

## SETTING UP A BUSINESS IN GHANA

This table summarizes the procedures and costs associated with setting up a business in Ghana.

### *STANDARDIZED COMPANY*

*Legal Form:* Private Limited Liability Company

*Paid in Minimum Capital Requirement:* GHC 100

*City:* Accra

### **Registration Requirements:**

No:	Procedure	Time to complete:	Cost to complete:
1	<a href="#">Check for availability of company name and obtain incorporation forms</a>	1 day	GHC 6 per name search + GHC 7 for complete set of Incorporation forms
2	<a href="#">Apply to the Registrar-General's Department to obtain a incorporation certificate</a>	2 days	GHC 50 for registration of a limited company + GHC 10 filing fee for Forms 3 and 4 + GHC 2 per certification of regulations (3) = GHC 66
3	<a href="#">A Commissioner of Oaths authenticates forms required for the certificate to commence business</a>	1 day	GHC 2
4*	<a href="#">Obtain from the Registrar-General's Department the certificate to commence business</a>	2 days (simultaneous with previous procedure)	0.5% of the stated capital as commencement tax + GHC 10 (registration fee with IRS)
5	<a href="#">Deposit paid-in capital in an account</a>	1 day	no charge
6	<a href="#">Obtain a company stamp</a>	1 day	GHC 3.5
7*	<a href="#">Apply for business licenses at the Metropolitan Authority</a>	7 days (simultaneous with procedure 6)	GHC 91.5 (varies, depending on the nature of the business)
8*	<a href="#">Inspection of work premises by the Metropolitan Authority</a>	1 day (included in previous procedure)	no charge
9*	<a href="#">Register employment vacancies with the</a>	1 day (simultaneous with previous)	no charge at government labor department. With private employment

	<a href="#">Employment center</a>	procedure )	agencies, between ₵30,000 - ₵100,000.
10*	<a href="#">Apply for Social Security</a>	1 day (simultaneous with previous procedure)	no charge
11*	<a href="#">Obtain the Environmental certificate</a>	25 days (simultaneous with previous procedure)	GHC 5 for EA1 Form & GHC 7 for EAZ Form

\* Takes place simultaneously with another procedure.

### **Procedure 1. Check for availability of company name and obtain incorporation forms**

**Time to complete:** 1 day

**Cost to complete:** GHC 6 per name search + GHC 7 for complete set of Incorporation forms

**Comment:** A search is conducted for the proposed name of the company. If available a reservation is made. The Incorporation documents consist of the following forms. - Company Regulations 4 copies - Forms 3 (Statement of Shareholding structure) 5 copies - Form 4 (Stated Capital) 2 copies - Tax Identification Number form 1 copy The Company Regulations may be drawn up by the party proposing to incorporate the company or the standard format which comes with the incorporation forms may be adopted. The Information required to fill the forms are: (1) Name of Company (2) Nature of the business that the subscribers intend to engage in. (3) Full names of subscribers/shareholders, their addresses, percentage shareholdings, occupation and any directorships in any other company (4) The full names of the first directors of the company. Note, Directors to be of sound mind, not infant i.e. under 21 and must be resident in Ghana (5) Full name and address of Company Secretary and Auditors of company, (a letter of consent to act as Auditor is attached) (6) The number of shares the company is to be registered with and the stated capital (7) Minimum nominal capital for company owned 100% by Ghanaians is C5 million

### **Procedure 2. Apply to the Registrar-General's Department to obtain a incorporation certificate**

**Time to complete:** 2 days

**Cost to complete:** GHC 50 for registration of a limited company + GHC 10 filing fee for Forms 3 and 4 + GHC 2 per certification of regulations (3) = GHC 66

**Comment:** The entrepreneur files the proposed Company Regulations with the Registrar. The

Regulations must be printed, type written or in some other legible form which the Registrar accepts. Upon the assessment of the incorporation documents, the payment is done in cash or by bank certified cheque made payable to the Registrar General. The Tax Identification Number or certificate is usually obtained by the Registrar General's Department on behalf of the incorporated company. It is recommended that the Company Regulations, Forms 3 and 4 be four (4) or five (5) copies each as Auditors, Banks, Solicitors, Company Secretaries may each require a copy of these documents.

**Procedure 3. A Commissioner of Oaths authenticates forms required for the certificate to commence business**

**Time to complete:** 1 day

**Cost to complete:** GHC 2

**Comment:** The form 4 required to be completed for the issuance of the Certificate to Commence Business requires authentication before a Commissioner of Oaths.

**Procedure 4. Obtain from the Registrar-General's Department the certificate to commence business**

**Time to complete:** 2 days (simultaneous with previous procedure)

**Cost to complete:** 0.5% of the stated capital as commencement tax + GHC 10 (registration fee with IRS)

**Comment:** After incorporating the company the entrepreneur must within 28 days complete forms 3 & 4, indicating, inter alia, the names, addresses, businesses/occupations of the Directors and Secretary of the company, name and address of qualified auditor, address of Registered Office, register of Members, amount of stated capital and number of issued and unissued shares of the company. These forms are required to be signed by all directors and a secretary to the company. The amount of 0.5% of the stated capital is collected by the Registrar General's Department for and on behalf of the Internal Revenue Service (I.R.S.) as the company's Commencement Tax. The Registrar of Companies now automatically registers new companies with the I.R.S. With companies engaged in general commercial/industrial activities the minimum registration fee is  $\text{A}\text{c}\text{t}10,000.00$  and the maximum registration is  $\text{A}\text{c}\text{t}100,000.00$  as calculated on projected turnover. Obtaining a tax clearance certificate if the company is otherwise entitled to a certificate on a satisfactory tax position will cost  $\text{A}\text{c}\text{t}2,000.00$  and VAT is charged at 12.5%. The Commissioner for Oaths is at the Registrar -Generals' Department and usually swears the oath within one to three days to obtain the certificate to commence business.

## **Procedure 5. Deposit paid-in capital in an account**

**Time to complete:** 1 day

**Cost to complete:** no charge

**Comment:** Present copies of regulations of the company; certificate of incorporation and certificate to commence business; signatories of authorized representatives of the company.

## **Procedure 6. Obtain a company stamp**

**Time to complete:** 1 day

**Cost to complete:** GHC 3.5

**Comment:** A company stamp is necessary for the day to day running of a company. As letterheads and signatures of company officials can usually be forged the rubber stamp is used to authenticate all documents and correspondence emanating from the company. A rubber stamp takes about a day to obtain and costs between C30,000 - C40,000. Rubber stamps are easily forged and the company may opt to obtain a company seal in addition to the rubber stamp. However, the seal takes about 6 weeks to obtain. It has to be embossed with the company's logo and certain relevant details. Currently, there is only one company that can produce the Seal in Ghana i.e. K-Dom Limited. A small one costs C700,000 whilst a large one costs C2,000,000 - C3,000,000.

## **Procedure 7. Apply for business licenses at the Metropolitan Authority**

**Time to complete:** 7 days (simultaneous with procedure 6)

**Cost to complete:** GHC 91.5 (varies, depending on the nature of the business)

**Comment:** The cost to complete depends on the type of business and the category in which it falls. Documents to be submitted depend entirely on the type of enterprise, Restaurants for example, must have permits from the Fire department, Town & Country Planning Authority, inspection certificate from the Ghana Tourist Board, etc. Category A Turnover 5 billion ₵ 4,000,000.00 Category B Turnover 2.1 billion - 5 billion ₵ 2,450,000.00 Category C Turnover 1 billion - 2 billion ₵ 1,600,000.00 Category D Turnover 30 million - 1 billion ₵ 915,000.00 Category E Turnover 0 - 3 million ₵ 495,000.00 Fees are subject to charge by the Metropolitan Assembly in accordance with law.

## **Procedure 8. Inspection of work premises by the Metropolitan Authority**

**Time to complete:** 1 day (included in previous procedure)

**Cost to complete:** no charge

**Comment:** An Officer visits the premises of the business and reports to the Revenue Accountant of the Metropolitan Assembly who then submits a report to the Revenue Mobilisation Sub - Committee of the Metropolitan Assembly. The Sub - Committee meets to deliberate on the report after which they recommend, to the Executive Committee of the Metropolitan Authority, whether there is the need to make an adjustments.

## **Procedure 9. Register employment vacancies with the Employment center**

**Time to complete:** 1 day (simultaneous with previous procedure )

**Cost to complete:** no charge at government labor department. With private employment agencies, between ₺30,000 - ₺100,000.

**Comment:** The employer must go to the Employment Centre to register vacancies available on Vacancy Registration Card PEC 6. This procedure is only relevant to employees with minimum wage.

## **Procedure 10. Apply for Social Security**

**Time to complete:** 1 day (simultaneous with previous procedure)

**Cost to complete:** no charge

**Comment:** Must attach the list of employees, salaries, their Social Security Numbers and the company's Certificate of Incorporation and Certificate to Commence Business.

## **Procedure 11. Obtain the Environmental certificate**

**Time to complete:** 25 days (simultaneous with previous procedure)

**Cost to complete:** GHC 5 for EA1 Form & GHC 7 for EAZ Form

**Comment:** The company submits an Environmental Permit (E.P) Form, which is the Registration Form. The Environmental Protection Agency determines whether the proposed development should be subject to further assessment and the level of assessment that is required. A site inspection by the Environmental Protection Agency Officer is conducted and a screening

report presented to a Technical Review Committee for decision making within Twenty - Five (25) days. The results of the screening will determine the next cause of action. Projects are classified into (1) no impact; (2) minimal impact; (3) impact. In case two (2) the company must file a detailed report. In the case of three (3), a full environmental impact assessment is done. Where it indicates that there will be a significant adverse environmental impact the proponent will be required to submit an Environmental Impact Statement resulting from a thorough Environmental Impact Assessment.

This will require the proponent to undertake a scoping exercise where there will be widespread consultation with interested and affected parties. The proponent shall then commission a detailed Environmental Impact Assessment study. During the study, the proponent is required to initiate a public information programme for the likely affected areas. Public concerns shall be recorded and addressed by the Environmental Impact Statement. The proponent submits final draft Environmental Impact Statement to the Environmental Protection Agency for it to be reviewed by its Technical Team. Copies of the Environmental Impact Statement are placed at vantage points. The Environmental Protection Agency publishes the Environmental Impact Statement in the newspapers for Twenty - One (21) days for public comments.

The law requires that public hearing on the matter be held which may extend the processing of the application. Where the Environmental Impact Statement draft is found acceptable, the proponent is notified to finalize the report and eight (8) hard copies are submitted together with an electronic copy to the Environmental Protection Agency. After the submission to the Environmental Protection Agency the proponent shall be issued with an Environmental Permit within Fifteen (15) working days and notices are published in the Gazette. Where the undertaking is approved, the proponent shall pay processing and permit fees prior to the collection of the permit.

Where a proponent is aggrieved by the decision of the Environmental Protection Agency, the proponent can appeal by making a complaint, in writing, to the Minister responsible for Environment within Fourteen (14) days. No fixed fees apply as the cost depends on which consultant is commissioned to assess the environmental impact of the work involved (if applicable). The purchase of the Environmental Assessment Preliminary Registration Form costs \$5,000.00. The Environmental Assessment Registration Form costs \$20,000.00. All other costs incurred will depend on the type of company to be set up, the environmental impact of the company or organization to be set up and the fees of the consultant commissioned to do the assessment.