



REPUBLIC OF GHANA

MINISTRY OF FINANCE

PARLIAMENT OF GHANA LIBRARY

PARLIAMENTARY MEMORANDUM

BY

THE MINISTER FOR FINANCE

ON THE

REQUEST FOR APPROVAL FOR THE WAIVER OF TAX
LIABILITY AMOUNTING TO US\$222,151, EQUIVALENT TO
GH¢1,144,723 IN FAVOUR OF YEDENT AGRO BULK
PROCESSING COMPANY UNDER THE ONE DISTRICT
ONE FACTORY(1D1F) PROGRAMME

21st JUNE, 2019



1. ACTION REQUIRED

1.1 Parliament is respectfully invited to consider and approve the waiver of tax liability amounting to Ghana Cedi equivalent of US\$222,151 in favour of Yedent Agro Bulk Processing Company for the purchase of equipment for the implementation of the One District One Factory (1D1F) programme.

1.2. At its Fourth Sitting of the Emergency Meeting held on Friday, 3rd May, 2019, Parliament approved by Resolution the request for the waiver of **import duties, import VAT, GETFUND levy, import NHIL, EXIM levy on plant, machinery and equipment or parts as well as Corporate Income Tax** for five years of operation being tax incentives to support implementation of the One District One Factory (1D1F) Programme".

1.3. The Parliamentary Resolution also required that 1D1F entities prepare and submit the Master List of their import purchases and the tax assessment for submission to Parliament for consideration and approval. Accordingly, we submit for your consideration and approval the tax liability, in line with the Resolution OP/T/R/0438 dated 3rd May, 2019 on 1D1F for Soshada.

2. BACKGROUND

2.1 Overview of the Company

Yedent Agro Group of Companies Limited hereinafter referred as Yedent Agro is a limited liability food processing company established in 2011 which is located at Abesim Kyidom Industrial Estate in the Sunyani East Municipality. It had operated initially as Yedent Agro Food Processing Ventures Ltd. It is a leading agro-processor of grains in Ghana with a track record in processing blended fortified products like maisoyforte and tomvita, maize flour, bran for feed for poultry and livestock industry, production of extruded products like full fat soy (FF), soya bean meal (SBM) for the poultry and livestock industry and crude soya oil.

2.2 Overview of the Project

2.2.1 Yedent Agro is leveraging on several years of experience acquired in grains processing and the maize, soya bean and millet value chains to expand and diversify its operations, by investing in a new processing plant with diversified capabilities and significantly enhanced installed capacity to produce super cereals, maize meal, super cereal plus, composite flour, grits, and animal feed among others, using inputs (raw materials) sourced mainly from local farmers. This would reposition the company as a key player among the leading indigenous agribusinesses in the sub-region.

2.2.2 The overall aim is to consolidate its business with the World Food Programme and also establish alternative distribution channels in the retail market segment of the company's operations and also take full advantages of the opportunities within the bulk segment and thereby sustain the growth of the business and deliver better

cashflows and profitability. Thus, this expansion project is being carried out in five phases:

- a. Phase 1 involves increasing the installed processing capacity and capability for maize and fortified blended foods for the World Food Programme. This state of the art factory will ultimately look at the company's edible food line for humans which will ultimately help in exporting of WFP food orders outside Ghana. The WFP assisted Yedent Agro with a repayable grant of USD 800,000. This state of the art factory has been constructed at a total cost of USD 2,000,000. The difference of USD1,200,000 has been funded from cashflows from operations and shareholders Support;
- b. Phase 2 will involve increasing the installed capacity of the grits line business from 600 metric tons to 2,000 metric tons. Currently as a result of lack of capacity, the supply of grits to Guinness has been ceded to the competition.
- c. Phase 3 will focus on introducing innovative interventions at production end (farmers) aimed at expanding the supply chain, to influence local commercial production capacity of identified raw materials/inputs including maize, soyabean and millet;
- d. Phase 4 will further expand the processing capacity to include an animal feed mill taking advantage of the bran derived from the production. The company will sell this bran to the poultry farmers in the BA Poultry enclave;
- e. Phase 5. Yedent Agro will take advantage of its existing animal feed mill and establish a poultry out grower business where identifiable poultry farmers will be supported with feed and they will produce broilers for Yedent. Yedent will have a unique selling point of establishing a poultry processing chain for the processing of the poultry products. The company has incorporated a new subsidiary: BA Fresh to take advantage of this business opportunity. Thus Yedent, in the short to medium term (within a one year to three- year period) is to consolidate its positions in the retail part of the business by enhancing marketing and promotional activities to drive demand. This will strategically position Yedent Agro as a major cereal and legumes processor of fortified blend foods for the local market and the sub-region and x Finish, commission and start production of the blends food factory;
- f. Finish, commission and start production from the newly to be established 2000Mt a month grits factory. Within this period the company will leverage on its stakeholder collaborations to develop a strong supply chain management system with emphasis on raw material mobilization through small – holder/ commercial farmer engagement in the Bono and the three Northern Regions. In the long run, the company will leverage its available resources and opportunities to take advantage of the full poultry value

chain. At full capacity, the Yedent Agro factory expansion project will employ a total of 150 permanent skilled professionals – representing an increase of 50% in the existing number of employees while creating over 140,000 job opportunities for smallholder farmers in conjunction with the AGRA SIPMA project of which Yedent Agro is a stakeholder.

2.3 Project Returns

The projected Internal Rate of Return (IRR), Net Present Value (NPV), Profitability Index and the Discounted Payback Periods (DPP) using a discount rate of 8% evaluating the project financials for ten-year investment period are as follows using the most pessimistic scenario:

- Net Present Value(NPV) GHS =129,499,916
- Internal Rate of Return(IRR)= 52%
- Profitability Index(PI)= 9.55
- Discounted Payback 2.13 years

2.4 The Ministry of Trade and Industry has granted approval status to it as a 1D1F entity.

3. TAX ASSESSMENT/FISCAL IMPACT

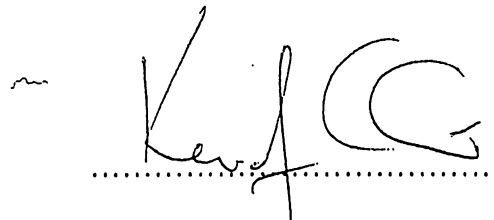
The Ghana Revenue Authority(GRA) has determined the quantum of taxes payable on materials and equipment to be procured under the project. Gross taxes per the GRA computation amounted to a total of US\$222,151 equivalent of GH¢1,144,723 at the Bank of Ghana exchange rate of GHC5.1529=US\$1.00 as of May 30, 2019. The total exemption shall be the revenue foregone. The breakdown is summarized below:

TAX ASSESSMENT										
MINISTRY OF TRADE & INDUSTRY/YEDENT AGRO BULK COMPANY										
Description of Items	Qty	CIF (USD)	I/D Rate	Import Duty	NHIL/ Gfund 5%	Import VAT 12.5%	EXIM 0.75%	TOTAL (USD)	Exchange Rate	TOTAL (GHC)
Steel Portal Factory Structures	1	128,541	20%	25708	7712	20245	964	54,630	5.1529	281,502.54
Steel Maize Silos	2	198,000	20%	39600	11880	31185	1485	84,150	5.1529	433,616.54
Finished Processed Maize Grits Storage Bins	2	100,109	20%	20022	6007	15767	751	42,546	5.1529	219,236.96
2 mt per hour Isigayo Maize Grit Processing Mill	1 set of equipment	710,000	5%	35500	0	0	5325	40,825	5.1529	210,367.14
TOTAL		1,136,650		120830	25599	67197	8525	222,151		1,144,723

4. CONCLUSION

4.1 The "One District, One Factory" programme, presents a unique opportunity to fundamentally change the economy of each District and to create significant number of decent jobs. The proposed incentives are expected to accelerate the realisation of Government's vision of resource-based industrialisation, job creation and value addition for improved livelihoods and equal opportunity for all.

4.2 Parliament is therefore, respectfully requested to consider and approve the tax waiver in line with Resolution OP/T/R/0438 dated 3rd May, 2019 on the 1D1F programme and Article 174 (2) of the 1992 Constitution.

A handwritten signature in black ink, appearing to read 'Ken Ofori-Atta', is written over a horizontal dotted line. The signature is stylized and cursive.

KEN OFORI-ATTA

(MINISTER FOR FINANCE)

Attachment

1. Parliamentary Resolution
2. Ministry of Trade and Industry letter
3. Tax Assessment



TAX ASSESSMENT

MINISTRY OF TRADE & INDUSTRY/YEDENT AGRO BULK COMPANY

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TOTAL		1,136,650		120830	25599	67197	8525	222,151

CERTIFICATE

TOTAL TAX LIABILITY=222,151 U.S. DOLLARS

This is to certify that the assessment given is true and correct.

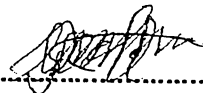
Signature:.....

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Importer/Agent's Name & Designation:.....

For Official Use

Assessment rechecked and found correct and complete.

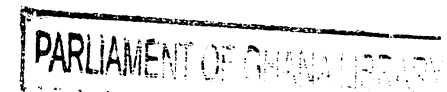
Signature: 

.....30-05-2019.....

Officer's Name & Rank:- **GIDEON GLEY**

Date

(REV. OFFICER)



TAX ASSESSMENT

MINISTRY OF TRADE & INDUSTRY/YEDENT AGRO BULK COMPANY

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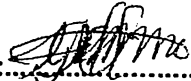
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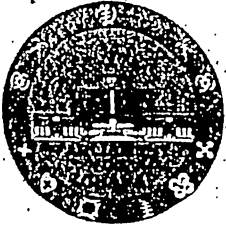
Assessment rechecked and found correct and complete.

Signature: 

.....30-05-2019.....

Officer's Name & Rank:- **GIDEON GLEY**
(REV. OFFICER)

Date



PARLIAMENTARY SERVICE

Parliament House - Accra (Ghana)

13

Telephone Nos. 0302 633 030
0302 664 530
0302 664 042

E-mail: clerk@parliament.gh
Website: www.parliament.gh

3rd MAY 2019

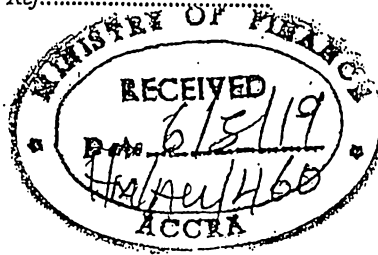
In case of reply the number and date of this letter should be quoted

My Ref. No. OP/T/R/10438

Your Ref.:

THE HON. MINISTER,
MINISTRY OF FINANCE,
ACCRA.

Hon. Minister,



APPROVAL OF THE REQUEST FOR WAIVER OF IMPORT DUTIES, IMPORT VAT, GETFUND LEVY, IMPORT NHIL, AND EXIM LEVY ON PLANT, MACHINERY AND EQUIPMENT OR PARTS, AS WELL AS CORPORATE TAX FOR FIVE YEARS OF OPERATION BEING TAX INCENTIVES TO SUPPORT IMPLEMENTATION OF THE ONE DISTRICT ONE FACTORY (1D1F) PROGRAMME

Parliament at its Fourth Sitting of the Emergency Meeting held on Friday, 3rd May 2019, approved by resolution the Request for waiver of Import Duties, Import VAT, GETFund Levy, Import NHIL, and EXIM Levy on plant, machinery and equipment or parts, as well as Corporate Tax for five years of operation being tax incentives to support implementation of the One District One Factory (1D1F) Programme.

I am directed to forward to you the text of the Resolution as follows:

WHEREAS

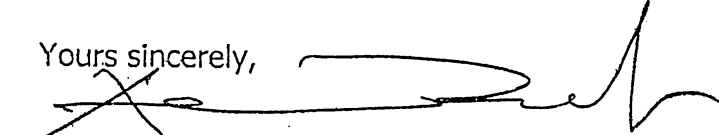
1. By the provisions of Article 174 (2) of the Constitution, Parliament is empowered to confer power on any person or authority to waive or vary a tax imposed by an Act of Parliament;
2. The exercise of any power conferred on a person or authority to waive or vary a tax in favour of any person or authority is by the said provisions made subject to the prior approval of Parliament by resolution;
3. Parliament takes note of approval of the flagship industrialisation programme of Government, known as One District One Factory (1D1F) Initiative, as outlined in the Budget Statement and Economic Policy of the Government of Ghana for the years 2017, 2018 and 2019 and the passing of related Appropriation Acts;
4. By the said 1D1F Initiative, Government seeks to provide fiscal and other incentives to interested persons to encourage them to register and establish businesses under the 1D1F Programme;

5. By the combined operation of the provisions of section 150(i) of the Customs Act, 2015 (Act 891), the Export and Import Act, 1995 (Act 503), the Export Trade, Agricultural and Industrial Fund Act, 2013 (Act 872), Value Added Tax Act, 2013 (Act 870), the Value Added Tax (Amendment) Act, 2015 (Act 890), the Value Added Tax (Amendment) Act, 2017 (Act 948), and other existing Laws and Regulations applicable to the collection of Customs Duties and other taxes on the importation of goods into Ghana, the Minister for Finance may exempt any statutory corporation, institution or individual from the payment of duties and taxes otherwise payable under the said Laws and Regulations or waive or vary the requirement of such statutory corporation, institution or individual to pay such duties and taxes;
6. At the request of the Government of Ghana acting through the Minister responsible for Finance, there has been laid before Parliament a request by the Minister responsible for Finance for the prior approval of Parliament, the exercise by the Minister of the power under the Laws and Regulations relating to fiscal and other incentives associated with the 1D1F Programme which include exemption of Corporate Taxes, Import Duties and Taxes on equipment, machinery and parts, Duties and Levies on raw materials and Withholding Taxes.

NOW THEREFORE, this Honourable House, having taken note of the earlier approval of the 1D1F Programme as outlined in the Budget Statements and Economic Policies of the Government of Ghana, hereby approves the tax incentives to support the implementation of the One District One Factory (1D1F) Programme for five years of operation, however, the amount of taxes and duties to be waived for each specific 1D1F-approved factory in exercise of the power conferred on the Minister responsible for Finance, shall be assessed on individual merit by the Ghana Revenue Authority and presented to Parliament for consideration and approval in accordance with Article 174(2) of the Constitution.

The Resolution is respectfully submitted for your appropriate action.

Yours sincerely,


ROBERT APODOLLA
(DEPUTY CLERK [LMD])
For Clerk to Parliament

Cc: Hon. Minister for Parliamentary Affairs.

Hon. Attorney-General and Minister for Justice.

Hon. Minister for Trade and Industry.

the date of reply the
and date of this
should be quoted.

Our Ref. No: DNIS/271/19

Your Ref. No:



REPUBLIC OF GHANA

Ministry of Trade & Industry
P.O. Box MB.47
Ministries, Accra.
Tel: +233 302 686525

23RD MAY.....2019

REQUEST FOR WAIVER OF IMPORT DUTIES TAXES AND OTHER
LEVIES FOR ONE DISTRICT ONE FACTORY

We write to request for a waiver of duties, taxes and levies on the machinery and parts for Yedent Agro Bulk Processing Company, a One District One Factory (1D1F) Company.

The waiver will help facilitate the clearance of the applicant's equipment at the Tema Port to ensure that installation commences on schedule.

Please find attached the relevant documents for the request.

Counting on your usual cooperation.

PATRICK YAW NIMO
AG. CHIEF DIRECTOR
For: MINISTER

THE HON. MINISTER
MINISTRY OF FINANCE
ACCRA

PARLIAMENT OF GHANA LIBRARY

ATTN: THE HEAD
TAX POLICY UNIT

cc: The Commissioner General
Ghana Revenue Authority
Accra

The Commissioner
(Customs Division)
Ghana Revenue Authority
Accra

Samuel Kwame Ntim
Chief Executive Officer
Yedent Agro Bulk Processing
Company
Sunyani

In case of reply the
Number and date of this
letter should be quoted.
Our Ref: *2018/288605*



REPUBLIC OF GHANA

Ministry of Trade, Industry
P.O. Box M-47
Ministries
Accra, Ghana

13th August, 2018

Your Ref:

RE: APPLICATION FOR ONE DISTRICT ONE FACTORY SUPPORT

Reference is made to your letter on the above subject dated 6th August, 2018 to the Hon. Minister for Trade and Industry.

The One District One Factory programme is opened to both new and existing factories that are seeking to expand their operations. I must indicate that your company, Yedent Agro Group of Companies Limited, sits perfectly within the programme considering the expansion work you are currently embarking upon.

Your application has therefore been accepted and that your company will be registered as one of the One District One Factory projects.

I thank you for expressing interest to be part of the One District One Factory programme.

EBENEZER PADI ADJIRACKOR
AG. CHIEF DIRECTOR
FOR MINISTER

MR. SAMUEL KWAME NTIM ADU
CHIEF EXECUTIVE OFFICER
YEDENT AGRO GROUP OF COMPANIES LTD.
SUNYANI



**YEDENT AGRO BULK
PROCESSING COMPANY**

Plot 10, 11, 12, 13, 14, 15, 16, 17, 18, 19, 20, 21, 22, 23, 24, 25, 26, 27, 28, 29, 30, 31, 32, 33, 34, 35, 36, 37, 38, 39, 40, 41, 42, 43, 44, 45, 46, 47, 48, 49, 50, 51, 52, 53, 54, 55, 56, 57, 58, 59, 60, 61, 62, 63, 64, 65, 66, 67, 68, 69, 70, 71, 72, 73, 74, 75, 76, 77, 78, 79, 80, 81, 82, 83, 84, 85, 86, 87, 88, 89, 90, 91, 92, 93, 94, 95, 96, 97, 98, 99, 100

The Honorable Minister
Ministry of Finance
Accra

1st April, 2019

Dear Sir,

**APPLICATION FOR CUSTOM DUTIES EXEMPTION UNDER THE ONE DISTRICT ONE
FACTORY(1D1F) PROGRAM**

We refer to the Ministry of Trade and Industry letter GC196/268/05 of 13th August, 2018 to Yedent Agro in respect of it being accepted into the One District One factory (1D1F) program and gladly write to inform you of the shipment of the first batch of equipments financed by Ecobank for the expansion of our maize processing plant under the One District One Factory (1D1F) program.

The first batch of equipments made up of the pre-fabricated factory which is expected to arrive at Tema Port in 16th April, 2019.

We therefore humbly write to entreat your ministry to facilitate the application for Customs Duties Exemptions under the One District One Factory (1D1F) program to us smoothly clear the goods. By the arrival of the first batch of equipments, the Factory Construction and Plant Commissioning are still on schedule slated for October 2019.

Please find attached the shipping documents for your perusal.

We hope our application will receive your kind consideration to enable us contribute our quota in realizing the laudable goals of the One District One factory (1D1F) program.

Thank you for co-operation

Regards

Samuel Kwame Ntim

CEO

Cc: The Minister
Ministry of Trade and Industry

The Honorable Minister
Ministry of Trade and Industry

Accra

1st April, 2019

Dear Sir,

APPLICATION FOR CUSTOMS DUTIES EXEMPTION UNDER THE ONE DISTRICT
ONE FACTORY (1D1F)

We refer to your letter GC 169/268/05 of 13th August, 2018 to Yedent Agro in respect of it being accepted into the One District One Factory (1D1F) program and gladly write to inform you of the shipment of the first batch of equipments financed by Ecobank for the expansion of our maize processing plant under the One District One Factory (1D1F) program.

The first batch of equipments is made up of the pre – fabricated factory which is expected to arrive at Tema Port on 16th April, 2019.

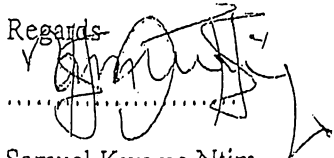
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Please find attached the shipping documents for your perusal.

We hope our application will receive your kind consideration to enable us contribute our quota in realizing the laudable goals of the One District One Factory (1D1F) program.

Thank you for your co-operation.

Regards


.....
Samuel Kwame Ntim

(CEO)



YEDENT AGRO BULK PROCESSING COMPANY

P. O. Box 1306 Sunyani, B/A
Tel: +233 (0)3520 91405
Mob: +233 (0)20 8166021
email: yedentgh@yahoo.com

24 April 2019

The Chief Executive Officer,
Ghana Investment Promotion Centre,
Accra.

Dear Sir,

APPLICATION FOR AN EXEMPTION- A 1D1F MAIZE-MILLING FACTORY

We humbly write to apply for duties exemptions in respect of a US\$1.2 million **INTEGRATED MAIZE MILLING** plant being constructed in Sunyani and financed by Ecobank Ghana Limited under the 1D1F program. Please find attached a letter of approval from the Ministry of Trade and Industry indicating our acceptance into the 1D1F program.

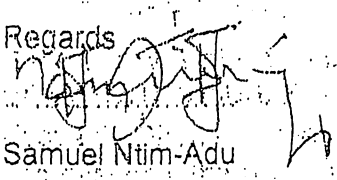
The **INTEGRATED MAIZE MILLING PLANT** is made up of; an initial shipment and installation of specialized high heighted steel structured factory warehouse to house the silos and the processing plant, shipment and installation of a 1200 metric ton capacity maize cleaning equipment and silos, and a 2 metric ton an hour Isigayo state of the art maize milling plant, all being purchased from Ascon and Buhler in a turn key project.

Shipment for the initial specialized high heighted steel structured factory warehouse has arrived at the Tema port awaiting clearing and installation to pave way for the subsequent shipments.

We would therefore be grateful if, our exemption application is granted to allow us successfully clear the goods and allow installations to proceed smoothly.

Thank you for your co-operation.

Regards


Samuel Ntim-Adu

CEO

CC: The Minister

Ministry of Trade and Industry.