NEWSLETTER

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THE NEW INVESTMENT REGIME OF GHANA: KEY CHANGES
INTRODUCED BY THE GHANA INVESTMENT PROMOTION AUTHORITY ACT, 2026 (ACT 1173)

The foreign investment framework of Ghana has undergone its most significant transformation in more than a decade. On 15th July 2026, President John Dramani Mahama assented to the Ghana Investment Promotion Authority Act, 2026 (Act 1173), repealing the Ghana Investment Promotion Centre Act, 2013 (Act 865) and replacing the Ghana Investment Promotion Centre (GIPC) with the Ghana Investment Promotion Authority (GIPA).

This landmark legislation represents far more than an institutional name change. Act 1173 introduces extensive reforms aimed at enhancing Ghana's attractiveness as an investment destination, strengthening investor protection, simplifying market entry, and aligning the country's investment regime with regional and international standards, particularly under the African Continental Free Trade Area (AfCFTA) framework. For foreign investors, multinational companies, and local business partners, a clear understanding of the differences between the repealed Act 865 and the new Act 1173 is essential for regulatory compliance and strategic decision-making.

REMOVAL OF BLANKET MINIMUM CAPITAL REQUIREMENTS

One of the most significant reforms introduced under Act 1173 is the elimination of the blanket minimum capital requirements that previously governed foreign participation in many sectors of the Ghanaian economy.

Under the repealed Act 865:

- Joint ventures involving a Ghanaian partner required a minimum foreign capital contribution of US$200,000.
- Wholly foreign-owned enterprises were required to invest a minimum capital of US$500,000.

These requirements often served as barriers to entry, particularly for start-ups, technology companies, and smaller investors with strong business prospects but limited initial capital. **Act 1173 abolishes these blanket capital thresholds for both joint ventures and wholly foreign-owned enterprises.** While foreign-owned businesses are still required to register with GIPA, the law significantly lowers the entry barrier for investment in sectors outside trading.

However, this liberalisation does not override sector-specific requirements. Regulated industries such as banking, insurance, telecommunications, mining, oil and gas, and financial technology remain subject to capital and ownership rules established by their respective regulatory authorities.

New Rules for Trading Enterprises

Although the law relaxes investment requirements generally, it continues to protect the retail and trading sector of Ghana through specific conditions for foreign participation. Under Act 865, foreign investors engaging in trading activities were required to: Invest at least US$1 million in cash or goods and services; and Employ a minimum of 20 skilled Ghanaian workers.

Under Act 1173:

- The minimum capital requirement has been reduced to US$500,000.
- The investment must be made strictly as cash equity capital at the commencement of operations.
- Instead of employing a fixed number of Ghanaians, at least 75% of the workforce must comprise skilled Ghanaian employees.
- Importantly, the new law extends these requirements to Ghanaian-owned trading businesses where a non-citizen is a beneficial owner or director.

EXPANDED EXPATRIATE QUOTAS

Act 1173 introduces a more flexible expatriate quota regime designed to support large scale investment and specialised workforce needs. Under Act 865, enterprises could obtain a maximum automatic expatriate quota of four persons, even for investments exceeding US$700,000.

The new legislation significantly expands this framework by linking expatriate quotas to investment levels. Enterprises may now qualify for quotas ranging from:

- Two expatriates for investments between US$50,000 and US$500,000; to
- Twelve expatriates for enterprises with paid-up capital exceeding US$10 million.

To qualify for these quotas, businesses must demonstrate that skilled Ghanaians constitute at least 90% of their direct workforce. The revised framework provides greater certainty for long-term workforce planning and investment expansion.

STRONGER REGULATION OF TECHNOLOGY TRANSFER AGREEMENTS

Technology Transfer Agreements (TTAs) are also subject to substantial reforms under Act 1173. The law broadens the definition of TTAs to expressly include:

- Software licensing arrangements; and
- Foreign trademark agreements.

The duration and validity structure of TTAs have been revised as follows:

- Minimum agreement duration reduced from 18 months to 12 months.
- Registered TTAs are now valid for five years, renewable for additional periods not exceeding five years.
- Under the previous regime, TTAs could remain valid for up to ten years.

Most notably, the new Act imposes serious consequences for non-registration:

- Unregistered TTAs are legally unenforceable.
- Licensed banks cannot process payments related to unregistered agreements.
- Fees and charges arising from unregistered TTAs are not tax-deductible under Ghana's Income Tax Act.

These provisions are intended to strengthen regulatory oversight and ensure transparency in technology and intellectual property transfers.

STRONGER REGULATION OF TECHNOLOGY TRANSFER AGREEMENTS

A major innovation under Act 1173 is the creation of a formal Investor Grievance Mechanism. This mechanism provides investors with a structured avenue for lodging complaints concerning decisions, actions, or omissions of public institutions.

Key features include:

- Complaints must be filed within six months of the event.
- GIPA must acknowledge receipt within five days.
- Unresolved matters are reported quarterly to the Office of the President.

The objective is to resolve disputes promptly and prevent escalation into costly arbitration or litigation proceedings.

EXPANDED INSTITUTIONAL MANDATE OF GIPA

- National focal institution for implementing the AfCFTA Protocol on Investment;
- Lead agency for coordinating investment facilitation initiatives;
- Administrator of a planned One-Stop Shop aimed at streamlining permits, approvals, tax registrations, and other administrative processes.

In addition, GIPA is mandated to promote outward investment, supporting Ghanaian businesses seeking opportunities beyond the borders of Ghana. These expanded functions position the Authority as a central player in Ghana's broader economic transformation agenda and regional integration efforts.

COMPLIANCE OBLIGATIONS AND TOUGHER PENALTIES

Act 1173 introduces stricter compliance requirements and significantly tougher sanctions for violations.

ANNUAL REGISTRATION RENEWAL

Unlike Act 865, which required renewal every two years, businesses registered with GIPA must now renew their registration annually. This change is intended to improve regulatory oversight and maintain accurate investor records.

CRIMINALISATION OF FRONTING

The Act expressly prohibits and criminalises fronting—the use of Ghanaian individuals or entities to conceal foreign ownership or control.

Key features include:

- Administrative penalties ranging from GHS 60,000 to GHS 120,000;
- Additional monthly penalties for continuing breaches; and
- Increased sanctions for general offences, which are substantially higher than under the repealed legislation.

TRANSITIONAL PROTECTIONS FOR EXISTING INVESTORS

To ensure continuity and investor confidence, Act 1173 contains transitional provisions that preserve rights acquired under the previous regime.

Accordingly:

- Existing registrations remain valid.
- Pending applications continue to be processed.
- Previously granted incentives and benefits remain protected.
- Existing expatriate quotas and work permits remain effective until expiration or renewal.
- Technology Transfer Agreements registered under Act 865 are deemed registered under Act 1173.

CONCLUSION

The Ghana Investment Promotion Authority Act, 2026 (Act 1173) marks a decisive evolution in the investment landscape of Ghana. By eliminating blanket capital requirements, expanding expatriate quotas, strengthening investor protection mechanisms, and aligning investment governance with AfCFTA objectives, Ghana is positioning itself as a more competitive and investor-friendly destination. At the same time, stricter compliance obligations, enhanced regulation of Technology Transfer Agreements, mandatory annual renewals, and robust anti-fronting provisions demonstrate the government's commitment to transparency, accountability, and local economic participation. For investors and businesses operating in Ghana, the new law presents both significant opportunities and important compliance responsibilities. Careful planning and a thorough understanding of the revised framework will be critical to maximising benefits while ensuring full regulatory compliance under Ghana's new investment regime.