

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

**REPORT OF THE FINANCE COMMITTEE ON THE REQUEST FOR WAIVER
OF IMPORT DUTIES, GETFUND LEVY, NHIL LEVY, IMPORT VAT, EXIM
LEVY, AND OTHER IMPOSTS AMOUNTING TO THE GHANA CEDI
EQUIVALENT OF THREE HUNDRED AND FIFTEEN THOUSAND, ONE
HUNDRED AND FORTY-EIGHT UNITED STATES DOLLARS (US\$315,148.00)
ON MATERIALS AND EQUIPMENT TO BE PROCURED BY DEBRIDGE
INDUSTRIES LIMITED UNDER THE IMPLEMENTATION OF THE ONE
DISTRICT ONE FACTORY (1D1F) PROGRAMME**

1.0 INTRODUCTION

The request for waiver of Import Duties, GETFund Levy, NHIL Levy, Import VAT, EXIM Levy, and other imposts amounting to the Ghana Cedi equivalent of Three Hundred and Fifteen Thousand, One Hundred and Forty-Eight United States Dollars (US\$315,148.00) on materials and equipment to be procured by Debridge Industries Limited under the implementation of the One District One Factory (1D1F) Programme was presented to the House on 11th 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 the 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.

Government also has over the years made it a target to promote and grow the use and value addition to the country's earth based raw materials. It is in line with this and together with the One District One Factory Initiative that the Debridge Industries Limited, desirous to be a major contributor to the Initiative, has acquired a site in Gomoa East to relocate and expand its operations employing modern technologies.

Debridge Industries limited is a limited liability company registered under the registration of business names Act 1962 (No 151) with registration number

C0004420594 on December 18, 2014 to produce adhesive tile cement and grout. It currently operates from a factory in Adjiringanor, East Legon in the Greater Accra Region. With the expansion, the company intends to increase production from six thousand (6,000) bags of 2kg a month to seven thousand (7,000) bags of 2kg a day.

The Ministry of Trade and Industry has accessed the company and has granted it 1D1F status which would enable it 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 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 for Debridge Industries 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 Debridge Industries amounting to the Ghana Cedi equivalent of US\$315,148.

4.1 Assessment of Duties, Taxes and Levies

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

Table 1: Breakdown of Tax Assessment by GRA for Debridge Industries

	Item	Amount (US\$)
1	IMPORT DUTY	146,674
2	IMPORT VAT	111,388
3	NHIL /GETFUND LEVY	42,434.00
4	EXIM LEVY	14,653
	TOTAL	315,148

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

5.0 OBSERVATIONS

5.1 Justification for selecting Debridge

The Committee was informed that the Company, established in December, 2014, intends to expand its operations by investing in new plants and equipment with varied capabilities to significantly enhance its installed capacity to produce adhesive cement and grout.

The company which commenced its operations in a small factory at Adjiriganor, East Legon intends to acquire a new plant at the cost of GH¢7.76 million which would help increase its production from Six Thousand (6000) bags of 2kg a month to Seven Thousand (7000) bags of 2kg a day. Due to this, the company is expanding its operations by injecting an additional GH¢6,760,789 to increase its equity to GH¢7,280,798. Further GCB bank has disbursed to the company GH¢4.8 million of a credit facility.

The Committee was assured that the project is highly feasible, socio-economically desirable and financially viable. The projections from the financial analysis show positive results to strengthen the viability of the project.

5.2 Benefits from the Project

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

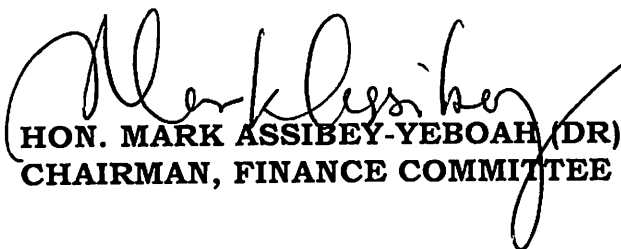
- Reduction in imports;
- Reduction in foreign exchange outflows;
- Contribution to the expansion of local manufacturing industry in line with government IDIF programme;
- Creation of jobs and contribute to local employment; and
- Dissemination of advanced technology and technical training.

6.0 CONCLUSION


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

The Committee therefore recommends to the House to adopt its report and to approve the request for waiver of Import Duties, GETFund Levy, NHIL Levy, Import VAT, EXIM Levy, and other imposts amounting to the Ghana Cedi equivalent of Three Hundred and Fifteen Thousand, One Hundred and Forty-Eight United States Dollars (US\$315,148.00) on materials and equipment to be procured by Debridge Industries 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

TAX ASSESSMENT

MINISTRY OF TRADE AND INDUSTRY/1D1F/DEBRIDGE INDUSTRIES

Description of Items	Qty	CIF (USD)	I/D Rate	Imp. Duty	Nhil/ Gfund	Imp. VAT	EXIM Levy 0.75%	TOTAL (USD)
DRY MORTAR PLANT	1	563,000	5%	28150	0	0	4223	32,373
STEEL STRUCTURES	VARIOUS	136,600	20%	27320	8196	21515	1025	58,055
WEIGHING BRIDGE	2	80,000	5%	4000	0	0	600	4,600
LABORATORY EQUIPMENT	VARIOUS	60,000	5%	3000	0	0	450	3,450
FORKLIFT	3	76,071	5%	3804	0	0	571	4,374
PAYLOADER	3	135,000	5%	6750	0	0	1013	7,763
TIPPER TRUCK	2	150,000	5%	7500	7875	20672	1125	37,172
TRAILER	3	270,000	10%	27000	14850	38981	2025	82,856
PICK-UP	1	45,000	5%	2250	2363	6202	338	11,152
CCTV CAMERAS	VARIOUS	60,000	5%	3000	3150	8269	450	14,869
AIR-CONDITIONERS (5HP)	15	18,000	20%	3600	1080	2835	135	7,650
OFFICE FURNITURES	VARIOUS	10,000	20%	2000	600	1575	75	4,250
PLASTIC PALLETS	800	40,000	20%	8000	2400	6300	300	17,000
GRANITE FLOOR TILES	800sq/m	32,000	20%	6400	1920	5040	240	13,600
LIFT(1000kg)	1	28,000	5%	1400	0	0	210	1,610
GENERATOR(500kva/600kw)	1	250,000	5%	12500	0	0	1875	14,375
TOTAL		1,953,671		146674	42434	111388	14653	315,148

PARLIAMENT OF GHANA LIBRARY