



**CENTURION**

Lawyers and Business Advisors

**COVID-19 LEGAL  
UPDATE:  
GHANA**

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# EMPLOYMENT

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## **REDUCING EMPLOYEES' WORKLOAD AND PAY DURING THE COUNTRY PANDEMIC/ LOCKDOWN WITHOUT TRIGGERING REDUNDANCIES.**

The employment contract is a private contract which is subject to negotiation and agreement so the parties can agree to whatever terms they wish. The employer cannot cut salaries unless the employee agrees. The employer may cut salaries depending on the agreement reached with the employee.

Reducing the number of work hours will be subject to negotiation with the employee as it will be varying the terms of their contracts.

Staff associations and Staff representation engagements will be useful at this time.

## **OUTSTANDING LEAVE DAYS, AND FORCED PAID LEAVE OR UNPAID LEAVE DURING THE PANDEMIC/LOCKDOWN. DEDUCTING QUARANTINE PERIOD FROM ANNUAL OR SICK LEAVE**

Outstanding leave days:

The employer cannot force the employee to take leave..

Forced Paid/Unpaid Leave:

Employers can force an employee to take a forced paid leave during this period. However, they cannot force the employee to take an unpaid leave as the Labour Act provides that employees are entitled to full paid leave.

Deducting quarantine period from Annual/sick leave:

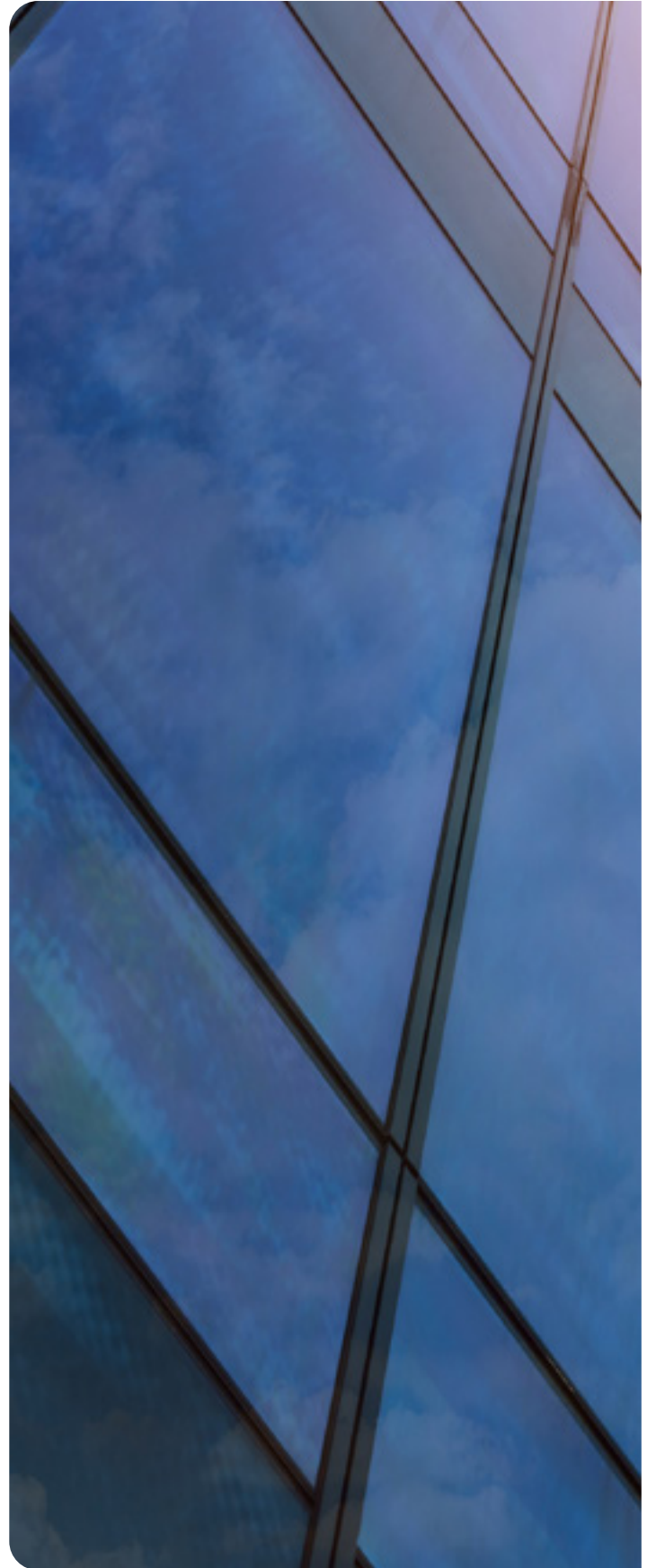
If an employee is sick and must be mandatorily quarantined, this can be deducted from the sick leave requirement. If the period exceeds the sick leave entitlement, once the employee can show that they were sick and quarantined this should be acceptable by the employee.

## **RENEGOTIATING TERMS OF EMPLOYMENT**

Employment contracts can be renegotiated during this period.

## **REMOTE WORK**

As salaries are not permitted deductions, an employer will be required to pay full salary to an employee who is unable to work remotely but needs to stay at home under the lockdown/quarantine. So, once the employee is still employed during this period then the Employer is required to pay full salary.



# IMMIGRATION

## CURRENT SITUATION IN THE COUNTRY

Partial lockdown. The country has initiated a partial lockdown on its three largest cities, Kumasi Tema and Accra from 30 March 2020 for two weeks. Residence will only be allowed to go to food markets, banks, petrol stations etc. The country's borders will remain closed for the two weeks.

## TRAVELLING TO GHANA

All borders are closed. This closure was extended by another 2 weeks from 5th April 2020.

Only cargo is allowed in the country at the moment. The country has banned entry for anyone coming from a country with more than 200 reported cases of COVID-19

## RESTRICTIONS OR CANCELLATION ON VISAS APPLICATIONS/ISSUANCE

No announcements have been made in this regard.

## EXPIRATION OF LEGAL STATUS WHILE IN GHANA

This will be treated as a special case as all borders are closed

## LEAVING GHANA

Borders are closed and no flights are allowed in or out. On special arrangements with the governments, some foreign governments arranged one off charter flights for their citizens. So far, the US and UK governments have done so.

Flights are suspended until 22 April 2020

# TAX

## TAX EXEMPTIONS/RELIEFS DURING THIS PERIOD – EITHER GENERAL OR RELATED TO A PARTICULAR SECTOR

The Monetary Policy Committee (MPC) cut the policy rate cut by 150 basis points to 14.5 percent on March 18 and announced several measures to mitigate the impact of the pandemic shock. These include: lowering the primary reserve requirement from 10 to 8 percent, lowering the capital conservation buffer from 3 to 1.5 percent, revising provisioning and classification rules for specific loan categories, and steps to facilitate and lower the cost of mobile payments.

The government has granted tax exemption to all health sector workers for 3 months.

Unless the contract of employment/company policies or the CBA makes provision for any deduction of salary in the event that the employee is unable to work remotely.

Employees working remotely cannot be forced to take annual leave during this period unless this is negotiated and agreed to.

## EMPLOYMENT BENEFITS DURING REMOTE WORK

This will be subject to Company policies. The employee's entitlement for working remotely will be same as if he was not working remotely except, for example, allowances such as transport since the employee would be working from home.

## PERFORMING OTHER JOBS WHERE CORE FUNCTIONS ARE DOWN DURING PANDEMIC/LOCKDOWN

At this moment in a partial lock down, only essential services are allowed to carry on business. In this regard if an employee's job is not classified as an essential service, they cannot be forced to do their jobs.

## REDUNDANCY/TERMINATION OF EMPLOYMENT

Employers can make employees redundant so far as the pandemic leads to major changes in production, programme, organisation, structure of the company.

The employment contract can be terminated at any time by either party to the employment contract. Therefore, the employer can terminate the contract of the employee by following the appropriate procedures and giving the required notice.

## COMPANY COVID-19 POLICY AND COMPANY LIABILITIES

It will be helpful for the company to have covid-19 policy to provide guidance for the current pandemic and for any future pandemic.

There are directives backed by law issued to the public to follow to ensure public safety and it is advised that the company adopt this safety directives.

## EMPLOYMENT INSURANCE POLICIES (GOVERNMENT OR PRIVATE) DURING THIS PERIOD AND ACCESSING THESE POLICIES.

Government has made insurance packages available in the sum of GHc 350,000 for each health personnel and allied professional. Also, GHc 25,000 for frontline staff taking care of patients in critical conditions and Ghc10,000 for those taking care of person with disabilities

VAT waiver on equipment and goods for the combating of the COVID-19 outbreak.

Waiver of penalties for principal tax liabilities owed by taxpayers who redeem their outstanding liabilities by 30 June 2020.

Selected third tier pension funds withdrawals have been given a tax waiver.

Private sectors making contributions towards the pandemic have been granted deductions against income tax

#### **GRACE PERIOD FOR THE FILING OF TAX RETURNS**

Grace period of up to six months from the basis year.

Remote filing to allow taxpayers to file taxes with the Ghana Revenue Authority created. Companies have been granted a two-month extension to file their taxes.

## **CORPORATE**

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#### **SUSPENDING OBLIGATIONS UNDER A CONTRACT IN LIGHT OF COVID-19. (CONSIDERING FORCE MAJEURE)**

This is subject to force majeure clauses and common law principles of frustration.

#### **REMEDIES FOR A PARTY'S FAILURE TO PERFORM ITS OBLIGATION UNDER CONTRACT**

A competent court can be approached on the basis of a breach of contract. However, this will depend on the particular obligations not being met and has to be dealt with on a case by case basis.

Note that the courts are only partially open to handle cases that arise from the government restrictions and urgent criminal cases.

#### **REQUIREMENTS TO REGISTER DOCUMENTS UNDER THE COMPANIES REGISTRY**

Government has granted extensions for the filing of Annual returns.

The government has granted companies a two-month extension to file their taxes. It has also created a platform for remote filing and payments.

#### **EFFECTS OF COVID-19 ON DELAYS TO OBTAIN REGULATORY APPROVALS**

There are no directives from the government.



# GENERAL

## FISCAL MEASURES TOWARD COUNTERING THE ECONOMIC EFFECTS OF THE PANDEMIC

The following have been announced:

- Government has reduced interest rate from 16% to 14.5%
- The government has granted a 50% salary increase and special life insurance packages for all frontline health workers. The workers were insured under Group Life cover, with an assured sum of GHS 350,000 on each life.
- Establishment of Covid-19 Trust Fund
- In collaboration with National Board for Small Scale Industries, Business & Trade Associations and selected Commercial and Rural banks, a roll out of a soft loan scheme for micro, small and medium scale businesses, with a one-year moratorium and two-year repayment period
- A Coronavirus Alleviation Programme to be put before parliament soon.

The central bank has also announced the following measures:

- Lowering reserve requirements for lenders to 8% from 10% to provide liquidity support to critical sectors.
- Conservation buffer for banks is reduced to 1.5% from 3%, which effectively cuts the capital-adequacy ratio to 11.5% from 13%.
- Lowering the cost of fund transfers through mobile money.

The world bank has provided \$ 100 million to assist Ghana in tackling the pandemic. This package includes emergency support to help Ghana provide improved response systems to the pandemic.

## NEW LAWS/REGULATIONS TOWARDS COMBATING THE PANDEMIC

None

## EFFECT OF THE PANDEMIC ON THE COUNTRY'S ECONOMY AND ANY RECESSION RISKS

- Increased prices of food in market
- Shortage of certain products as country relies heavily on imports
- A slight boost in manufacturing of hygiene and toiletry products eg, soaps, hand sanitizers and toilet rolls.

There is a risk of recession

## BANKING MEASURES/RESTRICTIONS

The Central bank made a directive for mobile money providers to waive fees on transactions of \$18 as well as increase the withdrawable/transactional limits.

The Central Bank also eased KYC requirements on mobile-money, allowing citizens to use existing mobile phone registrations to open accounts with the major digital payment providers.

## BORROWER PROTECTIONS AND MORATORIUM ON LOAN REPAYMENTS

Certain banks have taken this initiative and deferred loan repayment for specific periods.

There is protection for borrowers as the bank of Ghana (central bank) has reduced monetary policy rate from 16% to 14.5% which in effect banks are to reduce loan interest for all existing local currency. Dominated loans and all new loans and same is to run to the end of the facility.

The Bank of Ghana advise banks to work on loan extension and restructuring to enable customer pay without much difficulty created by the pandemic

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