

REPORT OF THE FINANCE COMMITTEE ON THE

i. REQUEST FOR WAIVER OF IMPORT DUTY, IMPORT NHIL, IMPORT GETFUND LEVY, IMPORT VAT, EXIM LEVY AMOUNTING TO THE GHANA CEDI EQUIVALENT OF ONE MILLION, TWO HUNDRED AND EIGHT THOUSAND, FOUR HUNDRED AND FOUR UNITED STATES DOLLARS (US\$1,208,404.00) ON MACHINERY, EQUIPMENT AND RAW MATERIALS TO BE PROCURED BY ACCUM ENERGY GHANA LIMITED UNDER THE ONE DISTRICT ONE FACTORY (1D1F) PROGRAMME;

ii. REQUEST FOR WAIVER OF IMPORT DUTY, IMPORT NHIL, IMPORT GETFUND LEVY, IMPORT VAT, EXIM LEVY AMOUNTING TO THE GHANA CEDI EQUIVALENT OF EIGHT HUNDRED AND FOURTEEN THOUSAND, EIGHT HUNDRED AND SEVENTY-FOUR UNITED STATES DOLLARS (US\$814,874.00) ON MACHINERY, EQUIPMENT AND RAW MATERIALS TO BE PROCURED BY VESTER OIL MILLS LIMITED UNDER THE ONE DISTRICT ONE FACTORY (1D1F) PROGRAMME;

AND

iii. REQUEST FOR WAIVER OF IMPORT DUTY, IMPORT NHIL, IMPORT GETFUND LEVY, IMPORT VAT, EXIM LEVY AMOUNTING TO THE GHANA CEDI EQUIVALENT OF FORTY-FOUR THOUSAND, NINE HUNDRED AND NINETY UNITED STATES DOLLARS (US\$44,990.00) ON MACHINERY, EQUIPMENT AND RAW MATERIALS TO BE PROCURED BY ADA PREMIUM DIAPER CARE COMPANY LIMITED UNDER THE ONE DISTRICT ONE FACTORY (1D1F) PROGRAMME

1.0 INTRODUCTION

The

- i. request for waiver of Import Duty, Import NHIL, Import GETFund Levy, Import VAT, EXIM Levy amounting to the Ghana Cedi equivalent of One Million, Two Hundred and Eight Thousand, Four Hundred and Four United States Dollars (US\$1,208,404.00) on machinery, equipment and raw materials to be procured by Accum Energy Ghana Limited under the One District One Factory (1D1F) programme;
- ii. request for waiver of Import Duty, Import NHIL, Import GETFund Levy, Import VAT, EXIM Levy amounting to the Ghana Cedi equivalent of Eight Hundred and Fourteen Thousand, Eight Hundred and Seventy-Four United States Dollars (US\$814,874.00) on machinery, equipment and raw materials to be procured by Vester Oil Mills Limited under the One District One Factory (1D1F) programme; and
- iii. request for waiver of Import Duty, Import NHIL, Import GETFund Levy, Import VAT, EXIM Levy amounting to the Ghana Cedi equivalent of Forty-Four Thousand, Nine Hundred and Ninety United States Dollars (US\$44,990.00) on machinery, equipment and raw materials to be procured by Ada Premium Diaper Care Company Limited under the One District One Factory (1D1F) programme

were presented to the House on 1st July, 2020 by the Hon. Deputy Minister for Finance, Mr. Charles Adu Boahen 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 Kwarteng, a Deputy Minister for Trade and Industry, Hon Robert Ahomka-Lindsay and officials from the Ministry of Finance, the Ministry of Trade and Industry and the Ghana Revenue Authority (GRA) to consider the requests.

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.

3.0 BACKGROUND

3.1 Accum Energy Ghana Limited

Accum Energy Ghana Limited is registered as a private limited liability company. It is located at Klagon - Motorway Industrial Area, Tema. The parent company is located in Ukraine. They produce lead and lead alloys, which are the main raw materials for the production of batteries.

The parent company produces over 300,000 batteries per annum for the local market and occupy about 15% of that market.

In 2018, the company made a strategic decision to expand into the international market and to particularly access the African market. They have chosen to set up and produce batteries for cars, trucks, buses, motorcycles and tractors in the country. They intend to access the ECOWAS market from Ghana when they begin production under the One District One Factory programme.

In order to achieve its objectives, the Company applied for a 1D1F status in order to benefit from the tax incentives and waivers approved for the 1D1F programme. The Company has been granted a 1D1F status and has therefore submitted a request for tax waiver to the tune of US\$1,208,404.00 for approval under the 1D1F programme. It is this request that the Ministry of Finance has submitted to Parliament for approval.

3.2 Vester Oil Mills Limited

Vester Oil Mills Limited is a liability company, registered in 2002 as an oil extraction company. The company is located at Abuontem in the Bosomtwe District of the Ashanti Region. They process mainly soya beans and peanut/groundnuts presently with mechanical expellers into good quality meal for livestock and poultry and refined soya oil for market consumption. The company's products include soya meals, soya bean oil palm kernel cake and palm kernel oil mainly for the domestic market. The residuals are used for animal feed particularly for poultry.

The company has a policy to grow organically and as such has been concentrating on the local Ghanaian market since commissioning. With the present and intended capacity increase, the company plans to export into the West Africa sub-region and beyond. The company has already made exports to La Cote D'Ivoire, Mali, Nigeria and Spain and hopes to increase its stake in the export market. The company sources its raw materials locally and has programs and schemes to support local poor farmers.

They intend to establish a feed mill to ensure increased production for the poultry and fish subsectors by supplying farmers with quality feed concentrates and aggregate feed.

In order to realize its goals, the Company has applied and has been granted a 1D1F status. The Company has accordingly submitted a request for tax waiver to the tune of US\$814,874.00 for approval under the 1D1F programme. It is this request that the Ministry of Finance has submitted to Parliament for approval.

3.3 Ada Premium Diaper Company Limited

Ada Premium Diaper Company Limited was established in 2015 and commenced its business on the 11th January 2016. It is a manufactured company with its factory located at Ada-Kasseh in the Ada District of the Greater Accra Region.

The company intends to produce high quality and environmentally friendly disposable baby diapers and sanitary pads with state-of-the-art equipment and technology for both the domestic market and other West Africa Regional Markets.

The Company has applied and has been granted a 1D1F status which enables it to benefit from the tax incentives approved for the 1D1F programme. In order to benefit from the tax incentives, the Company has submitted a request for tax waiver to the tune of US\$44,990.00 for approval under the 1D1F programme. It is this request that the Ministry of Finance has submitted to Parliament for approval.

4.0 THE REQUESTS

The requests are to seek approval for the waiver of duties and taxes amounting to:

- **US\$1,208,404.00** on plant, machinery and equipment or parts to be procured by Accum Energy Ghana Limited,

- **US\$814,874.00** on plant, machinery and equipment or parts to be procured by Vester Oil Mills Limited, and
- **US\$44,990.00** on plant, machinery and equipment or parts to be procured by Ada Premium Diaper Company Limited.

Attached as an APPENDIX are the details of the tax assessments for the three companies.

5.0 OBSERVATIONS

5.1 Rationale for the Waiver for Accum Energy Ghana Limited

The Committee observed that Accum Energy, Ukraine is a company that deals in the production of batteries for cars, trucks, buses, motorcycles and tractors. It produces over 300,000 batteries per annum.

The company intends to access the African market and has therefore established a local company known as Accum Energy Ghana Limited. The local company has the responsibility of producing batteries for African market. In order to achieve this objective, the parent company has provided Accum Energy Ghana Limited with a credit facility of US\$5,800,000 to enable it to procure the needed equipment and machinery to be used for the battery production. The request for tax waiver is to enable the company clear the equipment for their operations.

5.2 Rationale for the Waiver for Vester Oil Mills Limited

The Committee observed that Vester Oil Mills Limited specializes in the processing of soya beans and peanuts into good quality meal for livestock and poultry using mechanical expellers. It also manufactures soya oil for consumption.

The company currently supply its products to the local market as well as some West African countries and Spain. In order to meet the going demand, the company intends to establish a feed mill. The project is estimated at US\$3.12 Million. In order to undertake this project, the Ghana EXIM bank would provide the financing to procure the needed equipment and parts.

The request for tax waiver is therefore to enable the company clear the equipment and parts for their operations.

5.3 Rationale for the Waiver for Ada Premium Diaper Care Company Limited

The Committee observed that Ada Premium Diaper Company specialize in the manufacture of diapers and sanitary pads for both the domestic and other West African markets.

In order to meet its current demand, the company is undertaking the project to expand its output. The project involves the acquisition of machinery, equipment and raw materials. The cost of the project is estimated at GH¢9,143,506 made of GH¢5,393,506 in equity and GH¢3,750,000 as loan.

The Committee was informed that in order to undertake this project, the company intends to benefit from the incentives under the 1D1F programme in order to clear its goods from the port. It is in line with this that the request for the waiver of taxes and duties in respect of Ada premium Diaper Company has been submitted to Parliament for approval.

5.4 Benefits from the Projects

The Committee observed that if implemented, a number of benefits would be derived from the proposed projects including:

- An increase in employment;
- An increase in export earnings;
- An increase in quality of poultry feed and livestock production in the country;
- A reduction in the importation of baby diapers and sanitation pads; and
- A reduction in the importation of car batteries into the country.

5.5 Collaboration with Ghana Export Promotion Authority (GEPA)

The Committee observed that most of the projects to be undertaken are intended for exports. It therefore enquired whether the companies were collaborating with GEPA to realize their objectives.

The Ministry affirmed that GEPA is working closely with them and assured the Committee that in line with its mandate, GEPA would ensure that the companies export their wares.

5.6 Support from EXIM to Vester Oil Mills Limited

The Committee observed that Vester Oil Mills Limited is sourcing for the credit support from EXIM bank to finance its project.

Noting the important role it would play to support livestock in the country and beyond, the Committee expressed concern that if credit is not granted to the company by Ghana EXIM, the project cannot be executed.

5.7 Number of companies under the One District One Factory (1D1F) programme

In response to how many companies under the One District One Factory (1D1F) programme are fully operational, the Committee was informed that a total of Two Hundred and Thirty-Four (234) companies have been granted the 1D1F status. Out of this, Seventy-Six (76) companies are fully operational and the remaining companies are at various levels of completion.

6.0 CONCLUSION

Considering the benefits to be derived from the projects, the Committee is of the view that the requests will go a long way to boost government's flagship 1D1F programme.

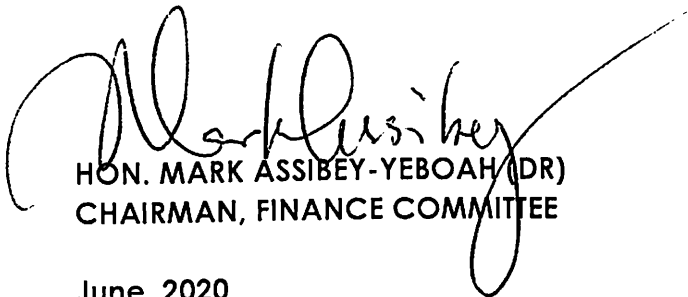
The Committee therefore recommends to the House to adopt its report and approve the

- i. request for waiver of Import Duty, Import NHIL, Import GETFund Levy, Import VAT, EXIM Levy amounting to the Ghana Cedi equivalent of One Million, Two Hundred and Eight Thousand, Four Hundred and Four United States Dollars (US\$1,208,404.00) on machinery, equipment and raw materials to be procured by Accum Energy Ghana Limited under the One District One Factory (1D1F) programme;
- ii. request for waiver of Import Duty, Import NHIL, Import GETFund Levy, Import VAT, EXIM Levy amounting to the Ghana Cedi equivalent of Eight Hundred and Fourteen Thousand, Eight Hundred and Seventy-Four United States Dollars (US\$814,874.00) on machinery, equipment and raw materials to be procured by Vester Oil Mills Limited under the One District One Factory (1D1F) programme;
- iii. request for waiver of Import Duty, Import NHIL, Import GETFund Levy, Import VAT, EXIM Levy amounting to the Ghana Cedi equivalent of Forty-Four Thousand, Nine Hundred and Ninety United States Dollars (US\$44,990.00) on machinery,

equipment and raw materials to be procured by Ada Premium Diaper Care Company Limited under 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

June, 2020



EVELYN BREFO-BOATENG (MS)
CLERK TO THE COMMITTEE

APPENDIX A

TAX ASSESSMENT

MINISTRY OF TRADE & INDUSTRY/1D1F/ACCUM ENERGY GHANA

Description of Items	unit	Qty	CIF (USD)	I/D RATE	Import Duty	NHIL/ GFUND 5%	import vat 12.5%	EXIM 0.75%	TOTAL (USD)
Assorted steel	ton	18	14,400.00	20%	2880	864	2268	108	6,120
Metal sheets	m2	500	2,600.00	20%	520	156	410	20	1,105
Plastic europallets	pcs	340	10,200.00	20%	2040	612	1607	77	4,335
OSB sheets	pcs	250	2,000.00	20%	400	120	315	15	850
Acid resistant paint	L	100	2,000.00	20%	400	120	315	15	850
Acid-resistant ruberoid	m2	600	3,000.00	20%	600	180	473	23	1,275
Polycarbonate (transparent plexiglass)	m3	300	1,200.00	20%	240	72	189	9	510
Acid resistant pipes	m	150	1,500.00	20%	300	90	236	11	638
Polyethylene film	m2	600	1,200.00	20%	240	72	189	9	510
Lighting fixtures	pcs	40	1,000.00	20%	200	60	158	8	425
Video surveillance system	set	1	4,000.00	5%	200	210	551	30	991
Power switchboard	pcs	2	1,000.00	20%	200	60	158	8	425
Brakers	pcs	50	750	20%	150	45	118	6	319
Assorted acid resistant plumbing fittings	pcs	8	800	20%	160	48	126	6	340
Assorted cables(2.5mm,5mm,16mm)	m	500	1,500.00	20%	300	90	236	11	638
EQUIPMENTS AND PARTS									
Charging Forming Devices	pcs	8	144,000.00	5%	7200	7560	19845	1080	35,685
Forming baths	pcs	8	200,000.00	5%	10000	10500	27563	1500	49,563
Cable jumper for charging	pcs	1500	7,500.00	5%	375	394	1034	56	1,859
Electrolyte Reactor	pcs	2	20,000.00	5%	1000	1050	2756	150	4,956
Electric mixers	pcs	2	2,000.00	10%	200	110	289	15	614
Purified Water Production Plant (OSMOS)	pcs	1	20,000.00	5%	1000	0	0	150	1,150
Air compressor	pcs	2	10,000.00	10%	1000	550	1444	75	3,069
Air receiver	pcs	2	2,600.00	10%	260	143	375	20	798
Barrels plastic acid-resistant with a capacity of 5m3	pcs	8	8,000.00	10%	800	440	1155	60	2,455
Ventilation system	set	1	20,000.00	20%	4000	1200	3150	150	8,500

Acid-resistant plastic pipes	m	300	1,200.00	20%	240	72	189	9	510
Acid resistant hoses	m	200	400	20%	80	24	63	3	170
Battery testing machine	pcs	2	20,000.00	5%	1000	1050	2756	150	4,956
Packaging machine for batteries	pcs	1	15,000.00	5%	750	788	2067	113	3,717
Laboratory equipment	set	1	2,000.00	5%	100	105	276	15	496
Water analyzer	pcs	1	3,000.00	5%	150	158	413	23	743
Acid analyzer	pcs	1	10,000.00	5%	500	525	1378	75	2,478
Washing and drying machine for batteries	pcs	1	28,000.00	5%	1400	1470	3859	210	6,939
High pressure washing machine	pcs	2	10,000.00	20%	2000	600	1575	75	4,250
Generator 25kVA	pcs	2	8,000.00	5%	400	420	1103	60	1,983
Encoder	pcs	2	30,000.00	10%	3000	1650	4331	225	9,206
Electrolyte filters	pcs	10	200	10%	20	11	29	2	61
Water filters	pcs	10	50	10%	5	3	7	0	15
Acid resistant conveyor	m	30	21,000.00	10%	2100	1155	3032	158	6,444
Water cooling system (cooling tower)	pcs	1	10,000.00	10%	1000	550	1444	75	3,069
Acid-resistant tables	pcs	15	3,000.00	10%	300	165	433	23	921
Electrolyte pump	pcs	4	3,200.00	10%	320	176	462	24	982
Water pump	pcs	5	1,500.00	5%	75	79	207	11	372
Transpalette	pcs	10	3,000.00	10%	300	165	433	23	921
Hydrometers for electrolyte density control	pcs	1000	2,000.00	10%	200	110	289	15	614
Drop catching plugs for battery formation	pcs	3000	1,200.00	10%	120	66	173	9	368
Battery Tester	pcs	5	2,000.00	10%	200	110	289	15	614
Electronic scales 3 tons	pcs	4	2,000.00	10%	200	110	289	15	614
Battery assembly line	set	1	800,000.00	5%	40000	0	0	6000	46,000
Equipment for processing used batteries	set	1	700,000.00	5%	35000	0	0	5250	40,250
Electrode Production Equipment	set	1	1,000,000.00	5%	50000	0	0	7500	57,500
Sodium carbonate	ton	25	12,500.00	10%	1250	688	1805	94	3,836
Acid resistant overalls	set	200	10,000.00	10%	1000	550	1444	75	3,069
Grease for terminals	kg	300	600	10%	60	33	87	5	184
RAW MATERIALS									
Acid resistance sticker	pcs	50000	500	10%	50	28	72	4	153

Shrink packaging film	kg	2000	1,000.00	10%	100	55	144	8	307
Assorted Lead cells	pcs	1000000	60,000.00	20%	12000	3600	9450	450	25,500
Assorted Separator	m	50000	55,000.00	20%	11000	3300	8663	413	23,375
Assorted plastic case	set	100000	120,000.00	20%	24000	7200	18900	900	51,000
Acid (H2SO4)	ton	300	45,000.00	10%	4500	2475	6497	338	13,809
Assorted Semi-finished product "Battery"	ton	3000	1,800,000.00	20%	360000	108000	283500	13500	765,000
TOTAL			5,262,600.00		588085	160234	420615	39470	1,208,404

CERTIFICATE

TOTAL TAX LIABILITY=1,208,404U.S. DOLLARS

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

Signature:.....

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

For Official Use

Assessment rechecked and found correct and complete.

.....25-05-2020.....

Date

Signature: 

Officer's Name & Rank:- **GIDEON GLEY**
(SNR REV. OFFICER)

TAX ASSESSMENT
MINISTRY OF TRADE & INDUSTRY/1D1F/VESTOR OIL LIMITED

Description of Items	Qty	CIF (USD)	I/D RATE	Import Duty	NHIL/ GFUND 5%	import vat 12.5%	EXIM 0.75%	TOTAL (USD)
Hexane (Oil Extraction Grade)	896tons	734,720	5%	36736	38573	101254	5510	182,073
Bleaching Earth	480tons	462,857	5%	23143	24300	63787	3471	114,702
Caustic Soda	720tons	745,714	5%	37286	39150	102769	5593	184,797
Phosphoric Acid	12tons	24,490	5%	1225	1286	3375	184	6,069
Activated Carbon	10tons	10,286	5%	514	540	1418	77	2,549
Premix Ingredients (from Franchisor)	1600tons	600,000	5%	30000	31500	82688	4500	148,688
Machinery & Spare Parts								
Rollers	2 pairs/year	12,000	5%	600	0	0	90	690
Boiler	1pc	85,000	5%	4250	0	0	638	4,888
Conveyer chain	100meters	30,000	20%	6000	1800	4725	225	12,750
Elevator Chain	100meters	20,000	20%	4000	1200	3150	150	8,500
Flame proof motors	30pcs	18,000	5%	900	0	0	135	1,035
Pressure relief valves	20pcs	1,300	10%	130	72	188	10	399
Extractor mesh	50pcs	1,250	20%	250	75	197	9	531
Dirty Water Cooling tower	2pcs	11,100	5%	555	0	0	83	638
Fish/Poultry Feed plant and machinery	1pc	2,548,976	5%	127449	0	0	19117	146,566
TOTAL		5,305,693		273037	138495	363549	39793	814,874

CERTIFICATE

TOTAL TAX LIABILITY=814,874U.S. 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: 

.....08-05-2020.....

Officer's Name & Rank:- GIDEON GLEY

Date

(SNR REV. OFFICER)

TAX ASSESSMENT

MINISTRY OF TRADE & INDUSTRY/1D1F/ADA PREMIUM DIAPER COMPANY

Description of Items	Qty	unit	CIF (USD)	I/D RATE	Import Duty	NHIL/ GFUND 5%	import vat 12.5%	EXIM 0.75%	TOTAL (USD)
Baby Diaper Machine & accessories	1	unit	303,400	5%	15170	0	0	2276	17,446
Phobic NW (Cuff)	1609	pcs	5,310	20%	1062	319	836	40	2,257
Philic NW	879	pcs	2,901	20%	580	174	457	22	1,233
Cloth-like Back sheet	2772	pcs	11,864	20%	2373	712	1869	89	5,042
Tissue paper	1412	pcs	4,236	10%	424	233	612	32	1,300
Pulp	9520	pcs	18,088	5%	904	950	2493	136	4,482
Printed Brushed frontal tape	6400	pcs	3,328	20%	666	200	524	25	1,414
Velcro side tape	35400	pcs	3,540	20%	708	212	558	27	1,505
Spandex	150	pcs	1,500	10%	150	83	217	11	460
SAP	4400	pcs	13,816	20%	2763	829	2176	104	5,872
Structure glue	1072	pcs	4,052	10%	405	223	585	30	1,244
Elastic glue	400	pcs	3,344	10%	334	184	483	25	1,026
ADL	315	pcs	1,770	20%	354	106	279	13	752
Waist Band	3520	pcs	2,253	20%	451	135	355	17	957
TOTAL			379,402		26344	4359	11442	2846	44,990

CERTIFICATE

TOTAL TAX LIABILITY=44,990 U.S. DOLLARS

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

Signature:.....

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

For Official Use

Assessment rechecked and found correct and complete.

Signature: 

.....03-05-2020.....

Officer's Name & Rank:- GIDEON GLEY
(SNR REV. OFFICER)

Date