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Client Alert

Exemptions and Waivers under the Companies Act of Ghana

The Office of the Registrar of Companies (ORC) has issued Directive number 5, dated 22 January 2025, which introduces important changes to the classification of companies under the Companies Act 2019 (Act 992) ("**Companies Act**") and the Companies Regulations 2023 (L.I. 2473) ("**Companies Regulations**"). These updates aim to streamline compliance requirements and provide specific exemptions and waivers for small and medium-sized companies.

Classification of Companies

The Companies Regulations establish a framework for classifying companies based on their turnover, assets, or other variables determined by the Registrar in consultation with the Governing Board of the Office of the Registrar of Companies. Companies are now categorised as *small*, *medium*, or *large*, depending on their financial thresholds. Specifically:

- **Small companies** are those with revenue or assets up to GHS 400,000.
- **Medium companies** fall within the range of GHS 400,001 to GHS 10,000,000.
- **Large companies** have revenue or assets exceeding GHS 10,000,000.

This classification system ensures that regulatory requirements match the size and capacity of each business.

Exemptions for Annual Returns

One notable change is the introduction of exemptions for small and medium companies regarding filing annual returns. These companies are no longer required to submit a full version of their annual returns as mandated under Section 126 of the Companies Act. Instead, they are only required to confirm the accuracy of the information in the Registrar's records. This measure greatly lessens the administrative workload for smaller businesses, enabling them to concentrate their resources on growth and operational activities.

Audit Requirements Waived for Small Companies

A key update involves the exemption of small companies from audit requirements. According to the new directive, these companies no longer need to conduct audits or publish financial statements as outlined in Section 137 of the Companies Act. Instead, they will be subjected to a limited review conducted by their internal auditors. These reviews will comply with:

1. the International Standards on Review Engagements (ISRE); and
2. the standards issued by the International Audit and Assurance Standards Board (IAASB) for less complex entities, as adopted by the Institute of Chartered Accountants, Ghana.

This change offers significant cost savings for small companies while maintaining appropriate financial oversight.

Implications for Businesses

These updates have several implications for businesses.

- *One*, the tailored compliance obligations ensure that small and medium companies can benefit from simplified processes, reducing costs and administrative demands.
- *Two*, companies must assess their classification to determine their eligibility for these exemptions and waivers.
- *Three*, businesses must ensure that their records with the Registrar are accurate and up-to-date to meet the confirmation requirements for annual returns.

Guidance for Compliance

To navigate these changes effectively, companies are advised to seek professional guidance. Legal and financial advisors can provide tailored support to ensure compliance with the new requirements and maximise the benefits of the exemptions and waivers.