



REPUBLIC OF GHANA

MINISTRY OF FINANCE

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Our Ref: RMERD/TPU/ED/CM-SUMEC/019

Your Ref:

Tel No:

15th August, 2019

WAIVER OF TAX LIABILITY AMOUNTING TO THE GHANA CEDI EQUIVALENT OF US\$24,594,473.40 FOR THE PURCHASE OF EQUIPMENT, MATERIALS AND WORKS FOR THE "OVERALL UPGRADATION & MODERNIZATION OF THE VOCATIONAL EDUCATION SYSTEM IN GHANA" BY P.C. EDUCATION AFRICA VENTURES AND SUMEC COMPLETE EQUIPMENT AND ENGINEERING COMPANY LIMITED

REQUEST FOR PARLIAMENTARY APPROVAL

We forward herewith three hundred (300) copies of the attached Parliamentary Memorandum, for the waiver of tax liability amounting to the Ghana cedi equivalent of US\$24,594,473.40 for the purchase of equipment, materials and works for the "overall upgradation & modernization of the vocational education system in Ghana" by P.C. Education Africa Ventures and SUMEC Complete Equipment and Engineering Company Limited.

2. We would be grateful if you could arrange to place this before Parliament for consideration and approval.

PATRICK NOMO
CHIEF DIRECTOR
FOR: MINISTER

THE CLERK OF PARLIAMENT
PARLIAMENT HOUSE
ACCRA

cc: Hon. Minister, MoF
Hon. Minister, MoEd
Hon. Deputy Ministers, MoF
Director, RMERD, MoF





REPUBLIC OF GHANA

MINISTRY OF FINANCE

PARLIAMENTARY MEMORANDUM

BY

THE MINISTER FOR FINANCE

ON THE

REQUEST FOR APPROVAL FOR THE WAIVER OF TAX LIABILITY AMOUNTING TO THE GHANA CEDI OF US\$24,594,473.40 FOR THE PURCHASE OF EQUIPMENT, MATERIALS AND WORKS FOR THE "OVERALL UPGRADATION & MODERNIZATION OF THE VOCATIONAL EDUCATION SYSTEM IN GHANA" BY P.C. EDUCATION AFRICA VENTURES AND SUMEC COMPLETE EQUIPMENT AND ENGINEERING COMPANY LIMITED

GOG CONTRACT

AUGUST, 2019



1. ACTION REQUIRED

1.1 Parliamentary is respectfully invited to consider, approve and recommend same to Parliament the waiver of tax liability amounting to Ghana Cedi equivalent of US\$24,594,473.40 for the purchase of equipment and materials for the "overall upgradation & modernization of the vocational education system in Ghana" by P.C. Education Africa Ventures and SUMEC Complete Equipment and Engineering Company Limited.

1.2 At its Twenty-Eighth Sitting of the First Meeting held on Tuesday, 19th March, 2019, Parliament approved by Resolution both the loan facility Agreement between the Government of Ghana and ING Bank for an amount of €123,756,774.15 and the commercial contract between the Ministry of Education and P.C. Education Africa Ventures and SUMEC Complete Equipment and Engineering Company Limited to finance the "overall upgrading and modernization of vocational education systems in Ghana".

2. BACKGROUND

2.1 Given the poor state of the physical infrastructure and equipment of the existing Technical and Vocational Institutions and the compelling need to reverse the trend of disintegrating infrastructure, Government has demonstrated a strong commitment towards tackling youth unemployment. Programmes are now being designed to ensure that the youth are better equipped with employable skills to match the requirements of industry in a lower middle income and nascent oil economy.

2.2 Keeping in mind the Government's commitment to reform the Technical and Vocational Education & Training system which has wide social and economic benefits, especially to the youth of Ghana, the project will result in bridging the skill gap of the youth of Ghana, leading to the creation of a large talented pool of trained youth for industry. The project will result in upgrading and revamping of vocational training infrastructure in these centres across 26 trades with world-class training equipment, content, curriculum and infrastructure (hostel, classrooms and workshops), Head Office, Regional Offices & Apprenticeship Offices across the country, resulting in the creation of world-class training facilities linked to current job market demands.

2.3 This integrated approach will improve the quality of the TVET system across the entire spectrum and result in empowering the youth of Ghana. The objective will be to create a sustainable, quality-oriented vocational education system that will build a highly efficient and skilled society ultimately producing highly trained manpower year after year, fastening the vast development activities proposed by the Government of Ghana.

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3. PROJECT OBJECTIVES

The development objective of the project is to increase youth employment in Ghana through TVET skills acquisition to develop the high quality middle level manpower needed in the Ghanaian economy.

The project has eight (8) specific key objectives:

- i. Improving youth employment especially in the rural areas;
- ii. Expanding equitable access in public TVET institutions targeting females and rural poor;
- iii. Improving relevance, and quality of TVET delivery;
- iv. Building technical and management capacity of NVTI and other skills training centres;
- v. Equipping the youth with entrepreneurship skills;
- vi. Adopting the cooperative approach to skills training for the youth to create their own jobs;
- vii. Retraining current workers who have skill gaps; and
- viii. Imbuing in master craftsmen the aptitude for productivity and credibility.

4. JUSTIFICATION FOR GOVERNMENT'S SUPPORT FOR TAX EXEMPTION

4.1 Government of Ghana upon signing the concessional loan facility and the commercial contract for the implementation of this project is expected to abide and satisfy fully, conditions provided for under the agreement.

4.2 It is to be noted that under Clause 8.2.b and 10.7 of the commercial contract, Government of Ghana agreed to exempt the contractor, from the payment of taxes that may be imposed on equipment and materials to be procured under the project.

4.3 Accordingly, in line with Article 174(2) of the Constitution, the tax waiver request is hereby tabled for Parliamentary consideration and approval.

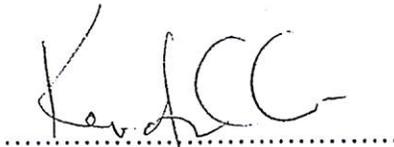
5. ASSESSMENT OF DUTIES, TAXES AND LEVIES TO BE EXEMPTED

The Ghana Revenue Authority (GRA) has determined the quantum of taxes payable on materials, equipment and works to be procured under the project. The estimated gross taxes per the GRA computation amounted to a total of **US\$24,594,473.40** or the Cedi equivalent of **GHC129,366,930.09** at the Bank of Ghana exchange rate of $GHC5.2616=US\$1.00$ as of 27th June, 2019. The exemptions covers import duties, VAT, GETFUND, NHIL, EXIM levy, special import levy. Detailed assessments are attached.

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6. CONCLUSION

In view of the strategic nature of the project which will impact positively the skills development and employment among the youth and provide them with sustainable jobs to improve their economic wellbeing and contribute to the growth and development of the Ghanaian economy, Parliament is respectfully requested to consider, approve and recommend same to Parliament, the waiver of the taxes and duties on materials, equipment and works to be imported for the implementation of the project in line with article 174 (2).



**KEN OFORI-ATTA
(MINISTER FOR FINANCE)**

Attachment

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|--|----|----|----|----|
| W | W | W | W | W |
| 1. | 2. | 3. | 4. | 5. |
| 1. Parliamentary Resolutions | | | | |
| 2. Tax Assessment | | | | |
| 3. Relevant sessions of the contract agreement | | | | |



REPUBLIC OF GHANA

OFFICE OF THE PRESIDENT

SECRETARY TO THE PRESIDENT

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Ref. No. OPS 182 Vol. 6/19/1

1st August, 2019

Honourable Minister!

RE: REQUEST FOR EXECUTIVE APPROVAL FOR THE WAIVER OF TAX LIABILITY AMOUNTING TO THE GHANA CEDI EQUIVALENT OF US\$24,594,473.40 FOR THE PURCHASE OF EQUIPMENT, MATERIALS AND WORKS FOR THE "OVERALL UPGRADATION & MODERNIZATION OF THE VOCATIONAL EDUCATION SYSTEM IN GHANA" BY P.C. EDUCATION AFRICA VENTURES AND SUMEC COMPLETE EQUIPMENT AND ENGINEERING COMPANY LIMITED

I refer to your letter dated 1st August, 2019, in respect of the above subject matter.

The President has granted executive approval for the submission to Parliament of the request for the waiver of tax liability amounting to the Ghana Cedi equivalent of Twenty-four Million, Five Hundred and Ninety-four Thousand, Four Hundred and Seventy-three United States Dollars and Forty Cents (US\$24,594,473.40), for the purchase of equipment and materials for the "overall upgradation & modernization of the vocational education system in Ghana" by P.C. Education Africa Ventures and SUMEC Complete Equipment and Engineering Company Limited, subject to final assessment by the Ghana Revenue Authority.

I shall be grateful if you could take requisite action on paragraph two (2) above.

**NANA BEDIATUO ASANTE
SECRETARY TO THE PRESIDENT**

**THE HON. MINISTER
MINISTRY OF FINANCE
ACCRA**

ATTN: HON. KEN OFORI-ATTA

Cc: The Vice President
Jubilee House, Accra

The Chief of Staff
Jubilee House, Accra

Secretary to the Cabinet
Jubilee House, Accra

The Hon. Minister
Ministry of Education, Accra