

**THE REPORT OF THE FINANCE COMMITTEE ON THE  
REQUEST FOR WAIVER OF IMPORT DUTIES, IMPORT  
VAT, ECOWAS LEVY, EXIM LEVY, SPECIAL IMPORT  
LEVY AND OTHER APPROVED IMPOSTS AMOUNTING  
TO TWENTY-FIVE MILLION, ONE HUNDRED AND TEN  
THOUSAND, AND FIFTY-SIX UNITED STATES DOLLARS  
(US\$25,110,056) [EQUIVALENT OF ONE HUNDRED AND  
TEN MILLION, SEVEN HUNDRED AND FORTY-TWO  
THOUSAND, EIGHT HUNDRED AND EIGHTY ONE  
GHANA CEDIS AND NINE PESEWAS (GH¢110,742,  
881.09)] ON EQUIPMENT AND MATERIALS IN RESPECT  
OF THE SUPPLY AND ERECTION OF ELECTRICAL  
MATERIALS FOR THE ELECTRIFICATION OF FIVE  
HUNDRED AND FIFTY-SIX (556) COMMUNITIES IN THE  
EASTERN, VOLTA AND NORTHERN REGIONS PHASE I**

**1.0 INTRODUCTION**

The request for Waiver of Import Duties, Import VAT, ECOWAS Levy, EXIM Levy, Special Import Levy and other approved imposts amounting to Twenty-Five Million, One Hundred and Ten Thousand, and Fifty-Six United States Dollars (US\$25,110,056) [equivalent of One Hundred and Ten Million, Seven Hundred And Forty-Two

Thousand, Eight Hundred and Eighty One Ghana Cedis (GH¢110,742, 881.09)] on Equipment and Materials in respect of the Supply and Erection of Electrical Materials for the Electrification of Five Hundred and Fifty-Six (556) Communities in the Eastern, Volta and Northern Regions Phase I was laid in the House on 19<sup>th</sup> July, 2018 in accordance with article 174 (2) of the 1992 Constitution.

Rt. Hon. Speaker referred the request to the Finance Committee for consideration and report in accordance with Order 169 of the Standing Orders of the House.

The Committee met with a Deputy Minister of Finance, Hon. Kwaku Kwarteng, a Deputy Minister of Energy, Hon. Owuraku Aidoo and technical teams from the Ministries of Finance and Energy to consider the request. The Committee appreciates their valuable contributions.

## **2.0 REFERENCES**

The Committee referred to the following documents at its deliberations:

- The 1992 Constitution of Ghana
- The Public Financial Management Act, 2016 (Act 921)
- The Standing Orders of the Parliament of Ghana

### **3.0 BACKGROUND**

A major objective of Government's agenda for growth and poverty reduction is the extension of electricity infrastructure to support the operation of productive ventures, social projects and activities, especially in rural areas. This is achieved through the National Electrification Scheme (NES)

NES commenced in 1990 with the aim of extending the reach of reliable electricity supply to all parts of the country over a thirty (30) year period. Complementary to the NES is the Self-Help Electrification Programme (SHEP), under which communities which are within twenty kilometer (20km) radius of an existing medium voltage (MV) network and which have provided the requisite low voltage (LV) electric poles and have wired at least one-third (1/3) of the houses are qualified to be connected to the national electricity grid.

So far, over Five Thousand (5000) communities in Ghana have been connected to the national electricity grid under the NES and SHEP since their commencement in 1990. Consequently, the access rate to electricity in Ghana has increased from about Fifteen percent (15%) of the population at the inception of the NES to the current level of about Eighty-four percent (84%)

It is in this regard that Government entered into an Agreement with the China Hunan Construction Engineering Group Corporation for an amount of Ninety-two Million United States Dollars (US\$92,000,000) for the supply and erection of electrical materials

and equipment for the electrification of Five Hundred and Fifty-six (556) communities in the Eastern, Volta and Northern Regions (Phase I) under the National Electrification Scheme (NES) and the Self Help Electrification Programme (SHEP-IV). Parliament has approved this agreement at its twenty-ninth sitting of its First meeting held on Monday, 14<sup>th</sup> March, 2016.

Section 6 of the Financial Agreement and Articles 12 and 13 of the Commercial Agreement puts the burden of taxes on the project related materials and equipment on Government.

Based on the above condition and in order to implement the Programme successfully, there is the need for the waiver of taxes and duties on the project related materials and equipment. It is in this vein that the request has been laid in Parliament for consideration.

#### **4.0 REQUIRED WAIVER**

Tax assessment was conducted by Ghana Revenue Authority (GRA) on the goods and equipment to be procured under the programme. Gross taxes per GRA computation amounted to a total of Twenty-Five Million, One Hundred and Ten Thousand, and Fifty-Six United States Dollars (US\$25,110,056) [equivalent of One Hundred and Ten Million, Seven hundred and forty-two thousand, eight hundred and eighty one Ghana Cedis (GH¢110,742, 881.09)] as follows:

**Table 1: Tax Assessment**

<b>No.</b>	<b>Item</b>	<b>Amount (US\$)</b>
1	Import Duty	11,468,688
2	Import VAT	12,028,437
3	ECOWAS Levy	354,577
4	EXIM	531,865
5	Special Import Levy	726,489
	<b>Total</b>	<b>25,110,056</b>

Attached as Appendix is the detailed Assessment of the Tax waiver

## **5.0 OBSERVATION**

### **5.1 Scope of work**

The Committee was informed that the project involved the extension of electricity under both the National Electrification Scheme (NES) and the Self Help Electrification project in Eastern, Volta and Northern Regions. Under the work packages, a total of Five Hundred and Fifty-six (556) communities have been earmarked for connection to the national grid.

### **5.2 Need for the waiver**

The Deputy Minister informed the Committee that Sections 6 of the financing Agreement and articles 12 and 13 of the Commercial Agreement puts the burden of taxes on government. Therefore without the waiver, Government would have to provide the needed funding for the applicable taxes, hence the need for the waiver.

### **5.3 Tax Exemption Law**

The Deputy Minister for Finance, Hon. Kwaku Kwarteng informed the Committee that Government is in the process of reviewing the tax exemption policy. The Ministry would soon submit a tax exemptions bill to Cabinet and Parliament subsequently.

He was of the view that an enabling law would help streamline the manner in which tax exemptions are executed.

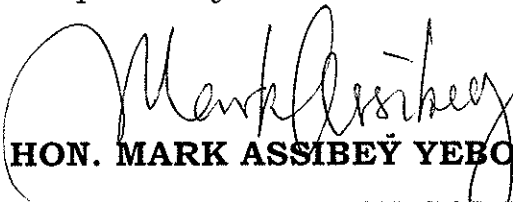
### **6.0 CONCLUSION**

After careful consideration, the Committee is of the view that the Project would help Government achieve its objective of universal access to reliable electricity by the year 2020.

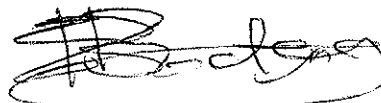
The Committee therefore recommends to the House to adopt this report and approve the request for Waiver of Import Duties, import VAT, ECOWAS Levy, EXIM Levy, Special Import Levy and other approved imposts amounting to Twenty-Five Million, One Hundred and Ten Thousand, and Fifty-Six United States Dollars (US\$25,110,056) [equivalent of One Hundred and Ten Million, Seven Hundred and Forty-Two Thousand, Eight Hundred and Eighty One Ghana Cedis and Nine pesewas (GH¢110,742, 881.09)] on Equipment and Materials in respect of the Supply and Erection of Electrical Materials for the Electrification of Five Hundred and Fifty-Six (556) Communities in the Eastern, Volta and Northern Regions

Phase I in accordance with Article 174(2) of the Constitution and the Standing Orders of the House.

Respectfully Submitted.



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



**EVELYN BREFO-BOATENG (MS)**  
**CLERK TO THE COMMITTEE**

24<sup>th</sup> July, 2018

APPENDIX

TAX ASSESSMENT

IMPORTER: MINISTRY OF ENERGY/HUMAN CONSTRUCTION/SELF-HELP ELECTRIFICATION PROGRAMME

Description of Items	Qty	Unit	CFR (USD)	L/D Rate	Imp. Duty	Imp. VAT	Eco. Levy	EXIM	SIL	TOTAL (USD)
120sqmm Al Conductor	2972.35	Km	8,608,947	10%	860895	1420476	43045	64567	0	2,388,983
50sqmm Al Conductor	4941.74	Km	7,188,377	10%	718838	1186882	35942	53913	0	1,994,775
35sqmm PVC Cu Conductors	33951	m	243,002	20%	48600	43740	1215	1823	0	95,378
35sqmm PVC Cu Conductors	28139	m	198,570	20%	39714	35743	993	1489	0	77,939
16sqmm Al Conductor	3758423	m	6,527,700	20%	1325540	1192986	33139	49708	0	2,601,372
LV Earthing, neutral conductor PME	55403	m	183,993	20%	36781	33103	920	1379	0	72,182
35Cu/50Al bimetallic connector	3312	no.	21,990	10%	2199	3628	110	165	0	6,102
Al Connectors	6926	no.	45,978	10%	4598	7586	230	345	0	12,759
Al Connectors	127987	no.	849,759	10%	84976	140210	4249	6373	0	235,808
Al Clamp JB-3 120mm2	12616	no.	50,122	20%	10024	9022	251	376	1002	20,675
Al Clamp JB-1 50mm2	156646	no.	622,338	20%	124468	112021	3112	4668	12447	256,715
Cu-Al Cable Lug	9252	no.	61,896	20%	12379	11141	309	464	1238	25,532
Cu Cable Lug	11301	no.	75,610	20%	15122	13610	378	567	1512	31,189
Cable Clamp	881	box	2,739	20%	548	493	14	21	55	1,130
PVC Conduit	13889	m	18,729	20%	3746	3371	94	140	375	7,726
Clamp for PVC Conduit	13889	no.	2,305	20%	461	415	12	17	46	951
33KV, 50KVA 3-Ph Outdoor Pole Mounted Transformer	195	set	827,443	5%	41372	0	4137	6206	0	51,715
33KV, 100KVA 3-Ph Outdoor Pole Mounted Transformer	155	set	940,509	5%	47025	0	4703	7054	0	58,782
11KV, 50KVA 3-Ph Outdoor Pole Mounted Transformer	6	set	28,577	5%	1429	0	143	214	0	1,786
11KV, 100KVA 3-Ph Outdoor Pole Mounted Transformer	5	set	30,452	5%	1523	0	152	228	0	1,903
Bolt Set (incl. bolt x 1; Nut x 1; Washer x 2)	24449	set	79,633	20%	15927	14334	398	597	1593	32,849
Bolt Set (incl. bolt x 1; Nut x 1; Washer x 2)	14327	set	473,089	20%	94618	85156	2365	3548	9462	195,149
Bolt Set (incl. bolt x 1; Nut x 1; Washer x 2)	162334	set	532,113	20%	106423	95780	2661	3991	10642	219,497
Bolt Set (incl. bolt x 1; Nut x 1; Washer x 2)	16266	set	57,365	20%	11473	10326	287	430	1147	23,663
Bolt Set (incl. bolt x 1; Nut x 1; Washer x 2)	27290	set	96,247	20%	19249	17324	481	722	1925	39,702
Bolt Set (incl. bolt x 1; Nut x 1; Washer x 2)	42005	set	63,615	20%	12723	11451	318	477	1272	26,241
Bolt Set (incl. bolt x 1; Nut x 1; Washer x 2)	7322	set	24,457	20%	4891	4402	122	183	489	10,088
Bolt Set (incl. bolt x 1; Nut x 1; Washer x 2)	315909	set	917,545	20%	183509	165158	4588	6882	18351	378,487
D Bracket	300797	no.	1,107,668	20%	221534	199380	5538	8308	22153	456,913
Extension Strap & Serving Pin	15113	pair	39,191	20%	7838	7054	196	294	784	16,166
Earth Rod	13358	no.	215,742	20%	43148	38834	1079	1618	4315	88,993



33KV Pin Insulator with Spindle	27767	no.	1,120,710	10%	112071	184917	5604	8405	0	310,997
11KV Pin Insulator with Spindle	1052	no.	13,268	10%	1327	2189	66	100	0	3,682
50*5*160mm Strain board	24763	set	71,151	10%	7115	11740	356	534	0	19,744
Z-7 Extension board	24763	set	127,917	10%	12792	21106	640	959	0	35,497
QP-7 Ball ended eye link	24763	set	69,096	20%	13819	12437	345	518	1382	28,502
Ws-7 Double linked plates	24763	set	173,381	20%	34676	31209	867	1300	3468	71,520
NXL-3 Strain clamp	24763	set	591,552	20%	118310	106479	2958	4437	11831	244,015
Adjustable UT clamp and stay rod and stay block	29030	no.	1,324,952	20%	264990	238491	6625	9937	26499	546,543
Stay Wire GI-50 steel wire	345416	m	1,150,152	20%	230030	207027	5751	8626	0	451,435
Prefabricated stay board	29030	no.	59,623	20%	11925	10732	298	447	0	23,402
GI-50 Staywire termination, prefabricated	232240	no.	476,990	20%	95398	85858	2385	3577	0	187,219
Thimble TH5070	29030	no.	32,522	20%	6504	5854	163	244	0	12,765
Stay Insulator Porcelain J-9 33KV	10826	no.	66,592	10%	6659	10988	333	499	0	18,479
Stay Insulator Porcelain J-9 11KV	341	no.	2,096	10%	210	346	10	16	0	582
Stay Insulator Porcelain J-4 415V	18006	no.	101,420	10%	10142	16734	507	761	0	28,144
33KV Tension Insulator	71497	no.	1,266,714	10%	126671	209008	6334	9500	0	351,513
11KV Tension Insulator	1864	no.	33,023	10%	3302	5449	165	248	0	9,164
33KV Dropout Fusegear	2342	no.	366,259	20%	73252	65927	1831	2747	0	143,757
33KV Fuse Links - 10Amps	1173	no.	5,095	20%	1019	917	25	38	0	2,000
33KV Fuse Links - 5Amps	602	no.	2,612	20%	522	470	13	20	0	1,025
33KV Fuse Links - 3Amps	568	no.	2,466	20%	493	444	12	18	0	968
33KV Load Isolator c/w steelworks	9	set	36,024	10%	3602	5944	180	270	0	9,997
33KV Surge Divertor	1127	no.	273,049	10%	27305	45053	1365	2048	0	75,771
11KV Surge Divertors	38	no.	7,663	10%	766	1264	38	57	0	2,127
11KV Dropout Fusegear	90	no.	10,943	20%	2189	1970	55	82	0	4,295
11KV Fuse Links - 16Amps	50	no.	203	20%	41	37	1	2	0	80
11KV Fuse Links - 10Amps	18	no.	85	20%	17	15	0	1	0	33
11KV Fuse Links - 5Amps	22	no.	101	20%	20	18	1	1	0	40
Pole Mounted LV Fuse Unit	2484	no.	453,603	20%	90721	81649	2268	3402	0	178,039
LV Fuse - 200Amps	268	no.	3,575	20%	715	644	18	27	0	1,403
LV Fuse - 100Amps	995	no.	11,302	20%	2260	2034	57	85	0	4,436
LV Fuse - 60Amps	1152	no.	10,457	20%	2091	1882	52	78	0	4,104
LV Fuse - 30Amps	69	no.	441	20%	88	79	2	3	0	173
LV Shackle Insulator	315909	no.	668,497	20%	133699	120329	3342	5014	0	262,385

Service Insulator	138578	no.	434,119	20%	86824	78141	2171	3256	0	170,392
1-Phase Meter, S/2SA	42105	no.	2,251,469	10%	225147	371492	11257	16886	45029	669,812
1-Phase Meter, 15/60A	10526	no.	562,817	10%	56282	92865	2814	4221	11256	167,438
3-Phase Meter, 20/80A	2772	no.	268,507	10%	26851	44304	1343	2014	5370	79,881
25 Amp 1-Phase Fuse Unit with fuse	42103	no.	1,189,666	20%	237933	214140	5948	8922	0	466,944
60Amp 1-Phase Fuse Unit with fuse	10524	no.	297,351	20%	59470	53523	1487	2230	0	116,710
80Amp 3-Phase Fuse Unit with fuses	2770	no.	213,658	20%	42732	38458	1068	1602	0	83,861
Fibre Glass Meter Enclosure	55403	no.	6,514,767	20%	1302953	1172658	32574	48861	130295	2,687,341
33KV Crossarm	17107	no.	2,206,830	20%	441366	397229	11034	16551	44137	910,317
11KV Crossarm	958	no.	93,660	20%	18732	16859	468	702	1873	38,635
Angle Beam Crossarm	1339	no.	124,106	20%	24821	22339	621	931	2482	51,194
Channel Beam Crossarm	854	no.	104,592	5%	5230	16473	523	784	2092	25,102
Tie Strap (Pair)	9088	Pair	302,039	20%	60408	54367	1510	2265	6041	124,591
10m/1m treated wood poles	15025	no.	7,222,500	20%	1444500	1300050	36113	54169	144450	2,979,281
9m LV poles	500	no.	144,330	20%	28866	25979	722	1082	2887	59,536
8m LV poles	25385	no.	6,832,028	20%	1366406	1229765	34160	51240	136641	2,818,212
7m service pole	10585	no.	2,018,164	20%	403633	363269	10091	15136	40363	832,493
Stayblock, wood	31083	no.	473,118	20%	94624	85161	2366	3548	9462	195,161
<b>PROJECT VEHICLES</b>										
Toyota Pickup	15,000	no.	606,130	5%	30307	95465	3031	4546	12123	145,471
<b>OFFICE EQUIPMENT</b>										
Laptop	3,000	no.	6,314	5%	316	994	32	47	0	1,389
Desktop	4,000	no.	5,880	5%	294	926	29	44	0	1,294
Photocopier	2,000	no.	4,243	20%	849	764	21	32	0	1,665
Scanner	2,000	no.	234	5%	12	37	1	2	0	51
Binding Machine	2,000	no.	267	5%	13	0	1	2	0	17
<b>OPERATIONAL TOOLS &amp; EQUIPMENT</b>										
Forklift	2,000	no.	94,333	5%	4717	0	472	707	0	5,896
Forklift	1,000	no.	85,618	5%	4281	0	428	642	0	5,351
Hand Forklift	6,000	no.	9,300	5%	465	0	47	70	0	581
Tele boom logger	1,000	no.	73,500	5%	3675	0	368	551	0	4,594
Cable Roller	3,000	no.	4,871	10%	487	804	24	37	0	1,352
Cable Cutter	2,000	no.	1,837	10%	184	303	9	14	0	510
<b>TOTAL</b>			<b>70,915,391</b>		<b>11468688</b>	<b>12028437</b>	<b>354577</b>	<b>531865</b>	<b>726489</b>	<b>25,110,056</b>