

ICAG BUSINESS LESSONS (WEEK 4)

Good Morning

*This week is **Week 4** of the year 2022 in the Gregorian calendar. **48 weeks remain until the end of the year.***

MONDAY MOTIVATION

Do not judge me by my successes, judge me by how many times I fell down and got back up again.

– Nelson Mandela

FUN FACT OF THE WEEK

Most people break up on Mondays. Searching through public Facebook data, Lee Byron and David McCandless found that relationships statuses changed for the worse two weeks before Christmas, around Easter, and on Mondays. Though this data may be somewhat misleading, as people might not be live-updating their breakups, it shows an obvious trend.

TAXATION QUOTE OF THE WEEK

For a nation to try to tax itself into prosperity is like a man standing in a bucket and trying to lift himself up by the handle.

— Winston S. Churchill

TAXATION CONCEPT OF THE WEEK: ASSESSMENT TO TAX

Assessment means a determination of the amount of a tax liability made under the tax law, whether by the Commissioner General or by the way of self-assessment (third schedule of Section 108 of Act 915). In accordance with the Income Tax Act 896, Customs Act, 2015, Stamp Duty Act, 2005 and others, an assessment is the obligation to file a tax return.

Generally, there are two main acceptable systems of tax assessment namely;

- Provisional Assessment and
- Self-Assessment

PROVISIONAL ASSESSMENT

This is an assessment that emanates from the office of the Commissioner-General, indicating a person's tax liability, based on the CG's best judgement. The CG may as soon as the commencement of a basis period of a person who pays tax by instalments make an assessment of the person's chargeable income and serve a notice of the assessment on that person stating the;

- Estimated Chargeable Income
- Estimated tax liability
- The amount and timing of the tax instalment to be paid and
- The time, place and manner of objecting to the assessments

The provision made by the CG is normally based on the tax payer's prior year assessment with an upward adjustment. With certain categories of tax payers, the CG will raise a provisional assessment over self-assessment to determine the tax payable. Example may be Vehicle Income Tax and Tax stamp.

SELF-ASSESSMENT

This is where a tax payer is obliged to file a relevant tax return rather than the CG making assessment on behalf of the tax payer

Shift from Provisional Assessment to Self-Assessment

There has been a general shift from provisional assessment to self-assessment, with the tax laws requiring tax payers to be on self-assessment. The rationales for the shift from provisional to self-assessment include:

- Self-assessment avoids the delays usually associated with the issuance and service of notice of assessment under provisional assessment
- Self-assessment tends to make taxpayers more conscious of their tax obligations
- Self-assessment promotes tax compliance and good citizenship.
- Under self-assessment there is trust between the tax payer and the tax administrator
- Officers of GRA will have time to attend to other matters rather than being occupied with issuing assessments.

- There is high cost of collection under provisional assessment.

Benefits of Self-Assessment

- It assists the tax payer in tax planning and cash flow management
- It provides accurate information rather than the CG using estimates in determining the tax liability of the tax payer
- It saves time and money
- It creates a friendly cooperation between the tax authority and the tax payer
- It ensures voluntarily compliance by the tax payer

Role of Tax-payer under Self-Assessment

- Keeping proper records
- Filling complete and accurate tax returns
- Paying taxes on time
- Registering for all tax types involved by the tax payer
- Having knowledge and skill in the taxation
- Avoiding deliberate acts to reduce or evade tax

Pre-emptive tax Assessment and Security

The CG may under certain circumstance (e.g. where government revenue is at risk) make a pre-emptive tax assessment of tax payable or to become payable by a person under a tax law whether or not the person is required to file a tax return. The CG may instead of making a pre-emptive tax assessment accept a security of a person for outstanding and future tax liabilities depending on the circumstances.

Circumstances for Pre-emptive tax assessment

The CG may by notice require a person to file a tax return, if before the date for filling tax returns;

- The person is bankrupt, is wound up or goes into liquidation

- The CG considers it appropriate where the person maintain inadequate documentation as required by the tax laws
- The CG believes on a reasonable ground that the person;
 - o is to leave the country indefinitely
 - o Is otherwise about to cease operation
 - o Has committed an offence under a tax law.

The CG may use his best judgment and information reasonably available to adjust an assessment in a manner that ensures that the tax payer is liable for the correct amount of tax. An assessment ceases to have effect to the extent to which it is adjusted and where the CG makes an assessment, the CG shall serve a written notice to the tax payer stating;

- The name and Tax Identification number of the tax payer
- The assessment made by the CG and the event or matter of which the assessment relates
- The amount of tax remaining to be paid after relevant credits, reductions or pre-payments
- The manner in which the assessment was calculated
- The reason for the assessment
- The date by which the tax is to be paid
- The time, place and manner of objecting to the assessment.

THIS WEEK IN HISTORY – TOP 20 EVENTS

24/01/1946 – The United Nations General Assembly passes its first resolution to establish the United Nations Atomic Energy Commission.

24/01/1984 – Apple Computer places the Macintosh personal computer on sale in the United States.

25/01/1575 – Luanda, the capital of Angola, is founded by the Portuguese navigator Paulo Dias de Novais.

25/01/1919 - Founding of League of Nations, 1st meeting 1 year later

25/01/1964 – Blue Ribbon Sports, which would later become Nike, is founded by University of Oregon track and field athletes.

25/01/1971 – Idi Amin leads a coup deposing Milton Obote and becomes Uganda's president.

25/01/2021 - Janet Yellen is confirmed as the first female treasury secretary by the US Senate

26/01/1905 – The world's largest diamond ever, the Cullinan, which weighs 3,106.75 carats (0.621350 kg), is found at the Premier Mine near Pretoria in South Africa.

26/01/1986 – The Ugandan government of Tito Okello is overthrown by the National Resistance Army, led by Yoweri Museveni

26/01/2005 - Condoleezza Rice is sworn in as U.S. Secretary of State, the first African American woman to hold the post

26/01/2009 – Nadya Suleman gives birth to the world's first surviving octuplets

26/01/2020 - LA Lakers basketball legend Kobe Bryant dies in a helicopter crash in foggy conditions in the hills above Calabasas, southern California; considered one of the greatest players in the game's history

26th January is International Customs Day

27/01/1785 – The University of Georgia is founded, the first public university in the United States

27/01/1880 - Thomas Edison patents electric incandescent lamp

27/01/1984 - Michael Jackson is burned during filming for Pepsi commercial

27/01/2010 – Apple announces the iPad

27th January is International Holocaust Remembrance Day

28/01/1958 – The Lego company patents the design of its Lego bricks, still compatible with bricks produced today.

28/01/1961 - Republic of Rwanda proclaimed

28th January is Data Privacy Day

DID YOU KNOW?

Section 13 of the Institute of Chartered Accountants, Ghana Act, 2020 (Act 1058) provides that the membership of the Institute consists of the following: student member; a member of the Accounting Technicians Scheme West Africa; an associate member; a full member; a fellow; and a firm member.

COVID-19 TIP OF THE WEEK

Stay at home, avoid contracting COVID-19. Stay at home, rest if you are feeling unwell.

#SpreadCalmNotFear (MoH/GHS)

Remember to pay your taxes. Have a fruitful Week!!!

Compiled by:

Technical and Research Directorate, (Institute of Chartered Accountants (Ghana).

Please send all comments and suggestions to **Alhassan Trawule** on **0242 732976**.

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