



24<sup>th</sup> March, 2021

For Immediate Release:

**Deduction of Tax on End of Service Benefits of Ex-Staff of KNUST Followed the New Tax Act, 2015 (Act 896)**

The attention of Management of KNUST has been drawn to a news item on GhanaWeb and other online portals under the headline, "*KNUST ex-staff fight management over unlawful ex-gratia deductions*".

Management wishes to state that the deduction of 25% tax on end of service benefits for senior members, 17.5% for senior staff and 10% for junior staff follows the new Income Tax Act, 2015 (Act 896) issued on 6<sup>th</sup> October 2016 by the Republic of Ghana. Specifically, section 4.6.4 states that, "End of service benefits and ex-gratia paid either in cash or in kind is taxable".

This has been communicated extensively to the 2019/2020 retirees and copies of the new Income Tax Act made available to the leadership of the group. It is also worthy to note that this tax applies to all staff of all public Universities in Ghana who qualify for such packages; the deduction is thus not unlawful, or discriminatory.

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