

# Business Registration and Certification in Practice

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# Outline

- Forms of Legal entity
- Choosing a Business Entity
- Business Registration Formalities
  - ✓ Business Name
  - ✓ Obtain Tax Identification Number (TIN)
  - ✓ Completion & Submission Documents
  - ✓ Minimum Capital Requirements
  - ✓ Filing fees
- Additional Certifications & Registrations
- Continuous Compliance Obligations

## Forms of Business Entities Recognized by Law

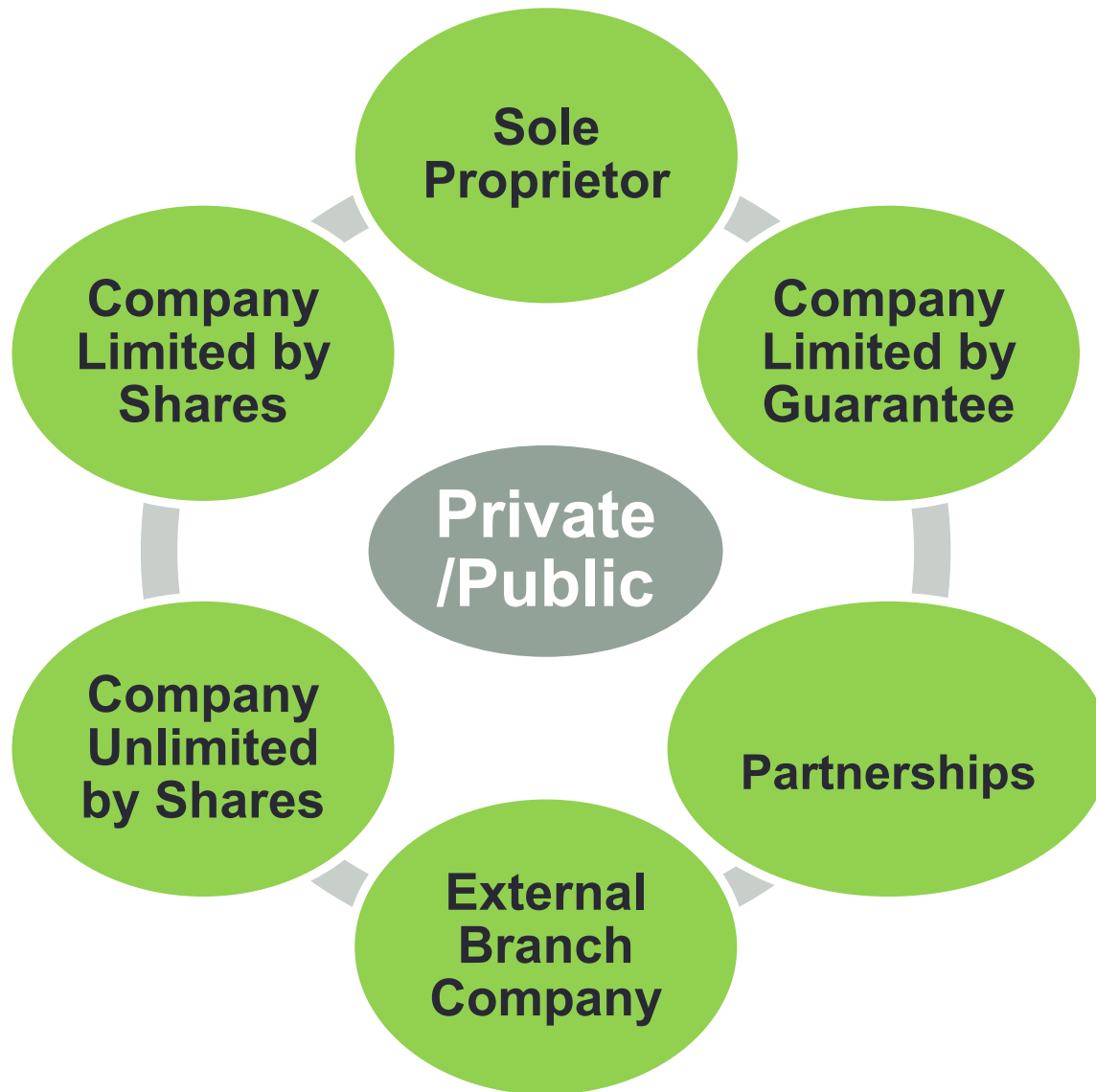
❑ **Incorporated entity** – means the entity has a legal identity which is separate from the business owner (s) or shareholder(s) or guarantor. They may be private or public companies. Examples include:

- Company Limited by Shares
- Company Limited by Guarantee
- External Branch Company

❑ **Unincorporated entity** – means the entity does not possess a separate legal identity from its owner(s) or shareholder(s). Predominantly private companies. Examples include:

- Sole Proprietor (one man business)
- Partnerships

## Choosing the Right Business Entity



## Choosing the Right Business Entity– Notable Features

### • Sole Proprietor

- Exclusively owned and run by an individual (Ghanaian)
- Entitled to all profits from the business and personally liable for all debts ( i.e unlimited liability)
- Cannot carry out business in the finance, banking or communications sectors
- Use of trade name requires registration

### • Partnerships

- Owned by 2 or more (Max of 20) individuals
- Partnership agreement binds each partner and must be registered
- Each partner is entitled to profits from the business and personally liable for debts based on percentage of interest
- Usually suitable for professional services –auditors, architects, lawyers etc

## Choosing the Right Business Entity– Notable Features \_Cont.

### • **Company Limited by Shares**

- **Liability of shareholders is limited** to amount they invested in shares
- Entitled to profits only if dividends are declared
- Requires 2 directors, 1 secretary, 1 auditor
- The last word of the company name should be “Limited” or its abbreviation “Ltd”

### • **Company Limited by Guarantee**

- Liability of guarantor is limited to how much they guarantee to contribute to the company’s assets if there’s liquidation.
- **Not permitted to engage in trading, pay dividends or make profit**
- Any income realised must be re-invested in the company
- **Suitable for non-profit making activities**

## Choosing the Right Business Entity– Notable Features \_Cont.

- **Company Unlimited by Shares**

- **Registered with shares but there's no limit on the liability of shareholders ( i.e unlimited liability)**
- Entitled to profits only if dividends are declared
- Requires 2 directors, 1 secretary, 1 auditor
- The last word of the company name should be “Unlimited”
- Suitable for professional services – auditors, architects, lawyers etc

- **External /Branch Company**

- A company formed outside Ghana which has an established place of business in Ghana.
- Local manager and process agent required

## Registration Formalities – Business Name & TIN

- **Decide on a business name**

- This must be decent and consistent with the nature of business
- Have at least 3 name options available
- Conduct a search and reserve business name if available

- **Obtain a Tax Identification Number (TIN)**

- All persons participating in the business (owner, shareholder, guarantor, directors, secretary, auditor etc) require a TIN
- A TIN is provided by the GRA at no cost
- A valid ID, personal information is required for TIN registration



## Registration Formalities - Completion & Submission Documents

<b>Personal Details</b>	Full name including maiden name or other names, Date and place of birth, Nationality, residential and postal address, Occupation of owner, shareholder, guarantor, director, secretary, auditor etc
<b>Nature of Business</b>	General description of the business e.g trading manufacturing etc is required as well as the specific activity to be engaged in
<b>Business address &amp; contacts</b>	Physical location as well as postal address, emails address, telephone numbers, website, fax etc
<b>Stated capital*</b>	Applies to companies limited by shares and unlimited by shares
<b>Regulations</b>	Required for companies limited by shares, guarantee, unlimited by shares
<b>Partnership agreement</b>	Required for partnerships, agreement must be duly stamped as a deed at the LVB
<b>Declaration</b>	To authenticate the accuracy and completeness

## Registration Formalities– Minimum Capital Requirements

- The **minimum stated capital** for companies limited by shares and unlimited by shares and **wholly owned by Ghanaian(s)** is **GH¢500.00**
  
- Companies with **non-Ghanaian** participation must fulfil minimum capital requirements as follows:
  - ✓ **Joint venture** with Ghanaian participation: **US\$200,000**
  
  - ✓ **100% non-Ghanaian** owned company carrying out **non-trading** activities: **US\$500,000**
  
  - ✓ **100% non-Ghanaian** owned company carrying out **general trading** activities: **US\$1,000,000**.

## Registration Formalities– Filing Fees

- Business name search - GHC 25
- Name reservation - GHC 50
- Sole Proprietor - GHC 85
- Partnerships - GHC 160\*
- Company Limited by Shares of stated capital - GHC 330 + 0.5%
- Company Unlimited by Shares - same as above
- Company Limited by Guarantee - GHC 270
- External /Branch Company - US\$ 1200

# Additional Certifications & Registrations

- ❑ Ghana Revenue Authority – tax
- ❑ Ghana Investment Promotion Centre – non –Ghanaian participation
- ❑ SNNIT – pension contributions
- ❑ Sector specific certification/registration eg.

## Continuous Compliance Obligations

- ❑ Annual returns or Annual renewal filings with the RGD
- ❑ Filing of changes in particulars e.g address, directors etc
- ❑ Monthly and annual tax and financial accounts filing
- ❑ Annual renewal of GIPC registration
- ❑ Sector specific filings

- Recommended websites

[www.rgd.gov.gh](http://www.rgd.gov.gh)

[www.gra.gov.gh](http://www.gra.gov.gh)

[www.gipcghana.com](http://www.gipcghana.com)

# THANK YOU

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