Legal Syndication Primer

Ghana

Created by

ZUPUTO

African Angel Academy

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Ministry of Foreign Affairs

Legal Syndication Primer

Ghana

African Angel Academy

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Introduction

About the African Angel Academy

The African Angel Academy (AAA) is an online programme and knowledge community, which was established in 2020 by Viridian and ViKtoria Ventures. The academy's aim is to grow the number of active angel investors on the continent. Drawing on the expertise of early-stage investors from across Africa, the academy offers virtual learning and networking courses for those looking to start or grow their angel investing portfolio. As of 2024, the AAA's Alumni network comprises more than 500 members from 23 countries.

The AAA online course is available for anyone to purchase and start learning at their own pace, and the academy also offers cohort programmes with partners throughout the year. In the cohort format, the online course is offered to selected participants along with live masterclasses, investor Q&As, networking and mentorship opportunities, and showcase events featuring promising local startups.

To find out more about AAA's programme and course offerings, visit africanangelacademy.com/programmes.

About Viridian

Viridian is an impact agency that designs and delivers programmes for early-stage entrepreneurs, investors, and entrepreneur support organizations across Africa's entrepreneurial ecosystem. Our programmes act as a catalyst for these key economic actors, ultimately growing shared prosperity across Sub-Saharan Africa.

www.viridian.africa

About ViKtoria Ventures

ViKtoria Ventures is a consulting and fund management firm with a focus on entrepreneurial finance in East Africa.

www.viktoria.co.ke

About the Dutch Good Growth Fund

The development of these legal guides is supported by the Dutch Good Growth Fund (DGGF), an initiative of the Netherlands Ministry of Foreign Affairs as a part of the Seed Capital and Business Development (SC&BD) facility. The SC&BD is working with the AAA to train new and aspiring angel investors, and build stronger business angel networks across the continent over three years, while developing unique, local content for the angel community at the same time.

Ministry of Foreign Affairs

About the authors

Zuputo is a pioneering law and legal technology company that is revolutionising the accessibility of legal and compliance services across Africa. In doing so, Zuputo is at the forefront of transforming the legal landscape for businesses across Africa. Committed to transparency and innovation, we connect users with a wide network of expert lawyers from around the continent. By combining our expertise with like-minded partners, Zuputo is paving the way for a future in which legal services catalyse economic growth and prosperity.

https://www.zuputo.com/

About the Legal Syndication Primer for Ghana

This short guide was developed as a resource for AAA Alumni, as well as the broader African investor community for a new supplementary AAA module: the AAA Active Angel Series Syndication Module. The guide outlines common syndication and angel deal structures available to angels in Ghana as of December 2023.

For further detail on each structure and the suitability of using a specific structure for your deal or syndicate, please feel free to reach out to info@zuputo.com

Please note that the content of this guide cannot be considered to be legal advice and that the AAA or Zuputo is not responsible for any consequences arising from the selection of any of the structures outlined in this guide.

Part 1

Introduction

Introduction

This guide aims to outline the legal requirements that angel investors must adhere to when investing in startups within Ghana. There are no specific laws governing angel investing in this country, so the rules applicable to investors will apply to angel investors. Additionally, there are not any distinct vehicles tailored for angel syndication. The choice of legal structure hinges on the specific goals, intentions, and the nature of the investment being considered. Angels and angel syndicates registered outside Ghana are subject to the corporate laws of the country where they are registered. Due to the growing popularity of Delaware corporations as holding entities for African startups, investors often channel their investments through Delaware-based companies, which flow down to the African subsidiaries. In such scenarios, the legal requirements associated with investing in Delaware will come into play.

Understanding the requirements of registering and investments is essential to ensure compliance with relevant laws and regulations, while participating in Ghana's dynamic field of startup investments.

Registration

Investors should register their equity investments with the Ghana Investment Promotion Centre (GIPC). Companies with foreign investors must also register their investments with the centre. Conversely, local investors are not obligated to report their investments with the centre, but companies owned by Ghanaian citizens can register to access incentives and benefits. For investors who channel their funds outside of Ghana, registration with the authority is not required. It is important to note is that the registration requirement pertains specifically to equity investments, while other forms of investment are exempt from this registration mandate. This registration may vary based on the type and size of the investment. The GIPC Act outlines the framework for foreign investment in Ghana.

Compliance with the Companies Act

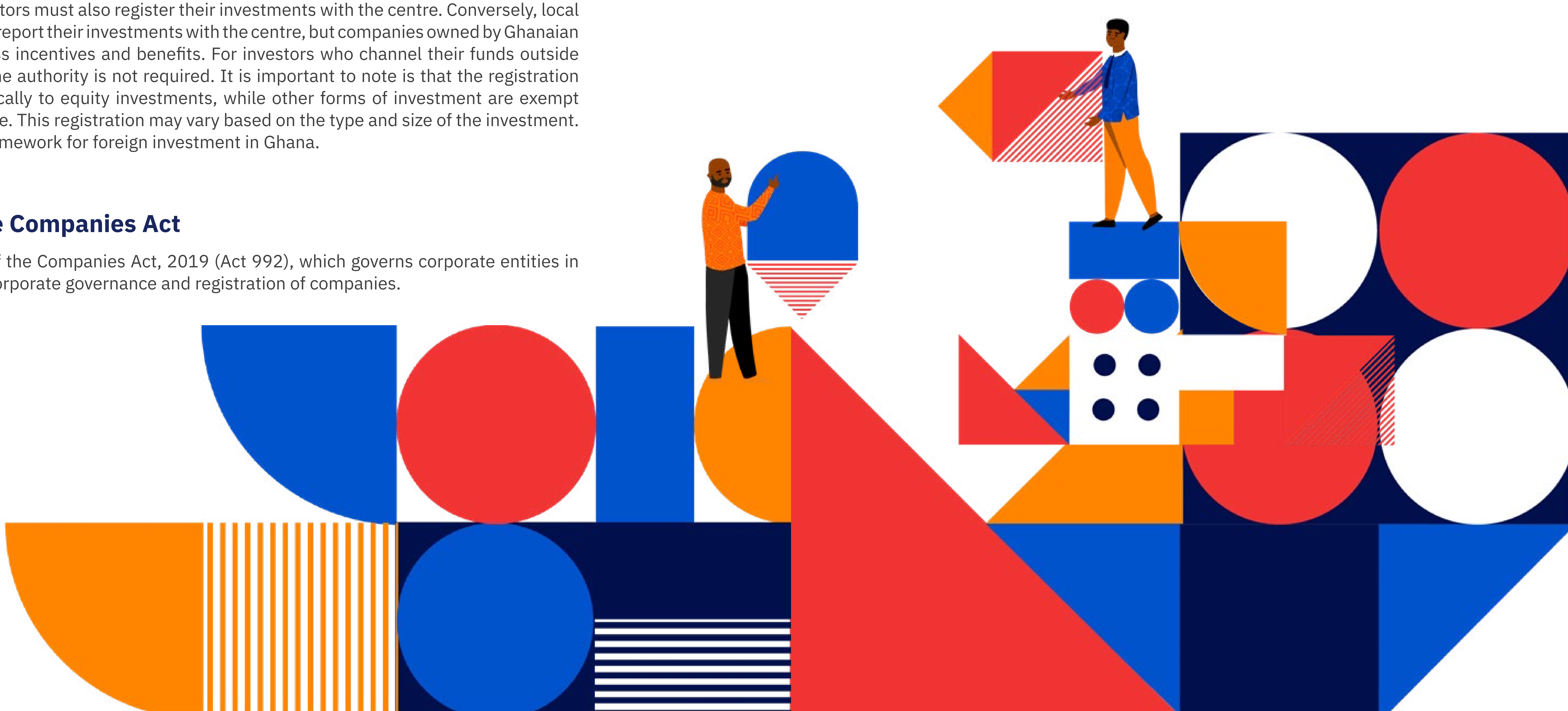
Investors should be aware of the Companies Act, 2019 (Act 992), which governs corporate entities in Ghana. It sets out rules for corporate governance and registration of companies.

Taxation

Investors should adhere to Ghana's tax laws and regulations. This includes paying taxes on capital gains, dividends, and any other income generated from their investments.

Investing in international companies

For Ghanaian angel investors looking to invest in startups operating in foreign jurisdictions, it is crucial to research and comply with the legal and regulatory requirements of the target country. This may include understanding the foreign investment laws, tax implications, and any necessary permits or licenses



Part 2

Legal framework

In Ghana, there are no dedicated legal statutes governing angel investor syndicates. Instead, the established regulations about companies and investments will be the governing framework.

Ghana Investment Promotion Centre (GIPC) Act, 2013 (Act 865)

This act establishes the Ghana Investment Promotion Centre, which serves as the leading agency responsible for promoting, facilitating, and regulating investments in Ghana. It outlines the incentives available to investors and the sectors open to foreign investment.

Income Tax Act, 2015 (Act 896)

This law specifies the income tax rates, exemptions, and incentives applicable to individuals and businesses, including corporations, engaged in commercial activities in Ghana.

Companies Act, 2019 (Act 992)

This law governs the formation, registration, and management of companies in Ghana. It outlines the requirements for incorporating a company, the rights and responsibilities of shareholders and directors, and corporate governance standards.

Securities Industry Act, 2016 (Act 929)

If you plan to invest in the Ghanaian stock market, this act regulates the securities industry, including the operation of the Ghana Stock Exchange.

Part 3

Syndication structures

Individual investing (sole proprietorship)

In Ghana, individual investments can take two primary forms: direct investment or involvement in a sole proprietorship. A sole proprietorship is typically owned and operated by a single individual who assumes full responsibility for any financial obligations or liabilities associated with the business.

Key Considerations	Note
Regulatory requirements	When an individual chooses to conduct business using their actual personal name, surname, or initials in Ghana, there is no requirement to register the business name. However, if the entrepreneur intends to use a business name that differs from their personal name, surname, or initials, then they must complete the registration process with the Registrar General's Department. This registration should be completed within a two-week timeframe from the commencement of the business.
Investor liability	Investors choosing to invest directly or through a registered sole proprietorship are personally liable for all the business debts, obligations, and liabilities. This means their personal assets are at risk in the event of any financial issues or legal claims related to the business.
Tax implications	Every person who is liable to pay tax or is required to withhold tax at source must have a tax identification number (TIN). However, since the entrepreneur is the same as the business in a sole proprietorship, in cases where the entrepreneur has a TIN, there will be no need to register for a TIN for the company because the business can use the entrepreneur's TIN. Sole proprietors are also required to pay income tax
Specific requirements for foreign investors	Foreign angel investors investing directly or through a registered sole proprietorship will need a tax presence in Ghana by getting a TIN.
Advantages	• A sole proprietorship does not require a significant amount of capital to start up. • It is simple to form and operate. • Enjoys greater flexibility of management, fewer legal controls, and fewer taxes. • There is no registration obligation with any regulatory authority.
Disadvantages	Personal liability is unlimited for debts of ventures or businesses.
Cost of setting up	When a sole proprietorship is officially registered, the associated costs are as follows: • A processing fee of GHS60 (60 Ghanaian cedis) • A renewal fee of GHS35

Private limited liability company

A private limited liability company (LTD) is the optimal choice for angel syndication. This type of company allows for a maximum of 50 members or shareholders, and the liability of these shareholders is limited to the value of the shares they hold. This structure provides a conducive framework for angel investors to form syndicates and utilise a private limited liability company for investment in Ghana.

Key Considerations	Note
Regulatory requirements	A company must have a minimum of two directors, who should possess the necessary legal qualifications and provide written consent to serve as directors before their appointment. For a private company, the number of shareholders should not exceed fifty. Since they have potential tax liabilities, directors and shareholders must possess a tax identification number (TIN). If a director or shareholder does not have a TIN, an application must be submitted before the company's registration process can proceed. Additionally, the company is mandated to establish a constitution that outlines the rules governing the business entity. This constitution acts as a contractual agreement between the company, its shareholders, directors, and officers. Furthermore, the company must designate a secretary and appoint an auditor to fulfil its regulatory requirements.
Investor liability	Under the law, a company is regarded as an independent legal entity and holds the status of a distinct person. As a result, in most cases, the personal assets of the company's directors and shareholders cannot be seized to settle the company's debts, except in specific and limited circumstances.
Tax implications	Under the Income Tax Act, 2015 (Act 896), companies must register with the Ghana Revenue Authority to fulfil their corporate tax obligations. Companies are liable to pay a corporate tax of 25% on their annual profits. Additionally, any dividend distributions will be subject to an 8% withholding tax.

Specific requirements for foreign investors	• Limited liability companies that have foreign investors must fulfil specific capital requirements. If non-Ghanaians own it, the minimum investment is $500 000. In cases where foreign ownership is partial, with at least 10% of the company owned by Ghanaians, the required minimum investment is $200 000.
	• When a company has non-Ghanaian shareholders, it is necessary to register with the GIPC after incorporation but before commencing operations. The GIPC has defined minimum capital prerequisites for different business types:
	    • For a joint venture involving non-Ghanaian and Ghanaian shareholders with a minimum 10% equity participation: $200 000 (either in cash or capital goods)
	    • for a wholly-owned foreign businesses: $500 000 (either in cash or capital goods).

Advantages	• The liability of investors is limited to the number of shares subscribed. • The company is a separate legal entity from members.

Disadvantages	• The minimum capital requirements, particularly for wholly-owned foreign businesses, necessitate a substantial initial investment. • The requirement for at least 10% Ghanaian ownership in joint ventures with foreign investors can pose challenges in finding suitable local partners, and may restrict the foreign investor's control over the business. Meeting the requirements for directors, auditors, and secretaries can create operational challenges and potential delays.
Cost of setting up	The incorporation fee is GHS230, with a filing fee of GHS180 and a 1% stamp duty on the stated capital. Additionally, there is an annual return filing cost of GHS60.

Private unlimited liability company

Private unlimited liability companies (PRUCs) do not impose restrictions on the liability of shareholders. In other words, shareholders bear no limits on the financial responsibility for the company's debts and obligations. This means that the shareholders' personal assets, including their savings, property, and other investments, can be utilised to satisfy the company's financial liabilities. Shareholders in an unlimited liability company face significant financial exposure, as their personal wealth is neither protected nor separated from the company's financial obligations, which can result in substantial financial risk and potential personal bankruptcy.

In summary, an unlimited liability company places no constraints on the financial liability of its angels who have decided to use this structure, and angels are personally responsible for the company's debts and obligations, putting their personal assets at risk.

Key Considerations	Note
Regulatory requirements	• Similar to a private limited company (LTD), a company must have a minimum of two directors, and these directors must possess the necessary legal qualifications and provide written consent before their appointment. • For a private company, the number of shareholders should not exceed fifty. • Since they have tax obligations, directors and shareholders must obtain a TIN. In cases where a director or shareholder does not have a TIN, they must apply for one before the company's registration can proceed. • Additionally, the company is mandated to establish a constitution that outlines the rules governing the business entity. This constitution acts as a contractual agreement between the company, its shareholders, directors, and officers. • Furthermore, the company must designate a secretary and appoint an auditor to meet its regulatory requirements.
Investor liability	In an unlimited liability company, investors and owners have significant personal liability for the company's debts and obligations. This means that the personal assets of the investors – including their savings, property, and other investments – can be used to satisfy the company's debts and liabilities. The key points about investor liability in an unlimited liability company are as follows: • **Personal liability:** Investors are personally responsible for the company's debts. If the company cannot meet its financial obligations, the investors' personal assets can be used to cover the outstanding debts. • **No protection for personal assets:** Unlike in limited liability structures, there is no legal separation between the company's and investors' personal assets. This puts the investors' personal wealth at risk. • **Unlimited financial exposure:** Investors can potentially lose more than their initial investment in the company. If the company faces financial difficulties, they may be required to use their personal assets to cover their debts, which may potentially lead to financial hardship or bankruptcy.
Tax implications	• Under the Income Tax Act, 2015 (Act 896), companies are required to pay taxes. Companies are, therefore, required to register with the Ghana Revenue Authority. • Companies are liable to pay a corporate tax of 25% on their annual profits. Additionally, any dividend distributions will be subject to an 8% withholding tax.

Specific requirements for foreign investors	• Limited liability companies that have foreign investors must fulfil specific capital requirements. If non-Ghanaians own it, the minimum investment is $500 000. In cases where foreign ownership is partial, with at least 10% of the company owned by Ghanaians, the required minimum investment is $200 000.
	• When a company has non-Ghanaian shareholders, it is necessary to register with the GIPC after incorporation but before commencing operations. The GIPC has defined minimum capital prerequisites for different business types:
	  • For a joint venture involving non-Ghanaian and Ghanaian shareholders with a minimum 10% equity participation: $200 000 (either in cash or capital goods
	  • For a wholly-owned foreign businesses: $500 000 (either in cash or capital goods).

Advantages	
Disadvantages	• The minimum capital requirements, particularly for wholly owned foreign businesses, necessitate a substantial initial investment. • The requirement for at least 10% Ghanaian ownership in joint ventures with foreign investors can pose challenges in finding suitable local partners and may restrict foreign investors' control over the business. • Meeting the requirements for directors, auditors, and secretaries can create operational challenges and potential delays. • Investor liability and risk exposure is not limited to initial investments.
Cost of setting up	The incorporation fee is GHS230, with a filing fee of GHS180 and a 1% stamp duty on the stated capital. Additionally, there is an annual return filing cost of GHS60.

Incorporated partnerships

A partnership is a business entity comprising a minimum of two and a maximum of20 individuals who contribute money, labour, or expertise to run a business collectively. In a partnership, each partner shares in the profits, bears a portion of the losses, and collaborates in managing the business. Importantly, each partner in the partnership is personally and equally liable for the financial debts and obligations of the partnership.

Key Considerations	Note
Regulatory requirements	Under Ghanaian law, partnerships must be incorporated under the Incorporated Private Partnerships Act, 1962 (Act 152) and governed by a partnership agreement. In the absence of a partnership agreement or any contrary provisions in a partnership agreement, the provisions of Act 152 shall govern the partnership relationship.
Investor Liability	A registered partnership is considered an independent legal entity, separate and distinct from the partnership's individual partners. However, it is important to note that a partner in such a registered partnership is jointly and severally liable to the partnership and the other partners for all the debts and obligations of the partnership during the duration of their partnership involvement. While registration of a partnership grants it legal recognition as a separate corporate entity, the individual partners remain collectively responsible for the debts and obligations incurred by the partnership.
Tax Implications	According to Ghanaian tax law, partnership firms are not subject to direct taxation. Instead, when profits are distributed among the partners, each partner is individually taxed based on their respective portion of the partnership's earnings.
Specific Requirements for Foreign Investors	Foreign angel investors investing directly or through a registered sole proprietorship will need a tax presence in Ghana by getting a TIN.
Advantages	A partnership is easy to establish and operate.
Disadvantages	Each partner is liable for the other partners' actions in connection with the partnership.
Cost of Setting Up	The initial setup cost is GHS160, and the annual returns filing fee is GHS60.

Summary and comparisons

	Individual	Private Limited Company	Private Unlimited Company	Incorporated Partnerships
Number of angels legally allowed in structure	Typically used by a single angel.	Allows for a maximum of 50 angels in a syndicate.	Allows for a maximum of 50 angels in a syndicate.	Comprises a minimum of two and a maximum of 20 angels
Associated costs	If registered, a registration fee of GHS60 and renewal fee of GHS35 is required.	Incorporation fee of GHS230, a filing fee of GHS180, and 1% stamp duty on the stated capital, with an annual return filing cost of GHS60	Incorporation fee of GHS230, a filing fee of GHS180, and 1% stamp duty on the stated capital, with an annual return filing cost of GHS60	Initial setup cost of GHS160, and annual returns filing fee of GHS60
Legal Title to Assets	Assets are owned by the individual, and there is unlimited personal liability.	Assets are owned by the syndicate, and personal assets are protected.	Assets are owned by the syndicate.	Assets are owned collectively with liability shared among angels.
Requirements of Registration	Registration is required if the business name is different from the personal name.	Formal registration is required with specified regulatory authorities, and minimum capital.	Similar to LTDs in terms of registration and capital requirements.	Must be incorporated under the Incorporated Private Partnerships Act, 1962 (Act 152) governed by a partnership agreement.
Ease of Setup	Simple and quick to set up	Formal registration and regulatory compliance may require more time and effort.	Formal registration and regulatory compliance may require more time and effort	Requires registration and a partnership agreement.

Part 4

Foreign investment requirements for local angel investors

Angel investors in Ghana have the flexibility to make investments in foreign jurisdictions, whether individually or through legally registered entities

Registration requirements

No legal barriers prohibit foreign investments, whether made directly or through Ghanaian registered entities or investment syndicates. There are no special registration requirements. The regulations governing the establishment of a syndicate in Ghana shall be relevant and applied. Ghana does not prohibit companies and individuals from engaging in investments within foreign jurisdictions. Nonetheless, it is imperative to acknowledge that the legal frameworks of the foreign jurisdiction, rather than those of Ghana, dictate the permissible structures for making investments in that specific, unfamiliar territory.

Tax requirements

Resident corporations are subject to taxation on their global income. Foreign income is also taxed alongside any other revenue generated within Ghana. The issue of double taxation (or relief from double taxation) is typically addressed through international treaties or foreign tax credits.

Dividends received in Ghana from non-resident or foreign companies are considered taxable investment income, and the taxation details are as follows:

- For individuals, investment income is incorporated into their assessable income and is subject to a graduated tax rate ranging from 5% to 35%.

- For companies, the investment income is included in their assessable income and is taxed at the relevant corporate income tax rate

A note to investors

Investing in Ghanaian businesses is governed by the GIPC. If you are a foreign investor, it is important to know that there are restrictions on the types of businesses you can invest in. These restrictions primarily apply to businesses such as petty trading, operating taxis with a fleet of less than 25 vehicles, beauty salons, and similar businesses.

Here are the key requirements for foreign investors:

- To invest in a Ghanaian business, you need to commit at least $200 000 in cash or capital goods. Your Ghanaian partner should have a minimum of 10% equity ownership.

- If the business is owned entirely by non-Ghanaians, the minimum investment required is $500 000 to $1 000 000, depending on the company's nature.

- You will need to provide evidence of your investment, such as swift transfers and agreements that show the cost of goods and services related to your investment.

These regulations primarily pertain to equity investments. It is important to note that trust instruments held by Ghanaian nationals cannot be used to bypass these regulations.

Part 5

Instruments for angel investments

For angel investors looking to invest in Ghana, various investment instruments are available. Limited liability companies typically use these, which can be adapted for other types of companies as regulations allow. Importantly, these instruments are usually offered in private placements, not through offerings registered with the Securities and Exchange Commission (SEC) Ghana.

Simple agreements for future equity

Simple Agreements for Future Equity (SAFEs) in Ghana share the critical characteristics of simplicity and flexibility. They allow investors to convert their investments into equity at a future event without a fixed maturity date.

SAFEs are legally binding in the Ghanaian context and are quite common among angels and incubators. In a SAFE, it is essential to specify the event that will trigger the conversion to equity and the price cap and which events could trigger an exit. The agreement should make provision for compliance with local laws on equity acquisition, including the Companies Act, the GIPC Act and all relevant corporate tax laws and stamp duty payments, including which party shall be responsible for those additional costs.

Applicability	SAFEs can be used effectively within Ghana for local investments, particularly in the vibrant startup ecosystem. SAFEs are globally recognised and can be applied by international investors looking to support Ghanaian startups.
Risks/Disadvantages	Investors in SAFEs in Ghana face the risk of dilution if the conversion price turns out to be lower than anticipated.
Advantages	SAFEs in Ghana are known for their simplicity and flexibility, making them a good option for early-stage investments for local and foreign investors.
Ideal-use case	SAFEs are ideal for Ghanaian early-stage startups looking for a straightforward and flexible method of attracting investment without immediate debt obligations.

Crowdfunding

Startups in Ghana can use crowdfunding, which comes in two forms: reward-based and equity-based. Reward-based crowdfunding allows donors to invest in exchange for rewards, such as products, services, or experiences. This type is not favourable for angels. Equity-based crowdfunding rewards angels with equity.

Ghanaian crowdfunding campaigns involve raising small amounts of money from many people. Equity-based drives enable Ghanaian startups to access a broad investor base.

Applicability	Crowdfunding is gaining traction in Ghana and can be used for local and international investments, especially for businesses in Ghana. Ghanaian businesses can attract global investors through equity-based crowdfunding, but regulatory considerations apply.
Risks/Disadvantages	Investors in Ghanaian crowdfunding campaigns will only receive the expected returns if the business performs as anticipated. Crowdfunding can involve complex regulatory compliance and heightened competition for investor attention.
Advantages	Ghanaian crowdfunding provides access to a vast pool of investors, which potentially increases exposure and funding opportunities for local startups.
Ideal-use case	Crowdfunding is suitable for Ghanaian startups with broad appeal, consumer-oriented products, or compelling stories that can attract many small investors.

Venture debt

This type of loan is specifically designed for early-stage, high-growth companies with backing from venture capital. It complements equity financing, follows equity and is complementary to it. Unlike the more traditional forms of debt financing, venture debt is typically provided by specialised lenders who are willing to take on a higher level of risk in exchange for the potential of higher returns.

Venture debt in Ghana takes the form of a loan with flexible terms and the potential for conversion to equity. Angels or venture capitalists are not required to register as lenders to execute this form of investment.

Applicability	Venture debt applies to Ghanaian startups with venture capital backing, but is more commonly used in developed startup ecosystems. International investors may consider venture debt for Ghanaian startups, subject to local regulations.
Risks/Disadvantages	In Ghana, venture debt investors face the risk of high interest rates and the possibility of default if the Ghanaian startup does not succeed.
Advantages	Venture debt complements equity financing in Ghana and helps startups without immediate revenue streams. It allows for raising capital without giving up additional equity.
Ideal-use case	Venture debt in Ghana is appropriate for startups with substantial venture capital backing that are looking to complement equity financing while minimising dilution.

Convertible notes

Commonly used for fundraising in the early stages, convertible notes allow angel investors to provide capital that can later be converted into equity under certain conditions. These notes usually mature within one to two years and can convert during subsequent equity financing, the sale of the company, or upon reaching the maturity date.

Convertible notes in Ghana are structured as a type of debt that can convert into equity upon the occurrence of a specified event. They often include terms related to interest rates and maturity dates.

Applicability	Convertible notes apply to Ghanaian startups, making them an ideal choice for early-stage businesses. International investors can use convertible notes to invest in Ghanaian startups, but should adhere to local financial regulations.
Risks	Investors may not see returns on their investment if the Ghanaian startup fails to reach a conversion event.
Advantages	Convertible notes in Ghana balance debt and equity, making them suitable for early-stage startups. They are often used for their flexibility.
Disadvantages	The terms of convertible notes can be complex, and conversion events may be delayed, which may affect investor returns.
Ideal-use case	Convertible notes are often used by Ghanaian pre-seed and seed-stage startups looking for a mix of debt and equity financing – especially when they anticipate reaching a conversion event soon.

Tax considerations

Investors should also be aware of tax implications in Ghana. Notably, foreign tax credits are available to residents based on their foreign taxable income. In addition, there are incentives under the GIPC Act, such as customs duty exemptions on machinery, reduced corporate income tax rates, and more, to encourage significant investments in various sectors.

For venture capital companies (in other words, companies that invest funds on behalf of their limited partners), tax incentives include:

- relief from stamp duty on new equity shares in venture capital funds
- interest and dividends from investment in a venture capital company are subject to tax at 1% for the first ten years of assessment; chargeable income is subject to tax at 5% for the first ten years of evaluation
- the ability to carry forward losses for five years after the 10-year assessment.

While there are no requirements for venture capital companies to be registered in Ghana before they can make an investment, the company must be registered in Ghana and licensed by the Securities and Exchange Commission (SEC) as a venture capital to enjoy these benefits.

Angels must ensure compliance with the Stamp Duty Act in Ghana on all transaction agreements, where a 0.5% to 1% tax rate on the transaction amount applies.

Summary and tax implications

Applicability	Summary	Tax Implications
SAFE	SAFEs in Ghana are straightforward, flexible, legally binding agreements that allow investors to convert their investments into equity in early-stage companies, with clear provisions for triggering events and compliance with local laws.	• Withholding tax rate of 10% of any assets received during an exit if the exit is a winding up • Capital gains tax of 25% on the profit gained from the sale of any shares after conversion for non-residents and a marginal or graduated tax rate of 5–35% for residents • Withholding tax of 8% on dividends after conversion
Crowdfunding	Crowdfunding in Ghana offers two options: reward-based, where donors receive non-equity rewards, and equity-based, granting angels equity. These campaigns help startups access diverse investor bases, while raising small sums from a broad audience.	• Withholding tax rate of 10% of any assets received during a winding up for angels who contribute to equity-based funds • Capital gains tax of 25% on the profit gained from the sale of any shares after conversion for non-residents and companies, and a marginal or graduated tax rate of 5–35% for residents • Withholding tax of 8% on dividends or interest on investment
Venture debt	Venture debt, tailored for high-growth startups with venture capital backing, offers flexible loans with potential equity conversion without needing angel or venture capital lenders to register as traditional lenders.	Withholding tax of 8% interests for both residents and non-residents
Convertible notes	Convertible notes are a popular early-stage fundraising tool, which enable angel investors to offer capital that can transform into equity upon predetermined events, commonly featuring maturity dates and interest rates.	• Withholding tax rate of 10% of any assets received during an exit if the exit is a winding up • Capital gains tax of 25% on the profit gained from the sale of any shares after conversion for non-residents and companies, and a marginal or graduated tax rate of 5–35% for residents • Withholding tax of 8% on dividends after conversion for both residents and non-residents

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