



GRA

GHANA REVENUE AUTHORITY

**Practice Note on
Contribution or a Donation to a
Worthwhile cause under the Income Tax
Act, 2015 (ACT 896)**

Practice Note Number: **DT / 2016 / 003**

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1.0 TAX LAW

The Commissioner-General is empowered under paragraph 2 of the Seventh Schedule of the Income Tax Act, 2015 (Act 896) to issue Practice Notes setting out the interpretations placed on provisions of the Act by the Commissioner-General. Accordingly this Practice Note is issued in respect of deduction from income that may be claimed by a person for contributions and donations made to a worthwhile cause approved by Government as provided for under Section 100 of the Act.

2.0 THE PURPOSE OF THIS PRACTICE NOTE

This practice note is issued to give clarity on the determinants of a worthwhile cause and to provide guidance to taxpayers, tax practitioners, staff of the Ghana Revenue Authority and the general public on the processes and procedures by which a person who makes a contribution or a donation to a worthwhile cause can make a claim for a deduction from the person's income for such contribution or donation, with specific reference to Sections 2, 97 and 100 of the Act, in order to achieve consistency in the administration of the law.

3.0 INTERPRETATION

In this Practice Note the word "Act" means the Income Tax Act, 2015 (Act 896).

Definitions and expressions used in this Practice Note have the same meaning as they have in the Act.

4.0 APPLICATION OF THE LAW

4.1 Determinants of a Worthwhile Cause

The Act under subsection (2) of section 100 provides a list of worthwhile causes approved by Government as:

- (i) a charitable organisation which meets the requirements of section 97 of the Act,

- (ii) a scheme of scholarship for an academic, technical, professional or other course of study,
- (iii) development of any rural area or urban area,
- (iv) sports development or sports promotion; and
- (v) any other worthwhile cause approved by the Commissioner-General.

4.2 Approval of a worthwhile cause

- (i) **Charitable Organisation:**
The organisation must be in possession of an unexpired written approval issued by the Commissioner-General in accordance with the section 97 of the Act.
(Refer also to the Practice Note of the Commissioner-General on Charitable Organisations).
- (ii) **A scheme or course of study**
A scheme of scholarship for an academic, technical, professional or other course of study should be backed by a written attestation issued by the Minister for Education, confirming the scheme or course of study as a worthwhile cause for the purpose of section 100 of the Act.
- (iii) **Rural or Urban Development**
An activity or event carried out for the purpose of the development of an urban or rural area should be backed by a written attestation issued by the Minister for Local Government, confirming the activity as a worthwhile cause for the purpose of section 100 of the Act.
- (iv) **Sports development or promotion**
An activity or event carried out for the purpose of sports development or promotion should be backed by a written attestation issued by the Minister for Youth and Sports, confirming the activity as a worthwhile cause for the purpose of section 100 of the Act.
- (v) **Other worthwhile cause approved by Commissioner-General.**

The Commissioner-General may make reference to the following issues in considering any other activity or event for approval as a worthwhile cause for the purpose of section 100 of the Act:

- a. The activity or event addresses clearly identifiable socio-economic needs at the national, regional, community or other local levels of the country;
- b. The Need can be quantified in terms of cost;
- c. The benefits derived from the activity or event are non-discriminatory in nature;
- d. The activity or event is not intended whether knowingly or consequentially to disrupt social life or cause environmental pollution or degradation.

5.0 CLAIM FOR DEDUCTION

5.1 Application for Deduction for Contribution to a Worthwhile Cause

A taxpayer seeking to make a claim for a deduction in respect of a contribution or a donation to a worthwhile cause must complete a “Claim form for deduction for contribution/donation to a worthwhile cause” and submit the said form to the Commissioner-General through the applicant’s Tax Office (Refer to Appendix 1).

5.2 Acknowledgement by Beneficiaries

An application for a deduction from income in respect of a contribution or donation to a worthwhile cause must be supported with a written acknowledgement from verifiable beneficiaries of the worthwhile cause. Such beneficiaries must have a valid Taxpayer Identification Number (TIN) issued under the Taxpayers Identification Numbering System Act 2002 (Act 632).

5.3 Approval of amount of deduction to be allowed.

The Commissioner-General shall give consideration to Section 34 of the Act (General anti-avoidance rule) in approving an amount to be allowed as a deduction from income for a contribution or donation to a worthwhile cause.

Signed

Date

**KWASI GYIMAH-ASANTE
COMMISSIONER – DTRD
FOR : COMMISSIONER-GENERAL**

APPENDIX

GHANA REVENUE AUTHORITY

**CLAIM FORM FOR DEDUCTION FOR CONTRIBUTION/DONATION TO A
WORTHWHILE CAUSE
(Section 100 of the Income Tax Act 2015, (Act 896))**

(Please read the completion notes overleaf before completing this application form)

Name Of Taxpayer:.....

TIN of Taxpayer:

GRA OFFICE:.....

I/We wish to apply to claim a deduction as a result of my/our contribution/donation to a worthwhile cause for the yearas follows:

S/No.	Details of worthwhile cause	Beneficiary	TIN of Beneficiary	amount (GHS)
TOTAL				

ATTACHMENT: Please find attached the acknowledgement by the beneficiaries

DECLARATION:
I do hereby declare that the information given in this form is true and accurate.

.....
NAME OF DECLARANT

.....
SIGNATURE

.....
DATE

FOR OFFICE USE

