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IFRS / IAS Adoption and its Tax Challenges and Management – Views from Ghana

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Abstract:
This study investigates the tax challenges that face the adoption of International Financial Reporting Standards (IFRS) by Ghanaian listed firms and how it could be manage. In particular, this study documented the tax challenges and management of IFRS / IAS adoption from the perspective of preparers of financial statements in Ghana. The researchers used descriptive research design and the evidence was obtained by means of structured questionnaire and semi-structured interviews. The results of the study indicate that IFRS / IAS adoption by Ghanaian entities has faced some obstacles such as apparent complexities and voluminous in disclosure, measurement, recognition of items, increased adjustment from financial accounting to tax accounting, the absence of general guidelines from ICA – G / CIT-G and the GRA on tax treatment following IFRS / IAS adoption. Data collections came after barely six years after the preparations of these financial statements, thus it is therefore possible that findings could be affected by time-related updates.Nevertheless, surveying preparers' views is a useful exercise as views may influence acceptance of and the incorporation of how to manage those tax challenges of IFRS / IAS adoption. Our emphasis was more on real costs and taxation difficulties of adoption than on perceived cost and tax challenges. The researchers recommend that the management of tax challenges and its management should or can be share with industry stakeholders for further discussions and debates in framing guidelines on tax treatment due to IFRS / IAS adoption. Also, there should be incorporation of IFRS / IAS concepts and procedures into accountancy educational curriculum and provision of capacity building and development for all relevant stakeholders engage in the implementation and continuous survival of IFRS / IAS in Ghana. Future researches could be carried out to investigate whether IFRS / IAS tax challenges associated with its general adoption challenges.

Keywords: *IFRS / IAS adoption, Tax Challenges, Management and Ghana*

1. Background to the Study

In Ghana, as in most other countries around the globe, the adoption of International Financial Reporting Standards (IFRS) and International Accounting Standards (IAS) effective 2007 marked a dramatic shift from the use of national accounting standards towards the acceptance of global standards established by the International Accounting Standards Board (IASB). IFRS are now permitted or required in possibly more than 150 jurisdictions globally. Because the change from Ghana National Accounting Standards (GNAS) to IFRS / IAS was so large, we anticipated that financial statement preparers would experience challenges with the new standards and also incur monetary and non-monetary costs of transition. Also, we expected that respondents would be concerned about the likely impact of IFRS / IAS, especially in the case of accounting issues where IFRS / IAS differs most from GNAS. Equally, we predict respondents to have views about the ways to go about managing any tax challenge or difficulty arising from the adoption implementation of IFRS/IAS.

The researchers' predicts that surveying preparers' views gives insights usually not available (Brown and Tarca 2012,) into the costs and implementation issues faced ''on the ground'' by companies at the time they were switching from GNAS to IFRS / IAS. Surveying preparers' views and inputs allows the researchers to inquire which accounting areas were considered the most difficult, and yields insight into the perceived impact of IFRS / IAS. Surveying preparers' views also yields insights into what preparers consider being the tax challenges of IFRS / IAS adoption. While these challenges may overlap with those of the capital market or other general challenges of IFRS / IAS implementation, additional challenges as in respect of tax preparers could emerge from the sample responses, as could some idea of how to manage those challenges could also be gotten from the respondents.

According to Thi Phana and Mascitellib, (2014) IFRS / IAS are attracting significant scholarly attention especially in markets where decision making on its adoption has approached or are in progress. Consequently, following the increase in the number of countries adopting IFRS / IAS, large number of research works has been conducted to know the merits and demerits of these adoptions and the reasons for adopting, and to identify the opportunities and challenges ahead or faced. To mention but a few of these, for instance, Alsaqa and Sawan (2013) carried out a study to identify the advantages and challenges of adopting IFRS in United Arab Emirate

(UAE) stock market. Also, Okpala (2012) conducted a study to investigate the effects of IFRS adoption on foreign direct investment and Nigeria economy. Likewise, Zehri and Abdelbaki (2013) examined whether adoption of IFRS promote economic development in developing countries and Ramanna and Sletten (2009) on their working paper examined the reasons why countries adopt IFRS. Morris, Gray, Pickering and Aisbitt, (2014) presents an analysis of the experience from the perspective of Australian corporate preparers of financial reports by focusing on their perceptions of the difficulties, costs, and benefits involved at the time of making the switch from Australian Generally Accepted Accounting Principles (AGAAP) to Australian Equivalents of IFRS (AIFRS). Their study is based on a questionnaire survey of 305 Australian-listed companies in 2006, the year that they presented their first AIFRS financial statements.

Globally, empirical studies of IFRS adoption around the world since the mid-2000s have examined IFRS's impact on financial statements in terms of compliance and accounting choices (Goodwin and Ahmed 2006; Chalmers, Clinch, and Godfrey 2007; Goodwin, Ahmed, and Heaney 2008a);IFRS's impact on financial statement numbers disclosures levels, quality of disclosure information and explanations for that impact (Jubb 2005; Kent and Stewart 2008; Gallery, Cooper, and Sweeting 2008; Palmer 2008; Goodwin, Ahmed, and Heaney 2009; Wee, Tarca, and Chang 2014); the quality of accounting numbers, their value relevance, their capital market impact, (Chalmers, Clinch, and Godfrey 2011; Chua, Cheong, and Gould 2012); audit fees (DeGeorge, Ferguson, and Spear 2013), and analysts' earnings forecasts (Chalmers, Clinch, Godfrey, and Wei 2012; Cotter, Tarca, and Wee 2012); the quality of disclosure information (Bonaime´, 2015 and Mangena, Li, and Tauringana, 2016), relationship between Firm Characteristics and Mandatory Disclosure Level (Shehata, Dahawy, and Ismail, 2014), determinants of IFRS / IAS Adoption (Iorpev, 2012), determinants of the level of information disclosure in financial statements (Białek-Jaworska and Matusiewicz, 2015) and macroeconomic effects (Bru¨ggemann, Hitz, and Sellhorn 2013). In all these studies, the focus is on financial statement users. Brown (2011, 2013), Pope and McLeay (2011), andBru¨ggemann et al. (2013) appraise these prior studies and suggest that while there is evidence of IFRS / IAS adoption being beneficial, that evidence is not uniformly positive. It can also be argued that financial statement users are invariably the focus, not financial statement preparers as in the case of tax preparers considered in this study.

Generally, studies of preparers' experiences with the IFRS / IAS adoption process are rare. To the researchers' best of knowledge, the first study of IFRS / IAS that focus on preparers was done by Jermakowicz and Gornik-Tomaszewski (2006). Jermakowicz and Gornik-Tomaszewski (2006) through a questionnaire, survey 112 larger and more internationally oriented EU companies in 2004 (74 of whom later became first-time adopters of IFRS / IAS in 2005). Jermakowicz and Gornik-Tomaszewski (2006) work also gives insights into the process of IFRS / IAS implementation, and perceived costs and benefits about 18 months before the first set of accounts under IFRS / IAS were produced. Also, Jones and Higgins (2006) conducted a telephone survey in October 2003 of 60 senior financial executives, drawn from Australia's largest 200 listed companies, to collect perceptions of the process while firms were still in the early stages of the transition period to adopting IFRS / IAS. The generalizability of their study is limited because they targeted only the largest listed Australian firms. Pawsey (2010) surveyed 107 Australian companies in 2005 and found that the majority of respondents believed IFRS / IAS would reduce financial reporting quality. His research gives glimpses of pessimistic outlook similar to Morris, Gray, Pickering and Aisbitt, (2014). Baba, (2013), in Assessing Nigeria's Journey towards IFRS Adoption, assess the achievements recorded so far, challenges being encountered, and measure taken in order to ensure a smooth and successful implementation of the three phases. Conspicuously, all these surveys cover periods before the time that IFRS / IAS was actually implemented and as such are perceptions and not real or actual cost or challenges of IFRS / IAS adoption. They are all also done in the developed world.

Empirical studies about IFRS / IAS adoption in Ghana have examined the impact of adopting International Accounting Standards 1 (IAS 1) in Ghana and its extent of disclosures, and their relationship to corporate characteristics(Agyei-Mensah, 2012), Adoption of IFRS in Ghana and the Quality of Financial Statement Disclosures (Agyei-Mensah, 2013), Compliance with IFRS / IAS by Listed Companies in Ghana (Marfo-Yiadom, and Atsunyo, (2014), Examination of the Tax Implications for the Adoption of IFRS in Ghana (Abedana, Omane-Atnwi, and Adom-Frimpong, 2016), Adoption of IFRS / IAS in Ghana: Impact on the Quality of Corporate Financial Reporting and Related Corporate Tax Burden (Abedana, Omane-Atnwi, Oppong, 2016). Again, all these studies are user focused and no study on the tax challenges of IFRS / IAS adoption from preparers view has yet been done both in the developed and the developing world to the best of the researchers' knowledge. There is therefore the need to ascertain the tax challenges of IFRS / IAS adoption from the perspective of preparers of financial statements. Accordingly, this paper aims at achieving the following objectives: (1) to empirically document the tax challenges of IFRS / IAS adoption in Ghana; (2) to identify the ways of managing these tax challenges of IFRS / IAS adoption.

In particular, it focuses on answering this question: what are the tax challenges and management of it following the adoption of IFRS / IAS by list firms in Ghana. This study also extends accounting and IFRS / IAS reporting literature by studying the tax challenges of IFRS / IAS and its management in Ghana - a developing country. The remainder of this paper is organized in the literature, the methodology, the results and discussions obtained from the structure questionnaire and semi-structure interviews and the conclusions and summary as well as the recommendation for future research.

2. Literature Review

2.1. Tax Challenges of IFRS / IAS Adoptions

Generally, accountants are no strangers to change, more especially with tax accountants since they deal with legislations almost every year in preparing their financial statements. Accounting concepts and conventions have evolved over centuries and there are accepted amendments to regulations regarding particular accounting issues through the passage of time. However, in Ghana, the change from

GNAS to IFRS / IAS financial statements represented a truly epoch-making change of a different order of magnitude as it involved financial, insurance and all listed entities as well as more accounting issues than previously. Although GNAS had been converging towards IFRS / IAS from the mid-1980s, in 2007 many differences, large and small, remained between IFRS and GNAS. Some IFRS had no GNAS equivalents—the IAS on presentation and disclosure (IAS 1), Financial Instruments (IAS 39), and Investment Properties (IAS 40). Several IFRS / IAS contained changes to the recognition and measurement of financial statement items compared to GNAS; for example, IAS 12 required the balance-sheet method for deferred tax whereas GNAS required the income-statement method. Some IFRS / IAS had measurement rules that were more liberal than corresponding GNAS standards, for example impairment testing of goodwill (IAS 36). IFRS / IASs also increased disclosures, sometimes changing the definitions of concepts, and occasionally altered the scope of standards. IFRS / IAS also tended to be longer, more composite documents than the GNAS standards they replaced. Ghana simply adopted the IFRS / IASs produced and issued by the IASB and as such there are no much differences between the Ghana IFRS / IAS and the International IFRS / IASs.

The researchers' expected respondents to experience difficulties with IFRS / IAS adoption with regards to tax issues because of the many differences between IFRS / IAS and GNAS. One obvious source of potential problem anticipated was technical knowledge about IFRS / IAS and staff training. Also, it can also be argued, that the IASB was making changes to IFRSs / IASs that would come into effect prior to the mandated adoption in 2007. Therefore, the researchers' expected that preparers would experience difficulties with the new standards arising from the uncertainty regarding the standards that would be applicable. They could also experience challenges arising from complexities within the standards themselves. IFRSs / IASs are principles-based standards as opposed to rules-based standards, so challenges could arise due to uncertainty regarding the interpretation of the standards and application of the principles to them, particularly in the early years when there is no experience with the new standards and no precedents to follow. The study also expected the challenges to adopting IFRS to include technical knowledge about IFRS / IAS; staff training; complexity of the new standards and uncertainty about their interpretation, as well as differences between GNAS and IFRS / IAS; and interactions of IFRS / IAS with other accounting conventions, management accounting, Taxations and IT systems.

Erdogan and Dinc (2009) and Erol Fidan and Cinit (2013) apply a survey to Turkish professional accountants, and their perceptions on IFRSs and IFRS for SMEs are mostly negative. For them, professional accountants think that IFRS for SMES will have a negative impact on workload, learning and applying the standards is too hard, and chart of accounts is inadequate for the application. Although, Dalkılıc (2011) implies that IFRS for SMEs should be explained by examples practically for Turkish professionals, and trainings should be continuous. Ozturk (2008) points out the lack of financial and intellectual support for the costs associated with these training requirements. Financial reporting tradition for tax purposes and tax legislation instead of financial reporting for accurate financial reporting is one other important obstacle behind the harmonization process of IFRS for SMEs (Poroy Arsoy & Bora, 2012). The effect of depreciation in deferred income tax, the concept of salvage value, useful life identification and alteration, selection and modification of depreciation and pro-rata depreciation are some of the main differences of tax legislation for SMEs; however, SMEs in Turkey will benefit from IFRS for SMEs specifically in performance measurement (Dalkılıc & Cagle, 2012).

Fakile, Faboyede, and Nwobu, (2013), argued that how relevant IFRS / IAS is from a tax perspective depends on three things; thus assuming no changes is undertaken in tax legislation in a country. Firstly, to them, what is the extent of financial accounting connected to tax accounting in the specific country. Secondly, has the country chosen to use the "full IFRS" option for annual accounts of companies? Thirdly, to what extent does national accounting standard setters take IFRS into consideration when setting standards for national accounting standards and what choices of accounting principles companies can make within national accounting standards. Fakile et al (2013) suggest that in countries where there is no connection between financial accounting and tax accounting, there should be no impact of IFRS / IAS on tax accounting. But in countries where there is some level of connection between financial accounting and tax accounting there are a number of alternative outcomes. It is obvious that where "full IFRS / IAS" is mandatory for annual accounts it will affect the tax accounting in connected areas but this is very rare. However, where a company has an option to either apply "full IFRS / IAS" or national accounting standard the effect depends on the choice of the company and whether tax law recognizes IFRS / IAS as a tax base. But in substance the effects of IFRS / IAS depend on the degree at which national accounting standards incorporates IFRS / IAS accounting principles.

From the discussion above, assuming that changes were made in tax law because of IFRS / IAS, then the key question is: how will tax systems handle the shift from a transaction-based approach to a value-based approach in financial accounting from a tax perspective? Should unrealized profits be taxed and deduction for unrealized losses allowed? There are of course arguments for and against. The main argument in favour is that a use of IFRS / IAS as a tax base moves tax accounting closer to the "real economic income" of firms. According to Fakile et al., (2013), the arguments against are numerous. Firstly, fair value accounting is highly subjective, thus it is not easy to control for tax purposes. Secondly, another argument is that the use of IFRS / IAS will lead to a situation where (unrealized) income is taxed which in turn will affect the liquidity of entities. Thirdly, IFRS / IAS -standards are complicated and difficult to understand. Last but not the least, the complexity of standards and the high number of subjective judgments that have to be made will increase the risk of tax disputes.

Korea Accounting Standards Board and Financial Supervisory Service (2012) in their report entitled "IFRS country report on IFRS Adoption, Implementation and the lessons learned" has shown that Korea had faced the following challenges at the earlier stages of adoption process: Firstly, there were troubles relating to unexpected additional costs, secondly, there were lack of accounting professionals, and thirdly, there were unwelcoming public attitude, etc. as the users, preparers and auditors of the financial statements encountered numerous challenges and difficulties in adapting to the IFRS /IAS as they were required to leave behind the accounting practice they were so familiar with and adapt to a new accounting paradigm. The report further suggests that stakeholders were not comfortable with the IFRS / IAS because it emphasizes principles rather than specific rules; economic substance rather than legal

form; consolidated financial statements rather than individual financial statements; and fair value measurement rather than historical cost measurement. According to Alemi and Pasricha, (2016), to solve the third complexity, the KASB employed multidimensional channels to advance the general perception of IFRS in Korea, for example, the KASB carried out on- and off-line education sessions and held numerous seminars and conferences to improve the understanding of IFRS / IAS.

Ionascu, Olimid and Calu, (2007) have sought to suggest that the first time adoption of IFRS / IAS framework is seen by most firms as costly, these costs generally relate to consultants' costs, costs of training personnel and costs of adjusting to the existing accounting system necessary to effect the change. This difficulty has made management of most businesses to be unenthusiastic in implementing the change which invariably resulted in placid attitude by staff on IFRS / IAS issues and therefore, contributed immensely to retardation in IFRS / IAS adaptation process in Nigeria (Oduware, 2012). Ernst and Young, (2013), argue that the adoption of IFRS in Nigeria has resulted in the revision of different tax laws as well as numerous tax considerations. Indeed, these tax considerations are multifaceted and therefore arise from the calculation of deferred tax attributed to IFRS / IAS adjustments effect.

Madawaki, (2012), suggest that the execution of the IFRS / IAS framework requires sufficient technical capacity within the various stakeholders including the preparers, auditors, regulatory authorities and users of financial reports. He therefore concludes that, one of the main challenges of executing IFRS / IAS in Nigeria is a shortage of Accountants and Auditors that are skilled in IFRS / IAS reporting. Oduware (2012), buttress this point by revealing that in most firms, an average accountant does not have the comprehension of advanced financial management techniques which includes forecasting, impairment analysis and financial instruments perhaps with related tax issues. According to Adeyemo, (2013), the execution of IFRS / IAS is a planned and a significant decision that requires a high echelon of education, proficiency and capability to enable both preparers and users to understand, interpret and effectively use the standards in financial statements. He suggests that, lower level of education and weak know-how in IFRS / IAS reporting in Nigeria has become an obstacle to successful implementation of IFRS / IAS framework. Adeyemo, (2013) similarly found out that, transiting and integrating IFRS / IAS syllabus into accountancy education of tertiary institutions' and coordinating such programs with the professional bodies' requirement and regulations is also a foremost challenge to smooth implementation of IFRS in Nigeria. He indeed argues that this was due to inadequate time frame given for the transition and integration of IFRS / IAS syllabus into accounting education in tertiary institution's curricula before implementation.

Baba, (2013) in assessing Nigeria's journey towards IFRS adoption, predominantly used review of various journals, research papers, newspaper articles, periodicals and other documentary materials of professional accounting bodies as well as conferences, seminars and workshop papers. He consequently, found that most publicly quoted companies listed on the Nigerian stock exchange (NSE) were still far behind in their implementation process. According to Baba, (2013), the reason for the delay is attributed to several factors which ranges from challenge with amendment of the existing tax laws, the level of awareness among various stakeholders, weak compliance and enforcement mechanisms by regulators of IFRS / IAS, the educational level and experience of both users and preparers, insufficient technical capacity, inadequate planning on the part of companies' management as well as inadequate private sector participation. The practical tax challenges that may be faced in Ghana as a result of adopting the IFRS / IAS need to be identified and addressed in order to benefit fully from the adoption of IFRS. Generally, IFRS / IAS adoption challenges have been evidenced by previous studies conducted by scholars such as: (Alp and Ustundag, 2009): potential knowledge shortfall, (Li and Meeks, 2006): legal system effect, (Shleifer and Vishny, 2003); tax system effect, (Irvine and Lucas, 2006): education and training, (Martins, 2011): enforcement and compliance mechanism. The challenges identified by Madawaki, (2012) include the following; level of awareness, accounting education and training, training resources, tax reporting and amendment to existing laws.

2.2. Costs and Challenges of IFRS Adoptions

Indeed, there are proponents as well as opponents who have arguments for and against the global adoption of IFRS. According to Barth (2007), the adoption of a common body of international standards is expected to have the following benefits: lower the cost of financial information processing and auditing to capital market participants as users, familiarity with one common set of international accounting standards instead of various local accounting standards by Accountants and Auditors of financial reports, comparability and uniformity of financial statements among companies and countries making the work of investment analysts easy, attraction of foreign investors in addition to general capital market liberalization. Ball (2006) stated that many developing countries where the quality of local governance institutions is low, the decision to adopt IFRS will be beneficial. What he falls short of mentioning is whether or not, IFRS`s are relevant for the developing countries and what could the challenges of IFRS adoption to those countries. In the African continent for example, with the exception of South Africa that has shown strong commitment to IFRS adoption, most African countries (which are mostly part of the developing countries) that adopted IFRS have not managed to document clear benefits following the adoption of IFRS.

Opponents of IFRS adoption however, countered that a single set of accounting standards might not accommodate the differing political, economic, social and cultural features of other jurisdictions. Ball (1995), Ball, Robin, and Wu (2003), and Ball (2006) argued that it is unclear if investors benefit simply from IFRS / IAS adoption. They argue that the potential IFRS adoption benefit will simply be wiped out by the differential of tax implementation. This does not result in a more simplified system or a reduction in compliance costs as argue by supporters of IFRS. Additionally, it is frequently argued that IFRS cannot be seen a tax base because they mostly deal with, listed enterprises and, thus, are not suitable for Small and Medium Enterprises (SME). In the light of the newly published "IFRS for SME", this dispute against an IFRS-based taxation became less important. Another apprehension is that the use of IFRS for the calculation of taxable income would lead to a considerable increase in corporate tax load or liability. This fear is caused by the expectation that, in IFRS accounts, revenues (expenses) are recognized earlier (later) than according to tax rules. Proponents of preferring taxation to IFRS largely argue that the creation of two diverse sets of accounts would cause higher compliance costs.

Therefore, it is suggested that adapted IFRS accounts, where those principles of IFRS that conflict with the tax rules are rejected (e.g. fair valuation principle versus realization principle), can be used as tax base (Haverals, 2005; Essers, 2008).

Ojo, (2012) in a study on the Need for Global Adoption and Adaptation of International Financial Reporting Standards: Post Enron Consequences and the Restoration of Confidence to Capital Markets following the 2008 Financial and Stock Market Crises' concludes the benefits of IFRS adoption as improved attributes of information (such as relevance, reliability, understandability). And that this will certainly ensure that users of financial information benefit from better decision making as well as restoring the confidence of investors in the aftermath of economic, capital market and financial crises, which have damaged the credibility of audits, and financial reporting. According to Mwaura and Nyaboga (2008), Africa is experiencing many of the common challenges of IFRS adoption and compliance associated with any developing nation. To them these include the lack of expertise in IFRS, the struggle with language translation issues, the instability of preexisting accounting infrastructures, and the absence of good corporate governance. Much of Africa which Ghana is no exception consists of small to medium business entities with the attendant difficulties in applying IFRS especially regarding the issue of fair value measurement. The economic, political, and social challenges that face much of Africa make the adoption of and compliance with IFRS a monumental task. IFRS will hardly solve all of their problems but it may be a promising step in the direction of good, sound corporate practice. It will help to position the African continent to take its place on the world stage. The capital investment that will follow will empower the African people to be active participants in the growing global economy. It is a symbiotic cycle that will improve the standard of living for most and save the very lives of many.

It is also argued that countries that suffer from corruption, slow-growth or ineffectual government are likely to be resistant to the change (La Porta, Florencio & Andrei, 1999) but in such countries, the opportunity and switching costs are lower which makes the possibility of adopting IFRS advantageous. Kumar (2007) argues that one benefit of IFRS adoption is the inflow of foreign capital and that foreign capital has the potential to deliver enormous benefits to developing nations. He said, in addition to helping bridge the gap between savings and investment in capital-scarce economies, capital often brings with it modern technology and encourages development of more mature financial sectors. Capital flows have proven effective in promoting growth and productivity in countries that have enough skilled workers and infrastructure. Some economists believe capital flows also help discipline governments' macroeconomic policies.

The reduction of tax conformity costs is also often mentioned as key benefit of book tax compliance because, in a complete one-book accounting arrangement, companies only have to prepare one statement for the function of financial reporting and taxation. It has been argued that, facing a one-book system, managers would desist from overstating income because this would cause a higher tax burden, and they would not be inclined to play down income because this would probably affect capital market pricing too. However, the U.S. academic literature has mainly rejected the idea of conforming financial and tax reporting, especially due to the potential information loss to investors as a consequence of greater book-tax conformity caused by managers' willingness to understate income in order to minimize tax payments (Guenther, Maydew & Nutter, 1997; Ali and Hwang, 2000; Hanlon et al., 2005; Hanlon et al., 2008). According to Zori (2011) an analysis of profit numbers of four selected banks in Ghana indicates that apart from Ghana Commercial bank, nearly all banks in his sample recorded a reduction in profit numbers in both operating profit and profit after taxes. One explanation for this was the treatment of commission fees. Commission fees was quiet arbitrary in the case of Ghana National Accounting Standards as against the treatment under IFRS. Going forward, a huge difficulty for many financial institutions in properly implementing IFRS in Ghana is the use of fair values. Zori (2011) argues that there appear to be a struggle in determining fair values particularly in measuring Government securities.

Following the changes to IFRS (IAS 12), there may be potential significant effect on the financial statements of Ghanaian listed business entities compared to the requirement of GNAS. However, there are also other issues that entities will have to pay close attention to since they adopted IAS 12 as per IFRS. One of these is matters regarding disclosure. IAS 12's disclosure requirements are much more burdensome than those required under GNAS. Specifically, entities will have to provide more disclosure about income tax items, and at a greater level of detail, than previously. This will probably generate higher information production costs for entities and will contribute, along with other more onerous disclosure requirements of IFRS in general, to a bigger size set of financial statements in terms of the number of pages. Hopefully, it will provide the GRA a user of the financial statements with information that is more useful, quality and transparent for corporate tax examination and levying. Costs incurred following the adoption of IFRS especially with respect to IAS 12 are inevitable. According to Dunstan (2002), there are a number of direct compliance costs of adopting IFRS. She considers these costs as comprising of two major components:

- Cost that will be initially incurred by preparers, users, auditors and regulators in re-training, planning and preparing for the transition;
- Economic consequences for entities of changing accounting policies and the effects this may have on contracts (e.g. debt contracts, investment decisions etc.). Particular mention is made of the significance of the impact that IAS 38 *Intangible Assets* have on some firms.

In view of the SEC earlier commitments to make the GNAS a local version of the International GAAP, as well as most entities on the GSE reporting with some harmonization of international standards, it could be argued that these costs were inevitable even prior to the decision to adopt IFRS in Ghana. This thesis does not attempt to differentiate between likely cost of the former usage of the GNAS and increase in costs that may have arisen specifically as a result of the adoption of IFRS in 2007. But to only investigate the cost incurred due to the adoption of IFRS from the preparers' point of view and its relationship with disclosure quality level and magnitude of change in current year tax expenses as reported in the 2008 / 2007 financial statements. As to the extent of costs, it could be argued that it would vary relative to specifics of firms, as entities earlier usage of GNAS came with or without international variation of certain standards by the firms. However, publications issues preceding the implementation of IFRS by the accounting profession hint

otherwise. Ernst and Young, (2004) went far to suggest that New Zealand accounting professional should not underestimate the enormity of the change management process required in conversion from NZ GAAP to NZ IFRS. Examples drawn from such professional publications, which elaborate on the cost of adopting IFRS include:

- Standby teams to plan for and manage the implementation of IFRS. These costs will depend on the size and seniority of those appointed to such teams; the scope and duration of the teams works (i.e. hours work on IFRS preparation and implementation) and the extent to which use of consultants are necessary.
- Changes to financial and accounting systems, processes and reporting. These costs will depend on the extent to which changes to hardware and software are necessary to ensure compliance with additional information needs, disclosures and reporting requirements under IFRS.
- Training and recruiting and / or outsourcing. These cost will increase due to skill shortages and competition for appropriately qualified and experienced staff, especially for certain aspect of IFRS related issues, fair value measurement.

Revealing an indication to the extent of these costs, Li (2010) observed that the average compliance cost for adopting IFRS is estimated to be around £360,000 for UK companies, rising to £625,000 for companies with a market value between £1 billion and £2 billion. This study will therefore seek to estimate the average cost of compliance to IFRS especially IAS 12 by sample Ghana listed entities during the transition to IFRS in the 2008 / 2007 financial year.

2.3. Managing Challenges of IFRS / IAS Adoption

According to Madawaki, (2012), the transition plan to IFRS / IAS and its implications for preparers and users of financial statements, regulators, educators and all other stakeholders have to be effectively coordinated and communicated. To him, this should include raising awareness on the potential impact of the adoption, identifying regulatory synergies to be derived and communicating the temporary impact of the transition on companies' performance and financial position. The adoption of IFRS / IAS requires substantial preparation both at the country and entity levels to ensure coherence and provide clarity on the authority that IFRS / IAS will have in relation to other existing national laws. Madawaki, (2012) further posit that practical adoption of IFRS / IAS requires ample technical capacity among preparers and users of financial statements, auditors and regulatory authorities. Countries that implemented IFRS/IAS faced a variety of capacity-related issues, depending on the approach they took. Madawaki, (2012) suggest that one of the principal challenges Nigeria may encounter in the practical implementation process, shall be the shortage of accountants and auditors who are technically competent in implementing IFRS / IAS. He argues that, the time lag between decision date and the actual implementation date is not sufficiently long to train a good number of professionals who could competently apply international standards.

On training resources, Madawaki, (2012) argues that professional accountants are looked upon to ensure successful implementation of IFRS / IAS in their countries. Along with these accountants, government officials, financial analysts, auditors, tax practitioners, regulators, accounting lecturers, stock-brokers, preparers of financial statements and information officers are all responsible for smooth adoption process. Training materials on IFRS / IAS are not readily available at affordable costs in Nigeria to train such a large group which poses a great challenge to IFRS / IAS adoption. For the issue of tax reporting, Madawaki, (2012) suggest that the tax considerations associated with the conversion to IFRS / IAS, like other aspects of the conversion, are complex. IFRS / IAS adoption calls for a comprehensive review of tax laws and tax administration. Specific taxation rules would have to be redefined to contain these adjustments. For instance, Madawaki, (2012) posit that tax laws which limit relief of tax losses to four years should be reviewed. This is because transition adjustments may result in huge losses that may not be recoverable in four years. He further postulates that accounting issues that may present significant tax burden on adoption of IFRS / IAS include determination of Impairment, Loan loss provisioning and Investment in Securities / Financial Instruments.

Baba, (2013) argues that concern stakeholders in IFRS / IAS implementation process in Nigeria need to consider increasing private sector participation, incentives for motivation, enlightenment on retrospect nature of IFRS / IAS, raising awareness, project management and IT issues in order to tackle the current challenges and also ensure smooth and successful transition process in the remaining phases. Consequently, organizations should engage reputable IT vendors to address their IT challenges. He went further to recommend integration of IFRS / IAS issues into educational curriculum, amendment of existing tax laws, effective evaluation and planning, and capacity building of stakeholders of the IFRS / IAS implementation. Aladenusi, (2012) argues that the IFRS / IAS implementation progression will impact on all facets of an organization as well as the people involved. As such, he recommends that IFRS / IAS implementation requires thorough planning and coordination across functional lines such as accounting, treasury, tax, information technology and human resources.

Baba, (2013) also recommends that companies executives need to be acquainted with the bigger picture of their businesses in order to fully appreciate how the proposed IFRS / IAS conversion will impact on relevant facets of their organization and thus make sufficient planning in order to accomplish a seamless implementation progression. He suggests that, the planning procedure will normally include issues bordering on accounting, taxation, statutory reporting, internal processes and institutional issues. Baba, (2013) further recommends that regulators and the business firms are required to intensify their efforts in training and building staff capacity in the course of adopting IFRS. He specifically suggested that, a new approach should be adopted which should involve a mix of classroom trainings, interactive sessions and other external workshops with the view to acquire a broader understanding given the scale of the changes and technicalities that will arise as a result of adopting IFRS / IAS.

3. Research Methods and Design

The researchers used descriptive research design. Descriptive study has to do with finding out who, what, where and how much of a phenomenon, which is the reason of the study. Sekaran, (2011), notes that the objective of descriptive research is to present the

researcher a profile or describe germane aspects of the phenomena of interest from the individual, organization, industry or other viewpoint. In addition, the design best fit in the ascertainment and description of characteristics of the tax challenges in this study and allows for use of questionnaires, interviews and descriptive statistics such as frequencies and percentages. Additionally, a descriptive design is appropriate since it will enable the researchers to collect enough information essential for generalization. The preparers are (37) active quoted companies in Ghana Stock Exchange between 2006 and 2014 represented by Directors / Finance Managers responsible for the preparation of financial statements who are selected as respondents due to their involvement and knowledge of IFRS / IAS and can speak on behalf of the equity owners. The researchers used primary and secondary data as its source of data. Structured questionnaires were used to collect primary data from respondents. Secondary data was obtained from related materials in the internet, academic peer reviewed journals, technical papers on IFRS / IAS, periodicals, seminar presentations and books relevant to the study.

The sample choice procedures description is presented in table 1. From the 37 listed entities, less six observations that provided invalid search results for the related years under consideration, five observations that did not report previously under GNAS as well as observations that are not in Ghana Cedis, two observations that were not listed at the time and two others that have delisted since 2008 and 2013 respectively and one other company that is under free zone and as a result, has a tax incentive from 2004 to 2014. The available population of twenty-two (22) firms was classified into industries sectors. The sample size is therefore a survey of all the remaining 22 listed firms. An analysis of the population and sample is provided in Table 1.

Details	Number
Number of Entities listed as at 31st December 2014	37
Less: Observation of entities lacking data	(6)
Not in GH¢, Not previously in GNAS observation	(5)
Observations that were not listed	(2)
Observations that delisted after 2008 and 2013	(2)
Free zone Company	(1)
Sample size	**22**

Table 1: Description of sample size
Source: Field Survey, December 2014

The tax cost and tax challenges of IFRS / IAS adoption to corporate entities generally in Ghana and how corporations can manage the challenges of IFRS / IAS adoptions on their corporate income taxes are considered to address the objectives of this study. This evidence is obtained by means of questionnaire and semi-structured interviews. Information gathered through the questionnaires includes measure of the tax challenges and tax costs as it pertains to the corporate entities as well as views of senior financial executives regarding actual tax cost of adopting IFRS / IAS. Comments in questionnaires and semi-structure interviews provided further insights regarding tax challenges for IFRS / IAS adoption in Ghana.

Utmost care was taken to discover and approach senior financial executives within the surveyed firms who had major roles in managing the adoption of IFRS / IAS. These officers were then gotten intact through telephone to clarify the research mission and to request their support. A survey questionnaire, together with a covering letter bearing the lead researcher's original signature, was then sent to those who agreed to assist. These survey instruments were sent by both physical mail and email to allow respondents more flexibility and convenience and hence to assist in improving the response rate. Where respondents delayed in returning completed questionnaire, a reminder by phone calls and emails was sent approximately every two weeks (up to three reminders).

The survey questionnaire was sent to senior financial executives (e.g. Chief Financial Officer, Financial Controller, Finance Manager) of each surveyed firm. The survey includes questions designed to collect evidence relating to cost and level of efforts involved in implementing IFRS / IAS, as well as respondent views regarding actual tax cots of adopting IFRS / IAS. It also included an area of how tax accounts preparers of financial statements can manage the tax challenges of this IFRS / IAS adoption. Introductory questions related to the respondent's position and responsibilities, as well as a question regarding the impact of IFRS / IAS on the firm's corporate taxes. Questionnaires were followed up by telephone interviews to clarify responses where necessary and to obtain more detailed answers to open-ended questions.

Two likely issues in data compilation were identified, namely reply equivalence and timing of data gathering (Cavana, Delahaye, & Sekaran, 2001). Efforts that were made to promote response correspondence included conducting all survey procedures personally (i.e. research assistants were not used to collect survey data); use of standardised actions and explanations for introducing the research task to respondents; and use of a standardised questionnaire as well as a standardised survey instrument for semi-structure interviews. Data collections came after barely six years after the preparations of these financial statements. It is therefore possible that findings could be affected by time-related updates (e.g. Updates to IFRS / IAS standards have been in progress since 2007 when the first early adopters began implementing IFRS / IAS; changes in personnel responsible for IFRS / IAS implementation prior to data collection). Timing of data gathering is therefore acknowledged as a possible limitation of this study.

Also a disadvantage of surveying the views of preparers after six years of implementation of IFRS / IAS is that certain information could be archived and some of the personalities may not have been at post at the time of the transition. But the advantage of this sampling after years of IFRS / IAS adoption however is that respondents are more likely to give accurate and real information rather than sampling respondents at the time of implementation where respondents are more likely to focused on immediate issues and costs of implementation, and may tend to be only predicting or anticipating the challenges that they are likely to faced. Nevertheless,

surveying preparers' views is a useful exercise as views may influence acceptance of and the incorporation of how to manage those tax challenges of IFRS / IAS adoption. Our emphasis is more on real costs and taxation difficulties of adoption than on perceived cost, although we cover both in our survey. We surveyed the financial executives from a large and representative sample of Ghanaian-listed companies. Moreover, our focus is on tax preparers' views at the time of full implementation of IFRS / IAS in 2007 / 2008, as opposed to the period of post transition. The study is thus unique in providing revealing insights into the actual corporate experience of IFRS / IAS implementation at the first time IFRS / IAS -based annual reports were being prepared.

4. Results and Discussions

4.1. Tax Challenges of IFRS Adoption in Ghana

Making changes to accounting standards may not appear to be like a strategic change by the business community, but it may change fundamentally the way that businesses are run, the way businesses success are measured and reported, and the information that firms need to keep so as to appear compliant with those changes. Finance officer / Financial controller/ directors of surveyed Ghanaian firms believes that the adoption of IFRS / IAS has had significant challenges on their financial reporting as well as on their internal orientation of managing the entities. Table 2 lists the main challenges they face in respect of corporate taxation accounting due to the adoption of IFRS.

Sixty-four percent (64%) of the sampled firms responded that applying IFRS and determining tax obligation was too difficult to combine with national requirements e.g. IRS Act, 2000 (Act 592). Respondents who admit to this challenge argue that, while the core standards were changed to reflect the changed national accounting frameworks for IFRS / IAS adoption; other aspects of laws especially in the areas of taxation were not similarly amended. Such a development creates challenges to implementation since conflicts between the local legislation and IFRSs / IASs have no clear resolution mechanism. Okundi (2013) argues that a possible basis of such inconsistencies would arise from "cherry – picking" leading to conflicts between the tax authorities and the professional accountants acting for the business entities. Seventy-seven percent (77%) of respondent's view that fair value accounting is biased and not easy to manage for tax purposes. They see this as one challenge that hinders the smooth implementation of IFRS / IAS in Ghana. IFRS / IAS is principle base and dominates with the use of fair value in reporting whereas for tax purposes, the tax authority expects the historical cost as its basis for assessing the tax obligation of firms. They argue that in general terms, tax laws disallow management judgments as regards expensing assets, whiles IFRSs / IASs allow. They noted that IFRSs / IASs provide for charging benefits from a given asset based on variables such as pattern of benefits and estimated useful life. Whereas, taxation introduces wear and tear in place of depreciation and provides predetermine rates to apply for a given class of assets. To the respondents, this challenge is more exacerbated by the absence of guidelines on performing fair value estimation in the accounting field.

Fifty-nine percent (59%) of the entities surveyed also mention high cost of compliance by way of accounts preparations and filling as a challenge to their smooth implementation of IFRS / IAS especially IAS 12. They contend that the first time adoption of IFRS / IAS framework was costly. They argue that it was costly because the first time adoption costs related to consultants' costs, costs of training personnel and costs of adjusting the existing accounting system to effect the changes as well as preparing restated figures from the old GNAS into IFRS / IAS figures. This their argument is consistent with Ionascu, Olimid and Calu, (2007) who suggest that the first time adoption of IFRS / IAS framework is perceived by most entities as costly. According to sixty-three (63%) percent of the respondents, the unavailability of or limited qualified chartered accountants or tax practitioners also pose a challenge to the successful implementation of IFRS IAS especially IAS 12. According to these respondents, the implementation of the IFRS / IAS framework demands sufficient and comprehensive technical competence within the various fields of accounting including the financial, auditing, and taxation. It requires persons with full understanding of both financial reporting and tax reporting issues. Therefore, one of the major tax challenges of implementing IFRS in Ghana is a lack of qualified chartered Accountants and tax practitioners that are skilled in both IFRS / IAS reporting and the Ghanaian tax legislation. It was noted that in most firms, an average accountant even though had basic knowledge in both financial accounting and tax accounting, was probably more assigned to one than the other. It was therefore seen as a team work to get the entity accounts prepared. This challenge is consistent with Oduware (2012), who noted that in most businesses, an average accountant does not have the knowledge of advanced financial management techniques which includes forecasting, impairment analysis, corporate taxes and financial instruments.

Two other tax challenges mentioned by respondents in the process of adopting IFRS and for that matter IAS 12, according to eighty-six percent (86%) of respondents, are the apparent complexities and voluminous nature of IFRS / IAS in disclosure, measurement, and recognition of items and the increase adjustment from financial accounting to tax accounting. The complex nature as noted by respondents was the measurement and recognition of impairment and deferred taxes among others. They noted that there was also a drastic increase in the content of items to be disclosed thereby leading to voluminous disclosure of the entity corporate taxes. They contend that the tax considerations are complex and arise from the computation of deferred tax attributed to IFRS / IAS adjustments effect. With the adoption of IFRS, the basis for calculation of deferred tax varies from how it was previously computed during GNAS regime. IFRS / IAS involve the use of the balance sheet liability method and therefore focused on temporary differences, whilst GNAS dwells on income statement method and thus focus on timing differences. In this respect, their observation is consistent with Oduware, (2012) who also noted that the use of the balance sheet liability method will require full deferred tax provision recognition and disclosure which is more complex when compared to the income statement method.

Also scoring an eighty-six percent (86%) from respondents is the frequent reviews of IFRS / IAS standards. They argue that the complexity of implementing IFRS / IAS and for that matter IAS 12 is further complicated by the fact that the body of IAS 12 was not finalized. They noted that standards are constantly being reviewed for adequacy, clarity, applicability and usefulness purposes. While

this process continues to enrich the standards, it creates a burden to catch up by professionals and tax authorities around the country. An example is IAS 12 exposure draft in 2009 and 2010. They mention IFRS 9, Financial Instruments; Recognition & Measurement, as one illustration of this fluidity which was also noted by Okundi (2013). The planned effective date is 2015 and already there are two exposure drafts for its review. Also, they mention an IAS 12 – accounting for uncertainties in income taxes as another amendment under consideration by the IASB. They contend that this lack of uniformity of understanding and knowledge continues to be a key barrier to compliance and therefore an implementation challenge.

Ninety-five percent (95%) of the sample entities indicated the absence of general guidelines from ICA-G / CIT-G / GRA on tax treatment following IFRS / IAS adoption as seen in other jurisdictions. They contend that this lack of guidance creates risks for different entities interpreting IFRS / IAS in respect of accounting for uncertain tax items differently. They noted that unlike in Nigeria, New Zealand, Australia, the UK among others, the GRA and the professional bodies (ICA-G and CIT-G) have not issue any guidelines as to the treatment of uncertain tax items. They noted that for instance, tax laws which limit relief of carry over losses to five years should be reviewed. This, to them is basically because some transition adjustments resulted in huge losses that are not recoverable in five years. Another two other tax challenges they noted were the demand for a new set of skills and expertise and the emerging technical areas and terminologies brought about by the adoption of IFRS / IAS adoption. These score an eighty-two percent (82%) response from the respondents. They consider that the implementation of IFRS / IAS demands a high level of education, expertise and competence to enable users to understand, interpret and effectively use the standards in financial reporting. This view is also noted by Adeyemo, (2013). The overall tax challenges analysis is presented in table 2.

Challenges	% that responded
Too difficult to combine with national requirements e.g. IRS Act, 2000 (Act 592)	64
Fair value accounting is biased and not easy to manage for tax purposes	77
High cost of compliance by way of accounts preparations	59
Unavailability of or limited qualified chartered accountants	63
Apparent complexities and voluminous in disclosure, measurement, and recognition of items	86
Increase adjustment from financial accounting to tax accounting	86
Absence of general guidelines from ICA-G / CIT-G / GRA on tax treatment following IFRS adoption	95
Demand for a new set of skills & expertise	82
Emerging technical areas & terminologies	82
Frequent reviews of standards	86

Table 2: Tax challenges of IFRS adoption
Source: Field Survey, April 2015

4.2. The Cost of International Financial Reporting Standard (IFRS) Adoption

As part of assessing the tax costs and challenges of IFRS / IAS adoption in Ghana by listed companies, the study solicited information on the actual cost incur during the transition period of IFRS especially in respect of IAS 12. From the responses received from the respondents, the general view was that entities did not incur cost on individual standards per se during the implementation of the transition. But holistically they incur cost on the entire IFRS standards as adopted and effected in the transition year. Data gathered from the questionnaire and the interview guide revealed that majority (50%) of the survey entities spent between GH¢5,000 to GH¢10,000 during the implementation of IFRS as a whole in the transition year of 2008/2007 preparation of annual reports. The least spenders were three (3) observations which represented 13.6% of the sampled firms and they spent on an average between the ranges of GH¢1 to GH¢5,000. Two other entities, representing 9.1% of the survey firms, spent in excess of GH¢15,000 during the transition year of 2008 / 2007 financial statements. Probing further, it was revealed that these costs were spent on areas including but not limited to external consultants' fees, staff training and capacity building cost, hiring of new expert staff and system changes. The costs incurred are presented on table 3.

Cost (GH¢)	Frequency	Percent (%)
1 – 5,000	3	13.6
5,001 – 10,000	11	50.0
10,001 – 15,000	6	27.3
Above 15,000	2	9.1
Total	**22**	**100**

Table 3: Cost Incurred for adopting IFRS / IAS
Source: Field survey, January 2015

4.3. Managing the Tax Challenges and Implications of IFRS / IAS Adoption

Getting to appreciate the tax consequences of IFRS / IAS will be very imperative for finance officers and tax practitioners to consider if they would like to help maintain appropriate tax results for their firms. As with any tax accounting issue, the effort for an IFRS / IAS conversion will require close collaboration between finance and tax departments. This part of the study objective sought to examine how corporation through their finance / tax officer can manage the tax challenges and implications of adopting IFRS / IAS. Evidently from the findings, it is not only about the quantity of corporate taxes but the quality of information disclosed that is crucial

to users and ought to be included in the financial statements. There is therefore a big issue of disclosure quality and its attended voluminous notes and information. To manage this, there should be proper collaboration between finance team(s) and tax team(s) to share data and information for effective account preparations.
Respondents to this study as in the case of Yip and Danqing, (2012) also suggests that IFRS / IAS acceptance leads to superior quality of information as well as is more comparable between firms. Consequently, as finance / tax preparers, disclosing all relevant additional information and notes can be quite arduous. To help manage this challenge or implication, views from respondents, advocate that a clear guideline be prepared for finance officers or tax accountants of business entities so as to avoid biases and judgment on uncertain tax positions. Respondents contend that the ICA-G which is the regulatory body of IFRS / IAS should collaborate with tertiary institutions to include IFRS / IAS in their accounting programmes syllabi. This, respondents believe can enhance the knowledge base of students who are opined to be the sustainers of IFRS future in Ghana. Equally, the ICA-G needs to align its periodic professional training requirements in line with IFAC guidelines on IFRS. They also suggest a committee of chartered accountants / tax practitioners be form to carry out peer review and to also discuss technical and uncertain tax positions affecting IFRS / IAS measurement, recognition and interpretation.
Another suggestion by respondents was that the current tax legislations may necessitate abrupt amendments in accordance with the demands of IFRS / IAS in order to guarantee a flawless adoption of the IAS 12 standard and reduce the possible areas of conflict. They agreed that, it was imperative to amend existing tax laws to achieve enforcement of compliance with the IFRS / IAS. Respondents contend that whereas as a result of IFRS / IAS implementation, a different tax treatment is needed other than what is specified in the tax legislation, the relevant provisions should be amended with the intend of giving IFRS / IAS adoption a full effect and thus provide clarity to ordinary taxpayers.This, respondents indicated should include but not limited to training of staff of the large tax division of the GRA in the form of seminars, workshops, conferences among others. Capacity building of finance / tax team members of sample entities should adopt new approaches which may include a mix of classroom trainings, interactive sessions and other external workshops with the intend of acquiring a broader understanding of IFRS and its tax challenges or implications given the enormity of the challenges and technicalities that will arise each time the IAS 12 is updated. Based on the aforementioned, the relevant stakeholders in the IFRS / IAS implementation process in Ghana should consider the under listed points in order to deal with the current tax challenges and also guarantee smooth and successful continuous application of IFRS / IAS process in the preparation of financial and tax accounts.

4.3.1. Incorporating IFRS / IAS into Accountancy Educational Curriculum

The tertiary institutions and professional accountancy bodies such as the Institute of Chartered Accountants of Ghana (ICA-G) and the Association of Certified Chartered Accountants, Ghana Chapter (ACCA- Ghana), the Chartered Institute of Taxation of Ghana (CITG) should incorporate IFRS / IAS curriculum into their syllabus to enhance the knowledge of IFRS / IAS among students who are understood to be the sustainers of the system in future. Equally, the professional accountancy and taxation bodies need to bring into line their periodic continuing professional education requirements in accordance with IFAC guidelines (Madawaki, 2012). Last but not the least, a committee composing of qualified accountants in industries, chartered accounting firms, the ICA-G / ACCA and the CITG should be established to carry out a peer review and also to discuss technical issues affecting the IFRS / IAS implementation as well as agree to common position in interpreting IFRS / IAS and corporate tax issues.

4.3.2. Proper and Co-ordinate Evaluation and Planning

The transition of IFRS / IAS adopting is much more than just altering from a set of accounting philosophy to another or a mere procedural exercise. Therefore, companies' executives need to be familiar with the bigger picture of their institutions in order to fully understand how the proposed IFRS / IAS transition impacts on appropriate facets of their businesses and thus make sufficient planning in order to attain a seamless implementation procedure. Hence, the planning procedures should commonly include issues bordering on accounting, taxation, statutory reporting, internal processes and key contentious issues relating to accounting and tax reporting. Consequently, a proactive engagement of industry, chartered firms and the professional bodies could put business entities in a position to be able to report reliably under the IFRS / IAS as well as meet up with the specific dateline as enshrined in tax legislations.

4.3.3. Capacity Building and Development

Throughout the views of the respondents,it had been acknowledged that the transition to IFRS / IAS in Ghana requires all major stakeholders including the professional bodies, regulators and business entities to work in harmony to tackle common challenges and thus highlight similar solutions with the view to accomplish a smooth IFRS / IAS operations or adoption. In this regard, the professional bodies, regulators and the businesses are obliged to intensify their efforts in training, developing and building the capacity of staff in the course of adopting and operating with IFRS / IAS in the Country. Expressly, a new methodology should be adopted which could engross a mix of classroom trainings, seminars, interactive sessions and other external workshops with the view to gain a broader experience given the sheer size of the changes and technicalities that has occurred as a result of adopting IFRS / IAS.

5. Summary and conclusions

Overall, the objective of this study is to assess the tax challenges that were encountered following the adoption of IFRS / IAS, and measures taken in order to guarantee a smooth and successful continuous implementation of IFRS / IAS application in Ghana. Tax challenges exist following the adoption of IFRS / IAS and the way forward to managing these challenges and implications are collaboration and professional guidance by expert / professional bodies. The tax challenges of adopting IFRS / IAS adoption as

enumerated by respondents included but not limited to apparent complexities and voluminous in disclosure, measurement, recognition of items (86%), increased adjustment from financial accounting to tax accounting (86%), the absence of general guidelines from ICA – G / CIT-G and the GRA on tax treatment following IFRS adoption (95%). The other challenges saw respondents ranging from 63% to 82% attesting that they have encountered. Last but not the least, on managing the tax implications of IFRS adoption, the researchers suggest closed collaboration between finance and tax departments, a guide on tax treatment be prepared by the ICA-G / CIT-G and the GRA for financial and tax accountants, collaborating with tertiary institutions to integrate IFRS issues in their syllabi. There were few limitations to thesis. First, the sample size was limited or small. Notwithstanding, the needed data were solicited. Secondly, due to the inability of all firms to fully apply IAS 12, the results may not fully reflect the aim of this study.

6. Recommendations and Suggestion for Future Research

From the foregoing findings and conclusion on the tax challenges of IFRS / IAS adoption in Ghana and its management, the researchers recommends that the management of tax challenges should or can be share with industry stakeholders for further discussions and debates in framing guidelines on tax treatment due to IFRS / IAS adoption. In addition, all relevant stakeholders involved in this IFRS / IAS development and implementation should provide proper and co-ordinate evaluation and planning in respect of its challenges and the position taken to overcome those challenges. Last but not the least, there should be incorporation of IFRS / IAS concepts and procedures into accountancy educational curriculum and provision of capacity building and development for all relevant stakeholders engage in the implementation and continuous survival of IFRS / IAS in Ghana. Future researches could be carried out to investigate whether IFRS / IAS tax challenges associated with its general adoption challenges.

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