

**IN THE FIRST SESSION OF THE EIGHTH PARLIAMENT OF THE FOURTH
REPUBLIC OF GHANA**

**REPORT OF THE
FINANCE COMMITTEE**

ON THE

PROGRAMME BASED BUDGET ESTIMATES

FOR THE

**GHANA REVENUE AUTHORITY
(GRA)**

FOR THE

2021 FINANCIAL YEAR

March 2021

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INTRODUCTION

The **2021 Programme Based Budget Estimates for the Ghana Revenue Authority (GRA)** were *presented* to the House on Friday the 12th day of March, 2021 and *referred* to the *Finance Committee* for consideration and report in accordance with Article 179 of the 1992 Constitution and Order 140 (4) of the Standing Orders of the House. This followed the presentation of the Budget Statement and Economic Policy of the Government for the 2021 Financial Year by the Minister of State responsible for the Ministry of Finance, Hon. Osei Kyei-Mensah-Bonsu.

The Commissioners for Support Services, Customs and Domestic Tax Divisions of the Ghana Revenue Authority (GRA) and other officials from the Ministry of Finance and GRA attended upon and assisted the Committee in its deliberations on the Estimates.

The Committee expresses its gratitude to the Commissioners and the other officials from GRA and the Ministry of Finance for attending upon the Committee.

1.0 REFERENCE DOCUMENTS

In considering the Estimates, the Committee referred to and was guided by the following documents, among others:

- i. The 1992 Constitution of the Republic of Ghana
- ii. Standing Orders of the Parliament of Ghana
- iii. The Budget Statement and Economic Policy of the Government of Ghana for the 2021 Financial Year
- iv. Public Financial Management Act, 2016 (Act 921)
- v. Ghana Revenue Authority Act, 2009 (Act 791)

- vi. Revenue Administration Act, 2016 (Act 915)

3.0 BACKGROUND

The Ghana Revenue Authority (GRA) exists to mobilize revenue for national development in an efficient, fair, effective and transparent manner. The Authority achieves this through:

- a. Professional and friendly client services
- b. Promotion of voluntary compliance
- c. Application of modern technology
- d. Effective border protection, and
- e. Well-trained, disciplined and highly motivated staff

4.0 OBJECTIVES AND FUNCTIONS

The goal of the Authority is to maximize revenue in a cost effective manner. The Authority seeks to achieve this objective through:

- i. Widening the tax net through the identification and registration of new eligible taxpayers.
- ii. Improving the Single Window concept in customs administration to aid compliance and service delivery.
- iii. Vigorous implementation of the Excise Tax Stamp regime.
- iv. Improving service delivery by leveraging internet technology to provide online services to tax payers.
- v. Improving reconciliation and reporting.
- vi. Strengthening processes and procedures for the Container Tracking Notes (CTN) regime.
- vii. Developing a function based organizational structure to ensure optimal use of resources.

5.0 2020 BUDGET OUTTURN AS AT END DECEMBER, 2020

ITEM	2020 REVISED BUDGET GH¢'Million	ACTUAL EXPENDITURE GH¢'Million	VARIANCE GH¢'Million	% VARIANCE
Compensation of Employees	899.94	898.46	1.48	0.17
Goods and Services	281.75	302.32	-20.57	-7.30
CAPEX	180.39	170.93	9.46	5.24
GRAND TOTAL	1,362.08	1,371.71	-9.63	-0.71

Table 1: Source – Ghana Revenue Authority

5.1 PERFORMANCE FOR 2020

For the 2020 financial year, the Ghana Revenue Authority collected total revenue amounting to **GH¢45,402.61 Million** as against a target of GH¢42,769.50 Million, resulting in a positive deviation of GH¢2,633.11 Million (6.2%).

On the expenditure side, the Authority spent an amount of **GH¢1,371.71 Million** as against the revised budget amount of GH¢1,362.08 Million; thus showing an adverse variance of 9.63 Million (0.71%) for the same period.

5.2 Reason for the Difference in Revenue Numbers Reported by GRA and MOF

The Committee noted that the Ghana Revenue Authority reported total tax revenue collected in the year 2020 as amounting to **GH¢45,402.61 Million** whilst the Ministry of Finance reported an amount of GH¢45,154,384,933.70 in the Budget Statement.

As to what accounted for the differences in the amount of total tax revenue reported by these two entities, it was explained to the Committee that whilst the GRA reports *actual collection*, the Ministry of Finance reports only *actual lodgments* and that the difference between the two reported figures represents “cash-in-transit”.

6.0 THE 2021 ANNUAL ESTIMATES FOR THE GHANA REVENUE AUTHORITY

A total amount of **GH¢1,471.89 Million** has been allocated to the Ghana Revenue Authority (GRA) for the 2021 financial year. The breakdown of the allocation is as follows:

Item	2021 Estimates GH¢'Million	% of Total for 2021
COMPENSATION OF EMPLOYEES	1,114.68	76
GOODS AND SERVICES	243.17	16
NON CURRENT ASSETS	114.04	8
TOTAL	1,471.89	100

Table 2: Source: Ghana Revenue Authority

7.0 OBSERVATIONS AND RECOMMENDATIONS

7.1 Estimates Informed by GRA’s Strategic Plan

The Committee observed that the 2021 Expenditure Estimates for the Ghana Revenue Authority has been informed by the Authority’s Strategic Plan and its imperatives. The strategy of the Authority aims to achieve the NEW GRA and is driven by *tactical initiatives* for immediate revenue mobilization and *transformational initiatives* for sustainable revenue administration.

The strategic pillars that will provide the foundation for the sustainability of the Authority focus on

- i. People: To drive a performance-driven culture and a pipeline of highly capable talent; with the right talents in the right roles.
- ii. Technology: End-to-end digitization to optimize the platform to drive revenues with efficiency and productivity, whilst reducing discretion and increasing accountability.
- iii. Service: Improved taxpayer experience by increased convenience, customer service and taxpayer education.

7.2 Transformational Activities

The Ghana Revenue Authority has identified certain critical interventions and activities to help in the Authority's quest to achieve 17.5% Tax to GDP ratio.

These include the following:

- Implementation of end-to-end ITA system for both Direct and Indirect Tax (including VAT)
- Phase II deployment of ICUMS
- Connectivity Project to connect all GRA offices
- Installation of a rationalised and consolidated Data Center
- Implementation of a Data Warehouse Solution to provide a 360 view of taxpayer liability
- Migration to Cashless GRA Offices – Ghana.GOV
- Build capabilities and skills of staff through well-defined competency frameworks and skill gap assessment
- Roll out taxpayer campaigns to enhance taxpayer experience and demystify taxes.

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7.3 Ensuring Optimal Revenue Collection

The Committee was informed that the Ghana Revenue Authority seeks to ensure optimal revenue collection that will encourage maximum voluntary tax compliance. Thus, the Authority seeks to institute a fair and transparent tax environment to establish a strong, professional and credible organization that will ensure compliance with statutory tax revenue obligations.

7.4 Focus of Activities

The Authority will in 2020 undertake various revenue enhancement activities, including:

- Widening and deepening the tax net to cover the informal sector.
- Increasing the domestic and external VAT yield.
- Developing mechanisms for taxation of emerging e-commerce and high net worth individuals
- Promoting voluntary tax and customs compliance through increased taxpayer education and simplifying their interfaces with tax payment platforms.
- Strengthening enforcement, including investigation, intelligence and prosecutions as well as minimizing revenue leakages in suspense regimes.
- Digitization and the greater use of technology to transform revenue administration particularly through committed implementation of TRIPS to ensure efficient and effective revenue administration services.
- Improve the cost effectiveness and efficiency of administration through staff rationalization.
- Adopt management information and data management systems to improve efficiency.

- Rationalize units and departments for greater efficiency.
- Recruitment, staff development and staff deployment to bolster capacity in under-resourced functions such as debt management, tax and customs audit, intelligence and investigations.

7.5 Revenue Projection for 2021

Total Non-oil Tax Revenue (Gross) projected for the year 2021 is GH¢57,055.57 Million as against the 2020 provisional outturn (actual lodgment) of GH¢45,154.38 Million.

The 2021 expenditure budget of the Ghana Revenue Authority will be funded from the statutory revenue retention to be derived from a projected revenue target of GH¢57,055.57 Million. At an expenditure budget of **GH¢1,471.89 Million** the retention level granted for the year 2021 comes to approximately 2.58% of tax revenue.

The Committee notes that this is within the statutory retention ceiling of 3% of tax revenue.

8.0 CONCLUSION

The Committee has critically examined the 2021 Programme Based Budget Estimates for the Ghana Revenue Authority and found the programmes and activities for which the sums have been allocated to be necessary for the effective and efficient collection of revenue for the development of the country.

The Committee therefore respectfully recommends to the House to adopt this report and approve the sum of ***One Billion, Four Hundred and Seventy-One Million, Eight Hundred and Ninety Thousand***

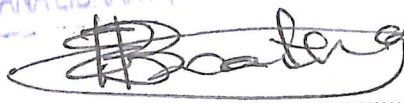
Ghana Cedis (GH¢1,471.89 Million) for the implementation of the programmes and activities of the **Ghana Revenue Authority (GRA)** for the 2021 financial year.

Respectfully Submitted.



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HON. KWAKU AGYEMAN KWARTENG
(CHAIRMAN, FINANCE COMMITTEE)

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

29TH MARCH, 2021