

**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, IMPORT VAT, EXIM LEVY,
SPECIAL IMPORT LEVY AND OTHER IMPOSTS
AMOUNTING TO THE GHANA CEDI EQUIVALENT OF
SIX MILLION, FOUR HUNDRED AND THIRTY-FIVE
THOUSAND, EIGHT HUNDRED AND SEVENTY
UNITED STATES DOLLARS (US\$6,435,870.00) ON
MATERIALS AND EQUIPMENT TO BE PROCURED
FOR THE IMPLEMENTATION OF THE ACCRA URBAN
TRANSPORT PROJECT (AUTP) – CONSTRUCTION OF
POKUASE INTERCHANGE AND LOCAL ROADS BY
MESSRS ZHONGMEI ENGINEERING GROUP**

1.0 INTRODUCTION

The request for waiver of Import Duties, GETFund Levy, NHIL, Import VAT, EXIM Levy, Special Import Levy and other imposts amounting to the Ghana Cedi equivalent of *Six Million, Four Hundred and Thirty-Five Thousand, Eight Hundred and Seventy United States Dollars (US\$6,435,870.00)* on materials and equipment to be procured for the implementation of the **Accra Urban Transport Project (AUTP) – Construction of Pokuase Interchange and Local**

Roads by Messrs Zhongmei Engineering Group was laid in the House on Monday 16th December, 2019 by the Hon. Minister for Food and Agriculture, Dr. Owusu Afriyie Akoto on behalf of the Minister responsible for Finance.

Pursuant to Order 169 of the Standing Orders of the House, the request was *referred* to the Finance Committee for consideration and report.

The Committee met and considered the request with a Deputy Minister for Finance, Hon. Kwaku Agyeman Kwarteng, the Chief Director of the Ministry of Roads and Highways, Mr. Edmund Offei-Annor as well as other officials from the Ministries of Finance and Roads and Highways and the Ghana Revenue Authority.

The Committee hereby presents this report to the House pursuant to Order 161(1) of the Standing Orders of the House.

2.0 BACKGROUND

Ghana's economy has successfully transitioned from low income to lower middle-income status. As part of the transition process, the country is facing new and more complex development challenges, one of which is the challenge posed by rapid urbanization.

In 2010, over half of Ghana's population lived in urban areas. The rate of urbanization is projected to increase to 72% by 2035.

Incidentally, Greater Accra which has the smallest land size of the Regions in the country, has the highest population density.

Ghana's challenges resulting from rapid urbanization include inadequate infrastructure and services, uncontrolled urban sprawl, rise of slums and squatter settlements, poor sanitation, flooding with associated risks to health and productivity and increased social, economic and environmental deterioration.

Inadequate inner city and intra-city connectivity have resulted in congestion, long travel times, significant fuel use and hikes in land prices.

The Government of Ghana and Development Partners are supporting various interventions in Ghana's urban areas particularly in the Greater Accra Region to ensure integrated and sustainable spatial development, coordination and planning.

This Interchange Project is located at Pokuase, an industrial zone in the north-eastern part of Accra and seeks to contribute towards integrated transport and urban development solutions in Accra.

To ensure the operational efficiency of road transport in moving persons, goods and services within the country and with neighboring countries, the Government of Ghana has already implemented some major road infrastructure projects and continue to source for funding to implement other critical infrastructure projects such as hospitals, bridges, interchanges, affordable

housing and fishing landing sites among others in line with the Government's infrastructure development agenda.

3.0 TOTAL WAIVER REQUESTED

The total amount of taxes and duties for which waiver is being sought is the Ghana Cedi equivalent of ***Six Million, Four Hundred and Thirty-Five Thousand, Eight Hundred and Seventy United States Dollars (US\$6,435,870.00)***.

ATTACHMENT: Please find attached as APPENDIX the details of the taxes and duties to be waived as calculated by the Ghana Revenue Authority (GRA).

4.0 OBSERVATIONS

4.1 Approval of the Financing Agreement

The Committee noted that Parliament at its Fourteenth Sitting of the Third Meeting held on Monday 31st October, 2016 approved by resolution the Loan Agreement between the Government of the Republic of Ghana and the African Development Fund (ADF) for an amount not exceeding Sixty Million Units of Account (UA60,000,000) [equivalent to US\$83,400,000.00] for the Accra Urban Transport Project (AUTP).

4.2 Project Description

The Committee observed that the Project provides the following:

- i. A modern 3-tier grade-separated interchange at Pokuase (the intersection point of the Awoshie-Pokuase Road) with other adjoining roads
- ii. A long term urban development strategic plan in partnership with Cities Alliance and the local municipalities to provide a common platform to develop integrated and collaborative decision making tools for city planning and management in support of the SDGs; and
- iii. Capacity building initiatives targeting the Executing Agency, schools and the local community, geared towards improving effectiveness in project and business development using information technology.

4.3 Project Objective

The Committee was informed that the overall objective of the Project is to address the challenges relating to poor road infrastructure in the country in order to facilitate transportation of goods and people for the socio-economic development of the country.

4.4 Expected Benefits of the Project

The Committee observed that the implementation of the project will enhance the movement of goods and people and improve the quality of life of citizens by reducing vehicle operating costs, travel time and accident rates.

Again, the roads and the interchange to be constructed would help reduce pedestrian and vehicular congestion and reduce cost of doing business between the two major cities of the country.

The Project would also improve access from the Tema Port to neighbouring landlocked countries in conformity with the Almaty Declarations and generally to enhance trade, regional cooperation and integration.

4.5 Need for Waiver

The Committee noted that pursuant to clause 14.1(e) of the Particular Conditions (part B – Specific Provisions) of the Amended Contract Agreement between the Ministry of Roads and Highways and Zhongmei Engineering Group Limited for the implementation of the Project, *"...the Contractor's equipment including essential spare parts and construction materials therefore imported by the Contractor for the sole purpose of executing the Contract shall be exempted from the payment of applicable import duties and taxes"*.

There is thus the need to waive the Project of the payment of taxes and duties in accordance with Article 174(2) else the Government of Ghana would be required to look for funds to finance the tax component due and payable to itself.

4.6 Incessant Requests for Tax Waiver

Some Members of the Committee expressed concern about the ever-continuous requests for waiver of taxes and duties in connection with major Government projects and enquired to know when the practice would cease.

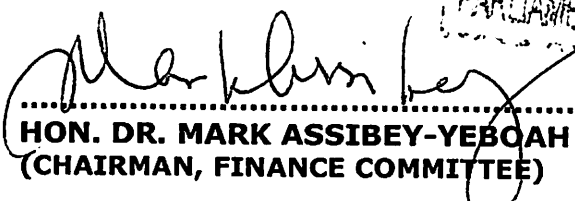
The Deputy Minister for Finance, Hon. Kwaku Kwarteng agreed to the sentiments expressed and called for a '*policy conversation*' over the matter since the upfront collection of due taxes and duties would help reflect the true level of the nation's tax base and economic activity. He however cautioned that any decision to change the *status quo* would have to be weighed against the reality of the state having to borrow extra money to pay taxes to itself.

5.0 CONCLUSION

The Committee, in view of the foregoing, respectfully recommends to the House to adopt this report and *approve by resolution*, the **request for waiver of Import Duties, GETFund Levy, NHIL, Import VAT, EXIM Levy, Special Import Levy and other imposts** amounting to the Ghana Cedi equivalent of ***Six Million, Four Hundred and Thirty-Five Thousand, Eight Hundred and Seventy United States Dollars (US\$6,435,870.00)*** on materials and equipment to be procured for the implementation of the **Accra Urban Transport Project (AUTP) – Construction of Pokuase Interchange and Local Roads** by **Messrs Zhongmei**

Engineering Group in accordance with Article 174(2) of the 1992 Constitution of the Republic of Ghana.

Respectfully submitted.


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

PARLIAMENT OF GHANA LIBRARY


.....
MS. EVELYN BREFO-BOATENG
(CLERK, FINANCE COMMITTEE)

19TH DECEMBER, 2019

TAX ASSESSMENT

MINISTRY OF ROADS AND HIGHWAYS/ACCRA URBAN TRANSPORT PROJECT/MESSRS ZHONGMEI ENG GROUP

Description of Items	Qty	unit	CIF (USD)	I/D Rate	Imp. Duty	Nhil/ Gfund 5%	Imp. VAT 12.5%	EXIM Levy 0.75%	SIL 0%/2%	TOTAL (USD)
High Tensile Steel Round Bar Reinforcement Of Various Dimension And Parts	17,000	Ton	11,934,000	20%	2386800	716040	1879605	89505	238680	5,310,630
Concrete Additives	700	Ton	263,900	10%	26390	14515	38101	1979	5278	86,262
Steel Tendon And Parts	700	Ton	843,500	10%	84350	46393	121780	6326	16870	275,719
Scaffolding And Parts	800	Ton	594,400	10%	59440	32692	85817	4458	11888	194,295
Expansion Joint	380	M	179,360	10%	17936	9865	25895	1345	3587	58,628
Bridge Bearings	350	pcs	198,100	5%	9905	10400	27301	1486	3962	53,054
Formwork	20000	M2	151,000	20%	30200	9060	23783	1133	3020	67,195
Nonwoven Geotextile	30000	M2	28,200	20%	5640	1692	4442	212	564	12,549
Fortrac 80t Geogrid	30000	M2	73,500	20%	14700	4410	11576	551	1470	32,708
Fortrac 110t Geogrid	90000	M2	254,700	20%	50940	15282	40115	1910	5094	113,342
Fortrac 150t Geogrid	100000	M2	321,000	20%	64200	19260	50558	2408	6420	142,845
Steel Anchors Rs2 And Parts	2000	pcs	199,200	20%	39840	11952	31374	1494	3984	88,644
TOTAL			15,040,860		2790341	891560	2340345	112806	300817	6,435,870

CERTIFICATE

TOTAL TAX LIABILITY=34,384,012US 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: 

.....09-12-2019.....

Officer's Name & Rank:- GIDEON GLEY

Date

(SNR REV. OFFICER)