

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

**REPORT OF THE FINANCE COMMITTEE ON THE
REQUEST FOR WAIVER OF VAT, GETFUND LEVY,
AND NHIL AMOUNTING TO THE GHANA CEDI
EQUIVALENT OF 12.5% VAT, 2.5% NHIL AND 2.5%
GETFUND OF THE COST OF DONATIONS OF STOCKS
OF EQUIPMENT AND GOODS AS RELIEF SUPPLIES
FOR FIGHTING THE COVID-19 PANDEMIC**

1.0 INTRODUCTION

The request for **waiver of VAT, GETFund Levy, and NHIL** amounting to the *Ghana Cedi equivalent of Twelve and a Half Percent (12.5%), Two and Half Percent (2.5%) and Two and a Half Percent (2.5%) respectively* of the cost of **Donations of Stocks of Equipment and Goods as Relief Supplies for fighting the COVID-19 Pandemic** was laid in the House on Thursday 30th April, 2020 by the Honourable Minister for Planning, Hon. Professor George Gyan-Baffour 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. Mrs. Abena Osei-Asare and a team of officials from the Ministries of Finance and Health and the Ghana Revenue Authority (GRA) and hereby presents this report to the House pursuant to Order 161(1) of the Standing Orders of the House.

2.0 BACKGROUND

The Minister of Finance on March 30, 2020 presented to Parliament a statement on the economic impact of the Coronavirus Disease 2019 pandemic on the economy of Ghana and measures the Government is taking to mitigate the impact. The statement outlined some revenue measures that would be taken to address some of the challenges and also assure revenue.

The present request is aimed at promoting donations to support Government efforts to address some of the challenges posed by the Pandemic.

Paragraph six of the Third Schedule of the Value Added Tax Act, 2013 (Act 870) provides tax relief for Emergency Relief items approved by Parliament. Section 50 of the National Health Insurance Act, 2012 (Act 852) and section 3D of the Ghana Education Trust Fund Act, 2000 (Act 851) also provide reliefs of levies in respect of matters specified in the Third Schedule of the Value Added Tax Act, 2013 (Act 870).

To enable donors, take advantage of the provisions, Parliament has to designate and approve donations for fighting the Covid-19

Pandemic as relief supplies. The approval will be for the period March 1, 2020 to December 31, 2020.

3.0 TOTAL WAIVER REQUESTED

The Taxes for which waiver is being sought is the Ghana Cedi equivalent of *Twelve and a Half Percent (12.5%) in respect of VAT, Two and a Half Percent (2.5%) in respect of GETFund Levy and Two and Half Percent (2.5%) in respect of NHIL* of the **Cost of Donations of Stocks of Equipment and Goods as Relief Supplies for fighting the COVID-19 Pandemic.**

4.0 OBSERVATIONS

4.1 COVID-19 Infections in Ghana

The Committee noted that as at 30th April, Ghana had recorded 2,074 positive cases of the novel coronavirus disease 2019 (COVID-19). Out of this number, there are 212 recoveries and 17 deaths (as per the Ghana Health Service official statistics).

Of the 16 administrative Regions of the country, 12 have so far reported COVID-19 positive cases, making the pandemic quite widespread in Ghana.

There is the need for measures to be put in place to encourage well-meaning individuals and institutions to donate massively to augment Government's efforts at combating the pandemic.

4.2 Expected Benefits of the Waiver

The Committee observed that the incentive is expected to encourage well-meaning corporate bodies, institutions and individuals to generously donate equipment and goods towards the fight against the COVID-19 pandemic.

The measure when approved is expected to be an alternate route for donors who may not be able to make cash donations but have stocks and equipment or other donations that can aid in Government's efforts to address the Pandemic.

4.3 Relief for the substantive Cost of the Donations

Honourable Members of the Committee sought to know whether in addition to the waiver of the tax component of the Donations, the actual cost of the items donated could be claimed by the donors as allowable deduction.

To this, officials from the Ministry of Finance explained to the Committee that the cost of such donations ordinarily qualify as contribution/donation to a *worthwhile cause* under the Income Tax Act, 2015 (Act 896) for which relief can be claimed.

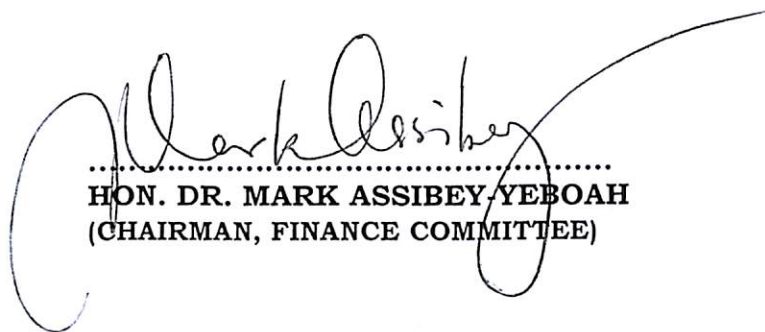
5.0 CONCLUSION

The Committee is satisfied that the approval of the request is in line with the national measures outlined for combating the novel coronavirus pandemic.

The Committee therefore recommends to the House to adopt this report and *approve by resolution*, the **request for waiver of VAT**,

GETFund Levy, and NHIL amounting to the *Ghana Cedi* equivalent of *Twelve and a Half Percent (12.5%), Two and Half Percent (2.5%) and Two and a Half Percent (2.5%)* respectively of the cost of **Donations of Stocks of Equipment and Goods as Relief Supplies for fighting the COVID-19 Pandemic** in accordance with Article 174(2) of the 1992 Constitution of the Republic of Ghana, the Third Schedule of the Value Added Tax Act, 2013 (Act 870), Section 50 of the National Health Insurance Act, 2012 (Act 852) and Section 3D of the Ghana Education Trust Fund Act, 2000 (Act 851).

Respectfully submitted.



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



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

30TH APRIL, 2020

