

IN THE THIRD SESSION OF THE SEVENTH PARLIAMENT OF THE FOURTH REPUBLIC

**REPORT OF THE FINANCE COMMITTEE ON THE REQUEST FOR
THE WAIVER OF IMPORT DUTIES, IMPORT VAT, GETFUND LEVY,
IMPORT NHIL, EXIM LEVY AND OTHER IMPOSTS AMOUNTING TO THE
GHANA CEDI EQUIVALENT OF TWO HUNDRED AND TWENTY-TWO
THOUSAND, ONE HUNDRED AND FIFTY-ONE UNITED STATES DOLLARS
(US\$222,151.00) (EQUIVALENT TO GH¢1,144,723.00) ON EQUIPMENT TO
BE PROCURED BY YEDENT AGRO PROCESSING COMPANY LIMITED
UNDER THE IMPLEMENTATION OF THE ONE DISTRICT ONE FACTORY
(1D1F) PROGRAMME**

1.0 INTRODUCTION

The request for the waiver of Import Duties, Import VAT, GETFund Levy, Import NHIL, EXIM Levy and Other Imposts amounting to Two Hundred and Twenty-Two Thousand, One Hundred and Fifty-One United States Dollars (equivalent to Gh¢1,144,723.00) on equipment to be procured by Yedent Agro Bulk Processing Company Limited under the implementation of the One District One Factory (1D1F) Programme was laid in the House on Tuesday, 2nd July, 2019 in accordance with Article 174(2) of the Constitution, and referred to the Finance Committee for consideration and report pursuant to the Standing Orders of the House.

The Committee met with a Deputy Minister for Finance Hon. Kwaku Kwarteng and a technical team from the Ministry of Finance, the Ministry of Trade and

Industry, 1D1F Secretariat and the Ghana Revenue Authority to consider the request.

2.0 DOCUMENTS REFERRED TO

The Committee referred to the following documents during its deliberations:

- The 1992 Constitution of Ghana;
- The Public Financial Management Act, 2016 (Act 921);
- The Standing Orders of the Parliament of Ghana; and
- The 2019 Budget Statement and Economic Policy.

3.0 BACKGROUND

On Friday, 3rd May, 2019, Parliament approved a 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 Tax for five (5) years of operation being tax incentives to support implementation of the One District One Factory (1D1F) Programme.

The Resolution also required that all 1D1F beneficiary entities are to prepare and to submit the list of their purchases for tax assessment and submission to Parliament for consideration and approval.

Yedent Agro Group of Companies Limited was established in 2011. It is a leading agro-processor of grains in the country with a track record in processing blended fortified products like maisoyforte and tomvita, maize flour, bran for feed for the poultry and livestock industry, among others.

Yedent Company Limited applied for Government support in the area of tax waiver under the 1D1F Programme to enable it procure a new processing plant with diversified capabilities and to significantly enhance its operations.

The Ministry of Trade and Industry has accessed the company and has granted it a 1D1F status which would enable it benefit from the tax waiver incentives under the Programme.

In order to acquire and install the new plant to enable the company enhance its operations, there is the need to waive taxes and duties applicable as an incentive under the 1D1F programme. It is in this regard that the request for the waiver of taxes and duties and the Master list of items to be procured by Yedent Company Limited has been submitted to Parliament in accordance with Article 174 of the 1992 Constitution of Ghana.

4.0 REQUEST

The request is to seek approval for the waiver of taxes under the One District One Factory (1D1F) programme for Yedent Group of Companies Limited amounting to US\$222,151 (equivalent of GH¢1,144,723).

4.1 Assessment of Duties, Taxes and Levies

A breakdown of the tax assessment undertaken by the Ghana Revenue Authority (GRA) is provided in Table 1 below:

Table 1: Breakdown of Tax Assessment by GRA

	Item	Amount (\$)
1	IMPORT DUTY	120,830
2	IMPORT VAT	67,197
3	NHIL /GETFUND LEVY	25,599
4	EXIM LEVY	8,525
	TOTAL	222,151

Attached as an APPENDIX is the details of the tax assessment.

5.0 OBSERVATIONS

5.1 Justification for Selecting Yedent Group of Companies

The Committee was informed that the Company, established in 2011, intends to expand and diversify its operations by investing in a new processing plant with varied capabilities and significantly enhance its installed capacity to produce super cereals, maize meal, super cereal plus, composite flour, grits and animal feed, among others, using inputs sourced from mainly local farmers.

The overall aim of the Company is to consolidate its business with the World Food Programme and establish alternative distribution channels in the retail market segment of the company's operations and also take full advantage of the opportunities within the bulk segment. The Company also wants to sustain its growth and improve its cash-flow and profitabilities.

5.2 Project Returns

The Committee was informed that the projected Internal Rate of Return (IRR), Profitability Index and the Discounted Payback Periods (DPP) indicate that the investment is viable. Using a discounted rate of 8% and evaluating the company's financials for a ten-year investment period and using the most pessimistic scenario gives the following outcome:

- Net Present Value - GH¢129,499,916
- Internal Rate of Return - 52%
- Profitability Index - 9.55
- Discounted Payback - 2.13years

It is on the basis of the above that the Ministry of Trade and Industry granted approval status to it as a 1D1F entity.

5.3 No Government Interest in Companies under the Programme

The Committee was informed that Government has no interest in any of the Companies under the 1D1F programme. The role of Government is to create the enabling environment to support businesses in Ghana. Government seeks to provide fiscal and other incentives to businesses.

5.4 Vetting of Companies

The Committee inquired whether existing companies admitted under the 1D1F programme were vigorously assessed especially in the discharge of their tax obligations.

The Deputy Minister for Finance assured the Committee that one of the requirements for admission was tax compliance. So far all companies admitted under the programme were tax compliant. He agreed with the Committee that companies who are not tax compliant will not benefit from the incentives granted under the programme

The Committee advised that the vetting process has to be stringent to ensure that only qualified companies with workable business proposals benefit from the incentives under the 1D1F Programme,

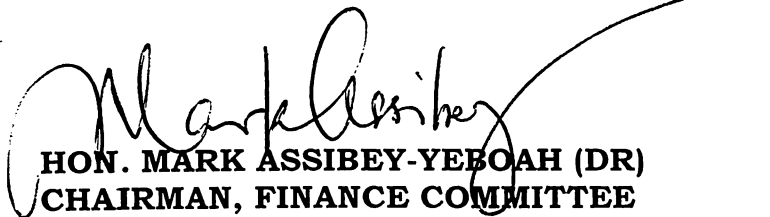
6.0 CONCLUSION

Considering the benefits to be derived from the project, the Committee is of the view that the request is in the right direction.

The Committee therefore recommends to the House to adopt its report and to approve the request for the waiver of Import Duties, Import VAT, GETFund Levy, Import NHIL, EXIM Levy and other Imposts amounting to Two Hundred And Twenty-Two Thousand, One Hundred and Fifty-One United States Dollars (Equivalent to GH¢1,144,723.00) on equipment to be procured by Yedent Agro

Bulk Processing Company Limited under the implementation of the One District One Factory (1D1F) Programme in accordance with Article 174(2) of the Constitution, the Public Financial Management Act, 2016 (Act 921) and the Standing Orders of Parliament.

Respectfully submitted.



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



EVELYN BREFO-BOATENG
CLERK TO THE COMMITTEE

16th July 2019

APPENDIX

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)
Steel Portal Factory Structures	1	128,541	20%	25708	7712	20245	964	54,630
Steel Maize Silos	2	198,000	20%	39600	11880	31185	1485	84,150
Finished Processed Maize Grits Storage Bins	2	100,109	20%	20022	6007	15767	751	42,546
2 mt per hour Isigayo Maize Grit Processing Mill	1 set of equipment	710,000	5%	35500	0	0	5325	40,825
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.

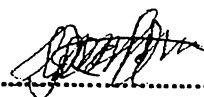
Signature:.....

.....

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)