

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

REPORT OF THE FINANCE COMMITTEE

ON THE

- i. REQUEST FOR WAIVER OF IMPORT DUTIES, GETFUND LEVY, IMPORT NHIL, IMPORT VAT, EXIM LEVY, AND OTHER IMPOSTS AMOUNTING TO THE GHANA CEDI EQUIVALENT OF SEVEN HUNDRED AND FIVE THOUSAND, TWO HUNDRED AND NINETY-EIGHT UNITED STATES DOLLARS (US\$705,298.00) ON EQUIPMENT AND MATERIALS TO BE PROCURED BY SUNDA GHANA LIMITED UNDER THE IMPLEMENTATION OF THE ONE DISTRICT ONE FACTORY (1D1F) PROGRAMME;**

- ii. REQUEST FOR WAIVER OF IMPORT DUTIES, GETFUND LEVY, IMPORT NHIL, IMPORT VAT, EXIM LEVY, AND OTHER IMPOSTS AMOUNTING TO THE GHANA CEDI EQUIVALENT OF ONE MILLION, THREE HUNDRED AND TWENTY THOUSAND, ONE HUNDRED AND SEVENTY-ONE UNITED STATES DOLLARS (US\$1,320,171.00) ON MATERIALS TO BE PROCURED BY KEDA CERAMICS COMPANY LIMITED UNDER THE IMPLEMENTATION OF THE ONE DISTRICT ONE FACTORY (1D1F) PROGRAMME;**

AND

- iii. REQUEST FOR WAIVER OF IMPORT DUTIES, GETFUND LEVY, IMPORT NHIL, IMPORT VAT, EXIM LEVY, AND OTHER IMPOSTS AMOUNTING TO THE GHANA CEDI EQUIVALENT OF FORTY-SEVEN THOUSAND, NINE HUNDRED AND TWENTY-EIGHT UNITED STATES DOLLARS AND THIRTY-EIGHT CENTS (US\$47,928.38) ON EQUIPMENT TO BE PROCURED BY SUNDA GHANA INVESTMENT LIMITED UNDER THE IMPLEMENTATION OF THE ONE DISTRICT ONE FACTORY (1D1F) PROGRAMME.**

11th December, 2019

1.0 Introduction

The requests for:

- i. waiver of Import Duties, GETFund Levy, Import NHIL, Import VAT, EXIM Levy, and other imposts amounting to the Ghana Cedi equivalent of Seven Hundred and Five Thousand, Two Hundred and Ninety-Eight United States Dollars (US\$705,298.00) on equipment and materials to be procured by Sunda Ghana Limited under the implementation of the One District One Factory (1D1F) programme;
- ii. waiver of Import Duties, GETFund Levy, Import NHIL, Import VAT, EXIM Levy, and other imposts amounting to the Ghana Cedi equivalent of One Million, Three Hundred and Twenty Thousand, One Hundred and Seventy-One United States Dollars (US\$1,320,171.00) on materials to be procured by Keda Ceramics Company Limited under the implementation of the One District One Factory (1D1F) programme; and
- iii. waiver of Import Duties, GETFund Levy, Import NHIL, Import VAT, EXIM Levy, and other imposts amounting to the Ghana Cedi equivalent of Forty-Seven Thousand, Nine Hundred and Twenty-Eight United States Dollars and Thirty-Eight Cents (US\$47,928.38) on equipment to be procured by Sunda Ghana Investment Limited under the implementation of the One District One Factory (1D1F) programme

were presented to the House on 2nd December, 2019 by the Hon. Deputy Minister for Finance, Mr. Kwaku Agyeman Kwarteng on behalf of the Minister for Finance.

Rt. Hon. Speaker referred the requests to the Finance Committee for consideration and report.

The Committee met with a Deputy Minister for Finance, Hon. Kwaku Agyeman Kwarteng and officials from the Ministry of Finance, the Ministry of Trade and Industry and 1D1F Secretariat and considered the request.

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 during its deliberations:

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

2.0 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.

Sunda Group is an international trading company that has the approval of China Foreign Economic and Trade Commission. The Company's main line of business is mainly the trading in building material products and fast-moving consumables. Sunda Group has always been focused on integrating overseas sales channel network and domestic production supply chain system, gradually from the traditional general export trade enterprise to supply chain integration, building materials and brand operation complex conglomerate transformation.

Sunda Group has established three companies in Ghana namely Sunda Ghana Limited, Keda Ceramics Company Limited and Sunda Investments Limited.

Sunda Ghana Limited is a Diaper producing factory situated in Accra in the Greater Accra Region. It is the largest diaper factory in the country with a total investment of US\$53.40 million.

Keda Ceramics Company Limited is a Ceramics making company located at Shama in the Western Region with a total investment of US\$77.26 million and Sunda Investments Company Limited, a hardware factory located at Dunkonah in the Greater Accra Region has a total investment of US\$25 million.

All three companies have applied for Government's support in the area of tax waiver under the 1D1F Programme to enable them procure new equipment with diversified capabilities and to significantly enhance their operations.

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

In order to acquire and install the new equipment and materials to enable the companies enhance their 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 for the three companies have been submitted to Parliament in accordance with Article 174 of the 1992 Constitution of Ghana.

3.0 THE REQUEST

The request is to seek approval for the waiver of taxes under the One District One Factory (1D1F) programme for:

- i. Sunda Company limited amounting to the Ghana Cedi equivalent of **US\$705,298;**

- ii. Keda Ceramics Company Limited amounting to the Ghana Cedi equivalent of **US\$1,320,171**; and
- iii. Sunda Ghana Investment Limited amounting to the Ghana Cedi equivalent of **US\$47,928.38**

4.1 Assessment of Duties, Taxes and Levies

A breakdown of the tax assessment undertaken by the Ghana Revenue Authority (GRA) for the three (3) companies are provided in Tables 1 to 3 below:

Table 1: Breakdown of Tax Assessment by GRA for Sunda Ghana Limited

	Item	Amount (US\$)
1	IMPORT DUTY	584,628.00
2	IMPORT VAT	24,684.00
3	NHIL /GETFUND LEVY	9,403.00
4	EXIM LEVY	86,538.00
	TOTAL	705,298.00

Table 2: Breakdown of Tax Assessment by GRA for Keda Ceramics Company Limited

	Item	Amount (US\$)
1	IMPORT DUTY	767,741
2	IMPORT VAT	343,783
3	NHIL /GETFUND LEVY	130,965
4	EXIM LEVY	77,682
	TOTAL	1,320,171

Table 3: Breakdown of Tax Assessment by GRA for Sunda Ghana Investments Limited

	Item	Amount (US\$)
1	IMPORT DUTY	41,677
2	EXIM LEVY	6,252
	TOTAL	47,928.38

Attached as an APPENDIX are the details of the tax assessments.

5.0 OBSERVATIONS

5.1 Justification for selecting the three (3) Companies

The Committee was informed that the Group Owners of the three companies, Guanghou Sunda International Trading Company started as importers of diapers, ceramics and hardware. Following improved business climate in the country, the Group Owners decided and have established the three companies in the country to rather produce items that they used to import. Two of the companies are located in the Greater Accra Region and one is in the Western Region.

The Committee learnt that currently Sunda Ghana Limited, producers of diapers is the single largest diaper producing company in the country. Keda Ceramics currently commands over eighty (80) percent share of the ceramics market in the country.

The overall aim of the Company is to consolidate its businesses in the country and expand to cover the West African region. The Company also wants to sustain its growth and improve its operations.

The Committee noted that given the size of the investments and its attendant job creation, granting the three (3) companies the waiver would go a long way to consolidate their businesses.

5.2 Benefits from the Project

The Committee observed that a number of benefits to be derived from granting the waiver include:

- Reduction in imports of diapers, nails and ceramics;
- Reduction in foreign exchange outflows;
- Contribution to the expansion of local manufacturing industry in line with government IDIF programme;
- Creation of jobs and contribute to local employment; and
- Dissemination of advanced technology and technical training

6.0 CONCLUSION

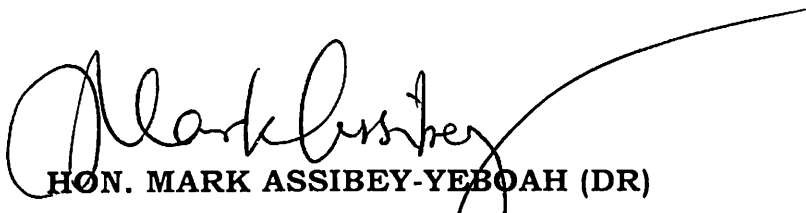
Considering the benefits to be derived from the project, the Committee is of the view that the request is in line with tax incentives being granted under the implementation of the 1D1F Programme.

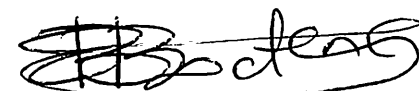
The Committee therefore recommends to the House to adopt its report and to approve the request for

- i. waiver of Import Duties, GETFund Levy, Import NHIL, Import VAT, EXIM Levy, and other imposts amounting to the Ghana Cedi equivalent of Seven Hundred and Five Thousand, Two Hundred and Ninety-Eight United States Dollars (US\$705,298.00) on equipment and materials to be procured by Sunda Ghana Limited under the implementation of the One District One Factory (1D1F) programme
- ii. waiver of Import Duties, GETFund Levy, Import NHIL, Import VAT, EXIM Levy, and other imposts amounting to the Ghana Cedi equivalent of One Million, Three Hundred and Twenty Thousand, One Hundred and Seventy-One United States Dollars (US\$1,320,171.00) on materials to be procured by Keda Ceramics Company Limited under the implementation of the One District One Factory (1D1F) programme

iii. waiver of Import Duties, GETFund Levy, Import NHIL, Import VAT, EXIM Levy, and other imposts amounting to the Ghana Cedi equivalent of Forty-Seven Thousand, Nine Hundred and Twenty-Eight United States Dollars and Thirty-Eight Cents (US\$47,928.38) on equipment to be procured by Sunda Ghana Investment 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 December, 2019

PARLIAMENT OF GHANA LIBRARY

TAX ASSESSMENT

SUNDA GHANA LIMITED-SANITARY PAD PROJECT

	Qty.	Unit	CIIF (USD)	LD Rate	Import Duty	NHIL/Gfund 5%	Import VAT 12.5%	EXIM 0.75%	TOTAL (USD)	Exchange rate	TOTAL (GH¢)
Industrial Plant Of Diaper Production Line	2	set	5,111,447	5%	255572	0	0	38336	293,908	5.2427	1,540,872.41
Industrial Air Compressor	3	set	148,145	10%	14815	8148	21388	1111	45,462	5.2427	238,343.96
Sanitary Pad Production Line Ckd	1	set	3,304,348	5%	165217	0	0	24783	190,000	5.2427	996,113.00
Hot-Melt Adhesive Machine Ckd	3	set	1,695,652	5%	84783	0	0	12717	97,500	5.2427	511,163.25
Visual Detection System	3	units	143,478	5%	7174	0	0	1076	8,250	5.2427	43,252.27
Spurt The Code Machine Ckd	3	set	48,261	5%	2413	0	0	362	2,775	5.2427	14,548.49
Automatic Packing Machine Ckd	3	set	817,391	5%	40870	0	0	6130	47,000	5.2427	246,406.90
Hand Pallet Trucks	20	units	11,217	5%	561	0	0	84	645	5.2427	3,381.54
Drying Machine	3	set	15,650	5%	782	0	0	117	900	5.2427	4,717.65
Generator	3	set	6,522	5%	326	342	899	49	1,616	5.2427	8,473.09
Voltage Stabilizer	1	unit	17,391	5%	870	913	2397	130	4,310	5.2427	22,594.89
Parts For Production Line	2749	pcs	224,910	5%	11246	0	0	1687	12,932	5.2427	67,800.37
TOTAL			11,544,412		584628	9403	24684	86583	705,298		3,697,667.83

KEDA CERAMICS COMPANY LIMITED

Description of Items	CIF (USD)	Import Duty	NHIL/GFUND	import vat	EXIM	TOTAL (USD)	Exchange rate	TOTAL (GHC)
Ball mill feeding			5%	12.5%	0.75%			
TOTAL	10,357,580	767,741				130,965	343,783	776,821,320,171
								5,2427
								6,921,259.42

TAX ASSESSMENT

SUNDA GHANA INVESTMENT LIMITED-NAIL PROD LINE

NO.	ITEM	QTY	CIF (USD)	I/D RATE	Import Duty	NHIL/GFUND	import vat	EXIM	TOTAL (USD)	Exchange rate	TOTAL (USD)
1	NAIL PRODUCTION LINE CKD	1 SET	833,537	5%	41677	0	0	6252	47,928.38	5.2427	251,274.13