

## ICAG BUSINESS LESSONS (WEEK 7)

### **Good morning**

This week is week 7 of the year 2022 in the Gregorian calendar. 45 weeks remain until the end of the year.

### **MONDAY MOTIVATION**

“Start by doing what is necessary, then what is possible, and suddenly you are doing the impossible.”

*Francis of Assisi*

### **FUN FACT OF THE WEEK**

You'll yawn more often than you eat breakfast.

Over the course of a lifetime, you'll yawn approximately 250,000 times, according to one expert on the subject. If you live to 70, that's about 10 yawns per day!

### **TAXATION QUOTE OF THE WEEK**

"No government can exist without taxation. This money must necessarily be levied on the people; and the grand art consists of levying so as not to oppress."

*Frederick the Great*

### **TAXATION CONCEPT OF THE WEEK: PRACTICE NOTE, PRIVATE RULING AND CLASS RULING.**

Practice Notes are notes issued by the Commissioner General to achieve consistency in the administration of various Tax Acts and to provide guidance to persons affected by the Acts and the officers of the Authority.

Practice notes set out the interpretation placed on provisions of the Acts to the affected person and the officers of the Authority.

Commissioner General have issued the following practice Notes: Practice notes on Capital Allowance, practice notes on Employment Income, practice notes Repairs and improvement, practice notes on Carry over losses and many more.

A practice note;

- a. Is binding on the Commissioner-General until revoked.
- b. Is not binding on persons affected by the tax law.

- c. May pertain to a single tax law or multiple tax laws and the Commissioner-General may issue multiple practice notes with respect to the same tax law.

### **Importance of Practice Note**

- a. It gives clarity and provides guidance to persons affected by tax laws
- b. It gives clarity and provides guidance to the officers of the Authority
- c. It sets out the interpretation placed on provisions of the tax laws
- d. It helps achieve consistency in the administration of the tax laws

### **Amendment and Revocation of Practice Note**

The Commissioner-General may amend or revoke a practice note, in whole or part, by publishing a notice of the amendment or revocation in the Gazette and in a daily newspaper of national circulation.

### **PRIVATE RULING**

Private Ruling sets out clearly the Commissioner-General's position regarding the application of the Act with respect to a transaction proposed or entered into by a person.

Private ruling is only issued upon application in writing by a person. Where there is a conflict, the private ruling takes priority over the practice notes.

Private ruling is not subject to challenge but a person may challenge a tax decision made with respect to an arrangement in the ruling.

The Commissioner-General may charge a fee for a private ruling issued to an applicant.

A fee for private ruling shall be based on the cost structure of similar legal or tax advisors and shall be paid before the ruling is communicated to the applicant.

Private ruling is binding on the Commissioner-General with respect to the application of a tax law mentioned in the ruling to an arrangement of the applicant.

### **Amendment and Revocation of Private Ruling**

For reasonable cause, the Commissioner-General may by notice in writing serve on the applicant, amend or revoke a private ruling, in whole or in part.

### **Importance of Private Ruling**

- a. It sets out the position of the Commissioner-General regarding the application of tax laws with respect to an arrangement proposed or entered by the applicant

- b. Private ruling binds the Commissioner-General to the extent that the taxpayer makes full and true disclosure of all aspects of the arrangement.
- c. It does not bind the taxpayer in question.

## **CLASS RULING**

A class ruling is a ruling issued by the Commissioner-General to a specified class of Taxpayers. It becomes applicable to persons within the class. Eg. Real Estate Developers requesting for a ruling.

Class ruling is not subject to challenge but a person may challenge a tax decision made with respect to an arrangement in the class ruling.

The Commissioner-General may charge a fee for a class ruling issued to an applicant.

A fee for class ruling shall be based on the cost structure of similar legal or tax advisors and shall be paid before the ruling is communicated to the applicant.

A class of persons includes:

Persons holding a particular class of membership interest in an entity; and

Persons that, in the opinion of the Commissioner-General, may be identified as commonly situated with respect to the application of particular provisions of a tax law.

Class ruling is binding on the Commissioner General with respect to the application of a tax law mentioned in the ruling to an arrangement of a person in the specified class.

### **Importance of Class Ruling**

- a. It sets out the position of the Commissioner-General regarding the application of tax laws with respect to an arrangement proposed or entered into by the class of Taxpayers.
- b. Class ruling binds the Commissioner-General to the extent that the Taxpayers in the class make full and true disclosure of all aspects of the arrangement.
- c. It does not bind the taxpayers in question.

## **Refusing Application for Private or Class Ruling.**

The Commissioner-General may refuse an application for a private or class ruling if

- a. The Commissioner-General is of the opinion that an existing practice note adequately covers the arrangement;
- b. The application is frivolous or troublesome;
- c. The arrangement has not been carried out and there are reasonable grounds to believe that the arrangement will not be carried out;
- d. The application has not provided the Commissioner-General with sufficient information to make a ruling;
- e. The applicant for the ruling has not paid the fee for the ruling;
- f. In the opinion of the Commissioner-General, it would be unreasonable to comply with application having regard to the resources needed to comply and any other matters the Commissioner-General considers relevant.

*In the case of a private ruling*

- a. The arrangement has already been the subject of a tax decision; or
- b. The Commissioner-General has commenced an investigation of the tax affairs of the applicant in respect of the arrangement or, before the application, has notified the applicant in writing of an intention to do so.

## **THIS WEEK IN HISTORY – TOP 20 EVENTS**

**14/02/2018** – Jacob Zuma resigns as President of South Africa.

**14/02/2018** – A shooting at Marjory Stoneman Douglas High School in Parkland, Florida is one of the deadliest school massacres with 17 fatalities and 15 injuries.

**14/02/2005** – YouTube is launched by a group of college students, eventually becoming the largest video sharing website in the world and a main source for viral videos.

**14/02/1998** – An oil tanker train collides with a freight train in Yaoundé, Cameroon, spilling fuel oil. One person scavenging the oil created a massive explosion which killed 120.

### **14th February is National Chocolate Day!**

**15/02/2021**- Nigerian Ngozi Okonjo-Iweala becomes the first woman and first African to lead the World Trade Organization

**15/02/2018** - Cyril Ramaphosa is sworn in as South African President replacing Jacob Zuma

**15/02/2012** - United Kingdom unemployment rate reaches 17-year high of 8.4%

**15/02/2011**- Libyan protests begin opposing Colonel Muammar al-Gaddafi's rule

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**16/02/2016** – Boutros Boutros-Ghali, Egyptian politician and diplomat, 6th Secretary-General of the United Nations died.

**16/02/1992** - Ethiopia finds the remains of former Emperor Haile Selassie on the grounds of the Imperial Palace, under the private lavatory of dictator Mengistu Haile Mariam, who overthrew the Emperor.

**16/02/1961**– Explorer program: Explorer 9 (S-56a) is launched.

**16/02/1946** - 1st commercially designed helicopter tested, Bridgeport, Connecticut

**16/02/1932** - 1st patent for a tree issued to James Markham for a peach tree

**17/02/ 2020** - Amazon boss Jeff Bezos pledges \$10 billion to help fight climate change

**17/02/1985** - 3rd person to receive an artificial heart (Murray Haydon)

**17/02/1964** – Gabonese president Léon M'ba is toppled by a coup and his rival, Jean-Hilaire Aubame, is installed in his place

**17/02/1876** - Sardines first canned by Julius Wolff in Eastport, Maine

**18/02/2020** - Swarms of desert locusts affecting east Africa reach South Sudan, threatening a food crisis

**18/02/ 2019-** 16 US states, including California and New York, band together to sue President Donald Trump over his use of emergency powers to build a border wall.

**18/02/1965** – The Gambia becomes independent from the United Kingdom.

### **DID YOU KNOW?**

Registration for the April 2022 CA Professional Examination opens today, 14th February, 2022 and ends on Monday, 21st March 2022. Students should visit <https://sms.icagh.org> to register.

*Do enjoy the Chocolate Day/Week*

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

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