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## **REGULATORY FRAMEWORK FOR FOREIGN INVESTMENT & MARKET ENTRY**

### **Presentation to the Hellenic African Chamber of Commerce and Development**

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## Attraction and Competitiveness



- ✓ Stable Political Environment
- ✓ Economic policies – “One District, One Factory” initiative; abolishing 5% VAT/NHIL on real estate sales; abolishing the 1% special import levy
- ✓ Foreign ownership – 100% foreign ownership permitted (subject to local content requirements in specific sector such as upstream oil and gas and electricity supply industry)
- ✓ Access to ECOWAS market

## Attraction and Competitiveness Cont'd



- ✓ Excellent labour force – access to skilled and unskilled labour
- ✓ Good physical infrastructure: well developed airports, sea ports, road networks. Efforts to upgrade rail network
- ✓ Availability of fund sources - large number of developing financial institutions such as banks, insurance, venture capital companies, stock exchange
- ✓ AfCTA – AfCTA secretariat in Accra

## Market Entry Requirements



- ✓ Incorporation/registration with the Companies Registry- setting up of a private limited liability company or registering as an external company
- ✓ Registration with the Ghana Investment Promotion Centre (GIPC) – a legal requirement for all entities in Ghana with foreign ownership. Minimum capital requirements
- ✓ Business Operating Permits, from Local Authorities
- ✓ Social security – National Pensions Regulatory Authority

## Market Entry Requirements



- ✓ EPA Permits from the Environmental Protection Agency – manufacturing and activities with environmental impact
- ✓ Registration with relevant industry regulator depending on the sector (such as Energy Commission, FDA, NCA etc.)
- ✓ Registration with the Data Protection Commission – for collection and processing of personal data

## Requirements for Incorporation/ Registration



- ✓ Name: Conduct name search to ascertain availability. Name can be reserved at a fee
- ✓ Directors: At least two directors with one director being ordinarily resident in Ghana. Directors may be foreigners. Corporate directors are not permitted
- ✓ Company Secretary: Must be a qualified professional under Ghanaian law
- ✓ Shareholders: May be corporate or individuals. Shares are of no par value.

## Requirements for Incorporation/ Registration



- ✓ Auditors: Must be chartered accountants recognised in Ghana
- ✓ Minimum capital requirements for foreign companies (can be met in cash or goods relevant to the business)
  - Joint Venture with Ghanaian - a minimum of 10% Ghanaian equity participation. Minimum of \$200,000 contribution of foreign partner
  - Wholly owned by non-Ghanaian - \$500,000
  - Retailing/trading activity -\$1,000,000 (wholly or jointly owned foreign company)
- ✓ Manufacturing and export trading companies are exempt from the minimum capital requirement





## Investment Incentives



### Taxation

- ✓ Reduced rates for manufacturing industries located in:
  - Other regional capitals and
  - Outside regional capitals – 12.5%
- ✓ Exemption from customs import duty for industrial plant, machinery or equipment
- ✓ Free zone enterprises - 10 years tax holiday and 15% afterwards; no import licensing requirements; minimal customs requirements

### Other incentives

- ✓ Guarantee against expropriation and nationalisation
- ✓ Guarantee against discrimination
- ✓ Free transferability of capital, profits and dividends
- ✓ Signatory to MIGA Convention
- ✓ Bilateral Investment Treaties
- ✓ Double Taxation Agreements (DTAs)
- ✓ Expatriate quota support (GIPC & Ghana Immigration Service)

## African Continental Free Trade Agreement



Towards One African Market

- ✓ Objective - to create the African Continental Free Trade Area
- ✓ Signed by 54 out of the 55 African Union States and has been ratified by 29 countries.
- ✓ Creates a continental market for goods and services with free movement of people and capital - a market of 1.2 billion people and a combined GDP of \$3.4 trillion
- ✓ The Agreement entered into force on May 30, 2019 and trading is expected to commence in January 2021
- ✓ Phase One: starting with a linear reduction on 90 percent of tariff lines leading to the elimination of tariffs on intra-regional imports over a period of five years
- ✓ Current status: negotiations on tariff reductions, rules of origin, protection of infant industries and the specifics for trade in the priority services sectors are still ongoing

# Questions



thank you!

