mobilisation goals.

Additionally, given that import exemptions account for most of the projected increase, the economy is still susceptible to a structural weakness pointed out in recent times, that is, an over-dependence on trade-related tax incentives which do not necessarily deliver commensurate economic benefits. Without a proper evaluation mechanism based on outcomes, Ghana runs the risk of being stuck in a cycle of losing revenues that would have otherwise increased its fiscal flexibility and improved its ability to finance development needs domestically.

7.0
Policy
Recommendations

1

Introduce Mandatory Sunset Clauses and Evidence-Based Renewal for All Major Tax Expenditures.

Parliament should work together with the Ministry of Finance to amend relevant fiscal legislation so that all significant tax incentives have a fixed expiry date, generally three to five years, with renewal dependent on demonstrated performance against predefined benchmarks such as job creation, investment additionality, export growth, and domestic value addition. Such reform is needed because the current system enables the accumulation of incentives without systematic review, leading to a growing stock of forgone revenue, with no requirement for beneficiaries to justify continued public support.

2

Mandate Beneficiary-Level Disclosure for Large Tax Expenditures in High-Risk Sectors.

There must be a report published each year by the Ministry of Finance and GRA, which identifies the beneficiaries or groups of beneficiaries of large tax exemptions, especially those relating to the mining sector, the oil industry, free zones, and project-specific exemptions. The information should be made available in such a way that there is no violation of any legal obligation towards confidentiality but enough information is provided for proper scrutiny. Otherwise, there will be no way to determine whether such exemptions achieve their intended purposes or merely benefit private parties.

3

Conduct Periodic Independent Cost-Benefit Reviews of Major Sectoral Incentives.

Cost-benefit analyses for large sector-specific incentives should be carried out periodically and independently by an external fiscal body, with emphasis on extractive industries, free zones, and project exemptions in particular due to their financial significance. The analysis should involve assessing the results based on the initial policy intention to ascertain whether the economic gains outweigh the forgone revenues. The assessment is important due to the limited fiscal capacity in which each exemption competes directly with public expenditure on health, infrastructure and education, among others.

4

Establish a Standing Parliamentary and Civil Society Oversight Framework for Tax Expenditures.

There needs to be an annual review of tax expenditures by the Parliamentary Finance Committee, together with organised civil society groups and think-tanks, which is a different exercise from the general budgeting process, where the Ministry of Finance is expected to submit its tax expenditure report for scrutiny and explanation of trends. The involvement of civil society in such a process will ensure that the process remains independent and does not remain in the domain of technocrats in government only. Since tax expenditures amount to billions of cedis per year, there should be equal oversight on them as on other direct budget items.

8.0 Conclusion

The 2024 Tax Expenditure Report reveals both improvements and challenges concerning how tax incentives are managed in Ghana. Despite the decrease in total tax expenditure relative to projections and the drop in import exemptions, indicating that the introduction of the Exemptions Act, 2022, has resulted in some improvements in fiscal discipline, the amount of revenue foregone by the government, at GH¢4.804 billion, remains relatively high. Also, the sharp rise in domestic tax expenditures, especially export incentives, mining allowances, and project-related reliefs, cannot be overlooked, as it raises significant concerns about the effectiveness, transparency, and equity of Ghana's current exemptions regime.

While the use of tax incentives may greatly stimulate investment and economic growth, there should be sufficient evidence that they yield substantial public benefits that justify the tax foregone. Tax expenditures are effectively public spending delivered through the tax system. Like every cedi allocated through the national budget, every cedi forgone through exemptions should be transparent, measurable, and accountable to citizens. As Ghana seeks to strengthen domestic revenue mobilisation and rebuild fiscal resilience, tax incentives must increasingly demonstrate clear public value rather than operate as largely invisible subsidies.

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