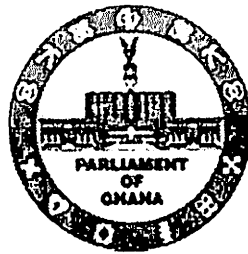


IN THE THIRD SESSION OF THE SEVENTH PARLIAMENT OF THE
FOURTH REPUBLIC OF GHANA



**REPORT OF THE FINANCE COMMITTEE ON THE
REQUEST FOR WAIVER OF IMPORT DUTIES,
IMPORT NHIL/GETFUND LEVY, IMPORT VAT,
EXIM LEVY AND SPECIAL IMPORT LEVY
AMOUNTING TO THE GHANA CEDI EQUIVALENT
OF SIXTY-TWO MILLION, SIX HUNDRED AND
EIGHTY-ONE THOUSAND, AND SIXTY-NINE
EUROS (€62,681,069.00) ON MATERIALS AND
EQUIPMENT TO BE IMPORTED IN RESPECT OF
PHASE II OF THE REDEVELOPMENT AND
MODERNIZATION OF THE KUMASI CENTRAL
MARKET AND ITS ASSOCIATED INFRASTRUCTURE**

1.0 INTRODUCTION

The request for waiver of Import Duties, Import NHIL/GETFund Levy, Import VAT, EXIM Levy and Special Import Levy amounting to the Ghana Cedi equivalent of **Sixty-Two Million, Six Hundred and Eighty-One Thousand, and Sixty-Nine Euros (€62,681,069.00)** on materials and equipment to be imported in respect of **Phase II of the Redevelopment and Modernization of the Kumasi Central Market and its Associated Infrastructure** was *presented to* the House on Tuesday, 19th November, 2019 by the Hon. Deputy

Minister for Finance, Mrs. Abena Osei-Asare 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 subsequently met and considered the request with a Deputy Minister for Finance, Hon. Charles Adu Boahen, a Deputy Minister for Local Government and Rural Development, Hon. Osei Bonsu Amoah and a team of officials from the Ghana Revenue Authority (GRA) and the Ministries of Finance and Local Government and Rural Development. Also in attendance were the Chief Executive Officer of the Kumasi Metropolitan Authority (KMA), Hon. Osei Assibey Antwi and officials from the Kumasi Metropolitan Authority (KMA).

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

2.0 BACKGROUND

The Government of the Republic of Ghana, acting through the Ministry of Local Government and Rural Development signed an EPC contract with Contracta Engenharia Ltd., Brazil in 2014 to undertake the redevelopment and modernisation of Kumasi Central Market and Kejetia Infrastructure project in three phases.

The project commenced in 2014 and was divided into three (3) phases due to the following three (3) reasons:

- To maintain business continuity and reduce the impact that the construction would have on the business community
- To reduce the financial burden and cost of borrowing; and
- To utilise revenues that would be realised from the phase 1 and phase 2 of the project to support the funding of similar infrastructural projects in Kumasi.

The first phase of the project was implemented at a cost of US\$259,425,000 and it is presently completed. The utilisation of the total floor space under Phase 1 is summarised in the table below.

		Total Area	Technical Area	Rentable Area	Stores Units	Parking Area	Parking Slots	Social Services
Phase 1	L0	64,251.43	2,249.30	9,138.85	1,516.00	9,181.61	134.00	4,400.00
	L1	51,141.52	-	15,976.76	3,488.00	-	-	-
	L2	41,044.84	-	14,394.60	3,244.00	-	-	-
	TOTAL	156,437.79	2,249.30	39,510.21	8,248.00	9,181.61	134.00	4,400.00

Phase 2 of the project will be a continuation of phase I and will cover a total construction area of 172,197m².

The two market areas (under the two phases) when completed, would be linked by two aerial walkways, providing ideal conditions for the flow of the large number of pedestrians that move frequently between them, with no interference from the street vehicular traffic.

3.0 PROJECT OBJECTIVE

The object of the project is to redevelop and integrate Kejetia and Kumasi Central markets, and improve on the ancillary roads, facilities and utilities in the enclave. This is to improve on the

functionality of the market community and improve on doing business in the Central Business District (CBD) of Kumasi.

4.0 TOTAL WAIVER REQUESTED

The total amount of taxes and duties for which waiver is being sought is the Ghana Cedi equivalent of **Sixty-Two Million, Six Hundred and Eighty-One Thousand, and Sixty-Nine Euros (€62,681,069.00)**.

Attachment: Please find attached as APPENDIX, the detailed assessment of the relevant taxes and duties.

5.0 OBSERVATIONS

5.1 Brief Description of Project

The Committee noted that the project will be a continuation of phase 1 and will cover a total construction area of 172,197m². The main structure of the market building will be pre-manufactured steel structure and beams. The parts will be produced abroad and shipped to the site for assembling, allowing for a very fast pace of construction. The roof will be in steel sheets with isolation to prevent heat from the sun. The central opening provides ventilation and light to the interior. Multiple skylights will allow the entrance of sunlight providing natural illumination.

5.2 Parliamentary Approval of the Contract Agreement

The Committee observed that Parliament at its Forty-Third Sitting of the Second Meeting held on Wednesday, 25th July

2018, approved by resolution, the Contract Agreement between the Government of the Republic of Ghana (Ministry of Local Government and Rural development) and Contracta Construction (UK) Limited for an amount of Two Hundred and Forty-Eight Million Euros (€248,000,000.00) for Phase II of the Redevelopment and Modernization of the Kumasi Central Market and its Associated Infrastructure.

5.3 Creation of a Special Purpose Vehicle

The Committee was informed by the CEO of KMA that Phase I of the Project has been completed and the spaces allocated to beneficiaries.

He explained that a *Special Purpose Vehicle (SPV)* known as Kumasi Markets Company Limited has been created with the predefined purpose of managing and operating the market complexes profitably. To ensure inclusivity, the Board of the Company has been broadened to include representatives of all major stakeholders such as the Ministry of Finance, Ministry of Local Government and Rural Development, the KMA, Kejetia Traders Association, Kumasi Central Market Traders Association, Transport Unions and the Traditional Authority.

The CEO explained that through the work of the SPV, the spaces in the Phase I project have been allocated with about 1,600 beneficiaries already handed keys to their shops whilst the remaining beneficiaries are still going through the necessary processes to access their shops.

5.4 Expected Benefits from the Project

The Committee noted that benefits to be derived from the project upon completion include increase in tax collection from increased trading volumes, increase in revenue for KMA to invest in other sectors of the city, enhancement of the status of the Kumasi Central Market as a major commercial hub in West Africa, enhanced and improved market conditions for traders and shoppers as well as easing traffic jam in the vicinity of the market.

5.5 Justification for Waiver

The Committee noted that per Articles 2.6 and 6 of the Contract Agreement between the Government of Ghana and Contracta Construction UK Limited, all Ghanaian taxes, duties, charges and levies payable by the Contractor and its expatriate personnel shall be paid for by the Client. Also, all goods imported (including temporary imports) into Ghana in connection with the contract and the Contractor's expatriate personnel shall be exempt from tax on presentation of the relevant documents subject to the approval of Parliament; save that such exemptions shall not apply to the local workforce which shall be treated in accordance with the local laws.

6.0 CONCLUSION

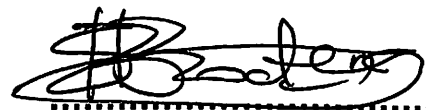
The Committee finds that the request is in line with the Contract Agreement between the Government of the Republic of Ghana (Ministry of Local Government and Rural development) and

Contracta Construction (UK) Limited for the Phase II of the Redevelopment and Modernization of the Kumasi Central Market and its Associated Infrastructure.

The Committee therefore recommends to the House to adopt this report and *approve by resolution*, the **request for waiver of Import Duties, Import NHIL/GETFund Levy, Import VAT, EXIM Levy and Special Import Levy** amounting to the Ghana Cedi equivalent of **Sixty-Two Million, Six Hundred and Eighty-One Thousand, and Sixty-Nine Euros (€62,681,069.00)** on materials and equipment to be imported in respect of **Phase II of the Redevelopment and Modernization of the Kumasi Central market and its Associated Infrastructure** in accordance with Article 174(2) of the 1992 Constitution of the Republic of Ghana.

Respectfully submitted.


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


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

27TH NOVEMBER, 2019

APPENDIX

Customs Division Form No. 80

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

THE COMMISSIONER
CUSTOMS DIVISION OF
GHANA REVENUE AUTHORITY
P. O. BOX 68
ACCRA



OUR REF NO. H/DUTY/6
YOUR REF :

TEL: 233-302-666841-4
FAX: 233-302-660019

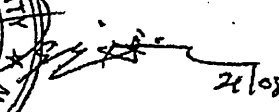
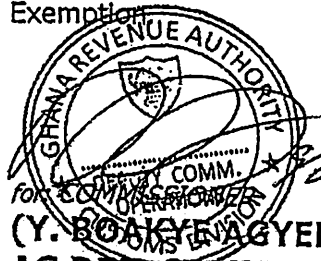
20TH AUGUST, 2019

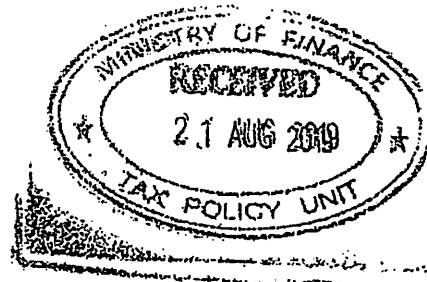
THE MINISTER,
MINISTRY OF FINANCE,
ACCRA.

**RE: REQUEST FOR TAX ASSESSMENT IN CONNECTION WITH REDEVELOPMENT OF
KUMASI CENTRAL MARKET AND ITS ASSOCIATED INFRASTRUCTURE PHASE II**

Reference is made to your letter no. RMERD/TPU/KCM2/019 dated 24th April, 2019 on the above subject.

I forward herewith the schedule of Assessment of Tax Liabilities totaling the Cedi equivalent of Sixty Two Million, Six Hundred and Eighty One Thousand, Sixty Nine Euros (€62,681,069.00) being Project Equipment and Materials for the above Project to enable you request for Tax Exemption.



for COMM. OPERATIONS
(Y. BOAKYE AGYEMANG)
AG DEP. COMMISSIONER/OPS



TAX ASSESSMENT

IMPORTER: MINISTRY OF LOCAL GOVERNMENT & RURAL DEVELOPMENT/KUMASI CENTRAL MARKET PHASE II/CONTRACTA

Description of Items	Qty	CIF (EURO)	I/D Rate	Imp. Duty	Nhil/Gfund 5%	Imp. VAT 12.5%	EXIM Levy 0.75%	SIL 0%/2%	TOTAL (EURO)
2.2M X 101m STEEL MODULES	6370	138,038	20%	27608	8282	21741	1035	2761	61,427
Modulated Wall Panels Of Cement Plates	2400	3,750,000	20%	750000	225000	590625	28125	75000	1,668,750
Desk	60	20,850	20%	4170	1251	3284	156	417	9,278
Cabinets	24	22,500	20%	4500	1350	3544	169	450	10,013
Chairs& Other Furniture	120	18,600	20%	3720	1116	2930	140	372	8,277
Freezers	60	16,875	20%	3375	1013	2658	127	338	7,509
Kitchen Utensils - Microwaves, Ovens And Stoves	120	585,922	20%	117184	35155	92283	4394	11718	260,735
Kitchen Utensils Small Kitchen Tools	1200	180,000	20%	36000	10800	28350	1350	3600	80,100
Special Equipment - Ice Generator Machine	1	75,473	5%	3774	0	0	566	0	4,340
Automatic Concrete Maker, With Mixers Doser	1	93,327	5%	4666	0	0	700	1867	7,233
Air Compressors	3	2,813	10%	281	155	406	21	0	863
Water Tanks	2	6,250	20%	1250	375	984	47	125	2,781
Silos-For Sand Cement Or Agregates Stock	2	467,208	20%	93442	28032	73585	3504	9344	207,907
Fence-Steel For Jobsite Isolation-Set	1	161,649	20%	32330	9699	25460	1212	3233	71,934
H' STEEL PILES FOR FOUNDATION 360mm	2398440	1,535,002	20%	307000	92100	241763	11513	30700	683,076
Steel Trusses & Steel Roofing	1	9,375,000	20%	1875000	562500	1476563	70313	187500	4,171,875
H' STEEL PILLARS 300mm & BEAMS	127221	23,899,648	20%	4779930	1433979	3764195	179247	477993	10,635,343
Wood & Metal For Foundations,Retainings ,Floors &	16344	721,097	20%	144219	43266	113573	5408	14422	320,888
PLASTIC FOR CONCRETE FLOOR- Set	1	122,897	20%	24579	7374	19356	922	2458	54,689
METAL FOR CONCRETE FLOOR ,RAMP & PILLAR- Set	7200	17,640,000	20%	3528000	1058400	2778300	132300	352800	7,849,800
Ca50/60 Steel	261808	382,240	20%	76448	22934	60203	2867	7645	170,097
Q335 Metallic Mesh	1025175	1,394,238	20%	278848	83654	219592	10457	27885	620,436
Galvanized Wiring	12000	51,960	20%	10392	3118	8184	390	1039	23,122
25kg Bag Cement	3600	48,564	20%	9713	2914	7649	364	971	21,611
Waterproof Plastic	61304	33,104	20%	6621	1986	5214	248	662	14,731
Metallic Mesh For Peripheral Closure	54588	621,757	20%	124351	37305	97927	4663	12435	276,682
Steel Rebars (Iron Rods)	36000	3,375,000	20%	675000	202500	531563	25313	67500	1,501,875

Backer Iron Rod	44146	135,970	5%	6798	7138	18738	1020	2719	36,414
General Paint	19906	210,805	20%	42161	12648	33202	1581	4216	93,808
Thinner & Solvents	15231	107,226	20%	21445	6434	16888	804	2145	47,716
Paint Accessories	826	2,701	20%	540	162	425	20	54	1,202
Wash Prime, Epoxy Paint, Anti-Fire Paint & Special I	7200	400,536	20%	80107	24032	63084	3004	8011	178,239
Rounded Or Square Pillar Wooden Form	252	648,504	20%	129701	38910	102139	4864	12970	288,584
Sealant ,Thinner & Solvents	2739	130,267	20%	26053	7816	20517	977	2605	57,969
Columns, Beams And Sheets	151221	25,424,787	20%	5084957	1525487	4004404	190686	508496	11,314,030
Paint ,Resin Grout & Hardener	302612	1,927,638	20%	385528	115658	303603	14457	38553	857,799
Plumbing Valves,Drains	120	450,538	20%	90108	27032	70960	3379	9011	200,489
Electrical Cables- (Boxes ,Breakers, Aps & Groundin	8400	7,003,332	20%	1400666	420200	1103025	52525	140067	3,116,483
Plaster Board	4274	133,178	20%	26636	7991	20976	999	2664	59,264
Plastic For Isolation Purposes	1200	1,956	20%	391	117	308	15	39	870
Metal & Plastic Frames	120	102,331	20%	20466	6140	16117	767	2047	45,537
Structured Plates	145346	13,007,014	20%	2601403	780421	2048605	97553	260140	5,788,121
38 X 75mm STEEL MESH	42844	281,057	20%	56211	16863	44266	2108	5621	125,070
METAL PANELS & MESH -(Bundle)	1	33,253	20%	6651	1995	5237	249	665	14,798
Tiles	7119	250,660	20%	50132	15040	39479	1880	5013	111,544
Ceramic For Installation	15495	377,768	20%	75554	22666	59498	2833	7555	168,107
Epoxy Cement	12000	153,360	20%	30672	9202	24154	1150	3067	68,245
High Resistance Metals Floors	3600	3,377,844	20%	675569	202671	532010	25334	67557	1,503,141
Granite Countertops	660	64,357	20%	12871	3861	10136	483	1287	28,639
Sealant Paste	1440	24,883	20%	4977	1493	3919	187	498	11,073
6mm POLYETHYLENE FILLING	16560	61,438	20%	12288	3686	9676	461	1229	27,340
1.8m X 2.M 85 STEEL VERTICAL ROLLING DOORS	12480	3,227,827	20%	645565	193670	508383	24209	64557	1,436,383
2m X 3m STEEL VERTICAL ROLLING GATE	43	832,795	20%	166559	49968	131165	6246	16656	370,594
Steel	142	175,765	20%	35153	10546	27683	1318	3515	78,215
Steel	142	75,328	20%	15066	4520	11864	565	1507	33,521
2.2m X 1.1m PLYWOOD	394	21,347	20%	4269	1281	3362	160	427	9,499
GRANITE 3cm AND 4cm THICK	730	41,924	20%	8385	2515	6603	314	838	18,656
Melamine Plywood	270	15,506	20%	3101	930	2442	116	310	6,900
Toilet Accessories	307	76,504	20%	15301	4590	12049	574	1530	34,044
Toilet Accessories	9	3,511	20%	702	211	553	26	70	1,562

Ceramic With Column	9	2,751	20%	550	165	433	21	55	1,224
High Resistance Metals	1	346,670	20%	69334	20800	54601	2600	6933	154,268
Carbon Steel Access Card Reader	57	92,948	20%	18590	5577	14639	697	1859	41,362
Barrier For Vehicles	4	35,192	20%	7038	2112	5543	264	704	15,660
Surveillance System	120	227,533	20%	45507	13652	35836	1706	4551	101,252
Pumps, Filters & Tanks	1200	376,200	10%	37620	20691	54314	2822	7524	122,970
Gutters & Pipes	2400	325,056	20%	65011	19503	51196	2438	6501	144,650
Light Poles Illumination Poles	600	1,365,198	20%	273040	81912	215019	10239	27304	607,513
Cabling For Power Distribution	1	1,397,068	20%	279414	83824	220038	10478	27941	621,695
Sewer And Drain Pipes	300	25,728	20%	5146	1544	4052	193	515	11,449
Electric Generators -100kva-400kva	6	1,054,260	5%	52713	55349	145290	7907	0	261,259
Electric Transformers 100kva-380kva	6	375,949	5%	18797	19737	51810	2820	0	93,165
Breakers & Power Distributors	600	543,786	20%	108757	32627	85646	4078	10876	241,985
Computers & Printers	1200	303,600	5%	15180	15939	41840	2277	0	75,236
IT EQUIPMENT DATA & CCTV SYSTEMS- Bundle	1800	900,000	5%	45000	47250	124031	6750	0	223,031
A/C With Accessories	30	21,128	20%	4226	1268	3328	158	423	9,402
Buses ,Vans For Labourers & Engineers	6	134,718	5%	6736	7073	18566	1010	2694	36,079
Electric And Mechanic Tools	150	766,149	10%	76615	42138	110613	5746	15323	250,435
Metallic Assembly Scaffold	12	1,950,284	10%	195028	107266	281572	14627	39006	637,499
Fire Detection System, Equipment ,Alarms & Mater	1	672,082	5%	33604	35284	92621	5041	13442	179,992
Fire Fighting System, Equipment ,Sprinklers & Mater	6600	2,883,408	5%	144170	151379	397370	21626	57668	772,213
Electrical Substation With Equipment & Material	1	1,110,578	10%	111058	61082	160340	8329	22212	363,020
Lighting Bulbs & Frames	9600	1,397,664	20%	279533	83860	220132	10482	27953	621,960
Polyethylene 20,000 Litres	9	27,304	20%	5461	1638	4300	205	546	12,150
METALLIC 100m3 CAPACITY	4	97,514	20%	19503	5851	15358	731	1950	43,394
Fuel Tank With Security Fence	1	40,643	20%	8129	2439	6401	305	813	18,086
Electrical Aps And Grounding Materials	960	629,808	20%	125962	37788	99195	4724	12596	280,265
STEEL TUBE SECTIONS 30mm	2532	20,813	20%	4163	1249	3278	156	416	9,262
Wooden-Assembly And Accessories	1	45,581	20%	9116	2735	7179	342	912	20,284
Vinyl- Assembly And Accessories	1	45,318	20%	9064	2719	7138	340	906	20,166
Alarm Detection System	2	606,941	5%	30347	31864	83644	4552	12139	162,546
(Land Clearing Equipment)	1	101,250	5%	5063	0	0	759	0	5,822
Roller Compactor	1	111,250	5%	5563	0	0	834	0	6,397

Manlift	12	54,565	5%	2728	0	0	409	0	3,137
Boomlift	12	54,606	5%	2730	0	0	410	0	3,140
Cherry Picker	12	54,565	5%	2728	0	0	409	0	3,137
Glass Or Acrylic Plane Boards	1200	770,748	20%	154150	46245	121393	5781	15415	342,983
Cement For Tiles	7688	28,061	20%	5612	1684	4420	210	561	12,487
Pvc,Copper And Steel Pipes	6000	755,220	20%	151044	45313	118947	5664	15104	336,073
Doors,Windows And Ceiling	270	15,506	20%	3101	930	2442	116	310	6,900
Acoustic And Thermal Protection Boards	2400	679,368	20%	135874	40762	107000	5095	13587	302,319
Individual Personal Protective Equipment	600	91,788	20%	18358	5507	14457	688	1836	40,846
Collective Protective Equipment	600	91,788	20%	18358	5507	14457	688	1836	40,846
Uniforms	2400	60,000	20%	12000	3600	9450	450	1200	26,700
Monitor Display & Signs	240	130,018	20%	26004	7801	20478	975	2600	57,858
Data ,Voice,Media, Computers, Hardware And Cctv	240	581,957	5%	29098	30553	80201	4365	0	144,216
Photovoltaic Solar Panels And Related Equipment	3	636,450	5%	31823	33414	87711	4773	0	157,720
Collection,Storage,Control And Distribution Devices	120	270,872	20%	54174	16252	42662	2032	5417	120,538
Tyres For Vehicles & Equipment	240	15,000	10%	1500	825	2166	113	300	4,903
Pile Driving Equipment	1	562,500	5%	28125	0	0	4219	0	32,344
TOTAL		146,409,302		27450828	8634861	22666510	1098070	2830801	62,681,069

CERTIFICATE

TOTAL TAX LIABILITY=62,681,069EUROS

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

Signature:.....

.....

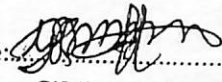
Importer/Agent's Name & Designation:.....

For Official Use

Assessment rechecked and found correct and complete.

.....15-08-2019.....

Date

Signature: 

Officer's Name & Rank:-

GIDEON GLEY
(REV. OFFICER)

