

**REPORT OF THE FINANCE COMMITTEE ON THE INCOME TAX
(AMENDMENT) BILL, 2019**

1.0 INTRODUCTION

The Income Tax (Amendment) Bill, 2019 was first presented to Parliament and read the first time on Monday, 2nd December, 2019 by Hon. Kwaku Kwarteng, a Deputy Minister for Finance on behalf of the Minister for Finance.

Rt. Hon. Speaker referred the Bill to the Finance Committee for consideration and report in accordance with the 1992 Constitution and the Standing Orders of Parliament.

The Committee met with a Deputy Minister for Finance, Hon. Charles Adu Boahen, and officials from the Ministry of Finance, Ministry of Trade and Industry and the Attorney-General's Department to consider the Bill.

The Committee is grateful to the Hon. Deputy Minister and the team of officials for attending upon the Committee.



2.0 DOCUMENTS REFERRED TO

The Committee referred to the following documents in the consideration of the Bill:

1. The 1992 Constitution;
2. The Income Tax Act, 2015 (Act 896);
3. The Interpretations Act, 2009 (Act 792); and
4. The Standing Orders of Parliament.

2.1 URGENCY OF THE BILL

The Committee determined and hereby certifies that the bill is of an urgent nature and therefore may be taken through all the stages of passage in one day in accordance with Article 106 (13) of the 1992 Constitution of the Republic of Ghana and Order 119 of the Standing Orders of the House.

3.0 OBJECT OF THE BILL

The object of the Bill is to amend the Income Tax Act, 2015 (Act 896) to revise the rates of income tax for individuals, increase some of the reliefs available to individuals and provide for a tax holiday for automobile manufacturers and assemblers.

4.0 STRUCTURE OF THE BILL

The Bill is divided into three clauses.

Clause One amends the First Schedule to Act 896 to include the new minimum wage. Clause Two revises the Personal Income Tax Schedule while Clause Three is on tax holidays for automobile manufacturers.

5.0 OBSERVATIONS

5.1 Rationale for the Bill

The Committee was informed that Government has increased the minimum wage for the year 2020. In view of this and the need to equate the minimum wage to the tax free portion of income to reflect Government policy, the Personal Income Tax Schedule is being revised accordingly.

Further, Individual tax reliefs have not been revised for a while causing the reliefs to lose value. Government is amending the levels to make them a bit more attractive and encourage taxpayers to file their returns.

The Committee learnt that Government has introduced the Automotive Manufacturing Development Policy to support the Automotive Industry and as part of the Policy, Cabinet has approved some tax holidays for automobile manufacturers and assemblers. This Bill reflects the policy decision.

5.2 Fiscal Impact of the Bill

The Committee was informed that the review of the Personal Income Tax rates and the upward adjustment of the reliefs will lead to a reduction in revenue of approximately One Hundred And Thirty-Three Million, Two Hundred and Fifty Thousand Ghana Cedis (GH¢133,250,000.00). Additionally, the tax holiday for the automobile manufacturers and assemblers is estimated at Fifty Million, Two Hundred and Ninety Two Thousand Ghana Cedis (GH¢50,290,000.00).

6.0 CONCLUSION

After careful consideration, the Committee is of the view that the bill is in the right direction and therefore recommends to the House to adopt its report and pass the Income Tax (Amendment) Bill, 2019 in accordance with the 1992 Constitution and the Standing Orders of the House.

Respectfully submitted.



**HON. MARK ASSIBEY-YEBOAH (DR)
CHAIRMAN, FINANCE COMMITTEE**

4th December, 2019

**EVELYN BREFO-BOATENG
CLERK TO THE COMMITTEE**