

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



**REPORT OF THE FINANCE COMMITTEE ON THE**

- i. REQUEST FOR WAIVER OF IMPORT DUTIES, GETFUND LEVY, IMPORT NHIL, IMPORT VAT, AND EXIM LEVY AMOUNTING TO THE GHANA CEDI EQUIVALENT OF ELEVEN MILLION, FOUR HUNDRED AND FORTY-ONE THOUSAND, SIX HUNDRED AND THIRTY-EIGHT UNITED STATES DOLLARS AND THIRTY-TWO CENTS (US\$11,441,638.32) ON MATERIALS, PLANT, MACHINERY AND EQUIPMENT OR PARTS TO BE IMPORTED BY B5 PLUS LIMITED UNDER THE IMPLEMENTATION OF THE ONE DISTRICT ONE FACTORY (1D1F) PROGRAMME.
- ii. REQUEST FOR WAIVER OF IMPORT DUTIES, GETFUND LEVY, IMPORT NHIL, IMPORT VAT, AND EXIM LEVY AMOUNTING TO THE GHANA CEDI EQUIVALENT OF EIGHT MILLION, AND THIRTY-NINE THOUSAND, FIVE HUNDRED AND NINETY-FIVE UNITED STATES DOLLARS (US\$8,039,595) ON MATERIALS, PLANT, MACHINERY AND EQUIPMENT OR PARTS TO BE IMPORTED BY FERRO FABRIK LIMITED UNDER THE IMPLEMENTATION OF THE ONE DISTRICT ONE FACTORY (1D1F) PROGRAMME.
- iii. REQUEST FOR WAIVER OF IMPORT DUTIES, IMPORT VAT, GETFUND LEVY, IMPORT NHIL, AND EXIM LEVY AMOUNTING TO THE GHANA CEDI EQUIVALENT OF ONE MILLION, SEVEN HUNDRED AND TWENTY-FOUR THOUSAND, ONE HUNDRED AND THIRTY-TWO UNITED STATES DOLLARS AND FIFTY-TWO CENTS (US\$1,724,132.52) ON MATERIALS, PLANT, MACHINERY AND EQUIPMENT OR PARTS TO BE IMPORTED BY EVERPURE HOLDINGS LIMITED UNDER THE IMPLEMENTATION OF THE ONE DISTRICT ONE FACTORY (1D1F) PROGRAMME.

- iv. **REQUEST FOR WAIVER OF IMPORT DUTIES, IMPORT VAT, GETFUND LEVY, IMPORT NHIL, AND EXIM LEVY AMOUNTING TO THE GHANA CEDI EQUIVALENT OF ONE MILLION, THREE HUNDRED AND EIGHTY-NINE THOUSAND, AND EIGHTEEN UNITED STATES DOLLARS AND NINETY CENTS (US\$1,389,018.90) ON MATERIALS, PLANT, MACHINERY AND EQUIPMENT OR PARTS TO BE IMPORTED BY MIRO FORESTRY GHANA LIMITED UNDER THE IMPLEMENTATION OF THE ONE DISTRICT ONE FACTORY (1D1F) PROGRAMME**

## **1.0. INTRODUCTION**

The

- i. Request for waiver of Import Duties, GETFund Levy, Import NHIL, Import VAT, and EXIM Levy amounting to the Ghana Cedi equivalent of Eleven Million, Four Hundred and Forty-One Thousand, Six Hundred and Thirty-Eight United States Dollars and Thirty-Two Cents (US\$11,441,638.32) on materials, plant, machinery and equipment or parts to be imported by B5 Plus Limited under the implementation of the One District One Factory (1D1F) programme.
- ii. Request for waiver of Import Duties, GETFund Levy, Import NHIL, Import VAT, and EXIM Levy amounting to the Ghana Cedi equivalent of Eight Million, and Thirty-Nine Thousand, Five Hundred and Ninety-Five United States Dollars (US\$8,039,595) on materials, plant, machinery and equipment or parts to be imported by Ferro Fabrik Limited under the implementation of the One District One Factory (1D1F) programme.
- iii. Request for waiver of Import Duties, Import VAT, GETFund Levy, Import NHIL, and EXIM Levy amounting to the Ghana Cedi equivalent of One Million, Seven Hundred and Twenty-Four Thousand, One Hundred and Thirty-Two United States Dollars and Fifty-Two Cents (US\$1,724,132.52) on materials, plant, machinery and equipment or parts to be imported by Everpure Holdings Limited under the implementation of the One District One Factory (1D1F) programme.
- iv. Request for waiver of Import Duties, Import VAT, GETFund Levy, Import NHIL, and EXIM Levy amounting to the Ghana Cedi equivalent of One Million, Three Hundred and Eighty-Nine Thousand, and Eighteen United States Dollars and Ninety Cents (US\$1,389,018.90) on materials, plant, machinery

and equipment or parts to be imported by Miro Forestry Ghana Limited under the implementation of the One District One Factory (1D1F) programme were laid in the House on Thursday, 10<sup>th</sup> June, 2021 by the Hon. Minister responsible for Parliamentary Affairs, Mr. Osei Kyei-Mensah-Bonsu on behalf of the Minister responsible for Finance.

Rt. Hon. Speaker referred the requests to the Finance Committee for consideration and report.

The Committee met with a Special Advisor to the Minister for Finance, Hon Abena Osei Asare and officers from the Ministry of Finance, and the Ministry of Trade and Industry to consider the referrals.

## **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. B5 Plus Limited**

B5 Plus Limited is a manufacturing and trading company dealing in steel and iron products. The company was established in 2002 and has its head office at Kpone barrier on the Aflao road with a workforce of 968 direct and 1600 indirect workers and production capacity of 100,000 Metric tonnes of steel and iron products per annum. B5 Plus has the largest network of wholesalers, dealers and distributors in Ghana, Togo, Burkina Faso, Niger, Nigeria, Benin, Sierra Leone, Liberia, Ivory Coast, Guinea and Mali. In all, they have twenty-five wholesale distribution centers/branches across West Africa.

The company planned to expand and enhance its production by undertaking a project. Given its limited finances, it applied for and was granted a 1D1F status. The Company under the 1D1F program has since acquired 642 acres of land and has constructed a state-of-the-art steel manufacturing plant at Larkpleku village in Prampram. The first phase of the project involved the construction of the factory including a Steel Melting and Rolling Mill shop. The factory has a workforce of 720 direct and 1714 indirect workers.

The current production of the Steel Melting shop and Rolling Mill is 80,000 metric Tonnes and 6,000 metric tonnes for the Pre-Fabricated Manufacturing plant per annum.

The Company intends to procure additional machinery and equipment to enhance its operations. It therefore applied for the waiver of taxes and duties as incentives under the 1D1F Programme and it is this request that is currently before the House for approval.

### **3.2. Ferro Fabrik Limited**

Ferro Fabrik Ltd is a Limited Liability Company which produces iron and steel products. The company is one of the leading manufacturers of Iron and Steel Reinforced Bars in Ghana with an installed production capacity of 150,000 metric tons for finished steel annually. The current shareholders and management in 2013 injected a total amount of US\$10,000,000.00 into the company. Its employment strength stands at 600 people, working 24hrs on shift basis and it mainly uses locally sourced scrap metal as raw material in production.

The Company applied and has been granted a 1D1F status. The Company is undertaking a new project to expand its production. In order to acquire and install these equipment and materials to enable the company expand its production, there is the need to waive the taxes and duties applicable as incentives under the 1D1F Programme. It is in this regard that the request for the waiver of taxes and duties has been submitted to the House for approval in accordance with Article 174 of the 1992 Constitution.

### **3.3. Everpure Ghana Limited**

Everpure Ghana Limited is a Limited Liability Company incorporated in 2008 to package water in sachet and bottles as well as produce non-alcoholic beverages. The company has two plants situated in Tema and Kumasi and has currently established a third processing production facility at Tomefa Ngleshie Amanfro in the Ga South Municipal Assembly that produces to help to meet the increasing demand for sachet and bottled water.

It has installed 70 Koyo machines to help package sachet water and three bottling lines processing a total of 42,000 bottles an hour making the Weija factory the biggest production site in terms of production capacity.

The new factory in addition to the two existing factories will deliver a daily output of 20,000 cartons of bottled water, 96,000 bags of sachet water and 1,600 bottles of the 18.9 litres dispenser jars daily.

The existing factories currently have 700 direct workers including Administrative staff, factory hands, sales executives and drivers, and have provided about 2000 indirect jobs to its wholesalers, distributors and retailers.

The Company intends to expand its production. However, due to limited finances, it has applied and has been granted a 1D1F status. The company is importing some equipment to assist in the expansion project. It has therefore requested the waiver of taxes and duties on the imports and it is this request that is before the House for approval.

#### **3.4. Miro Forestry Limited**

Miro Forestry Limited is a commercial timber plantation business owned by Miro Forestry Development Limited of the United Kingdom (UK). The company is located in Hwidiem- Agogo, Asante Akyem North. The company which was incorporated in September, 2015 provides seven hundred (700) direct and indirect jobs. They are into sustainable Timber Plantation Development and Wood Processing. Miro has established over seven thousand (7000) hectares with over six million (6,000,000) standing trees. The company has leased lands from the Agogo Traditional Area and the Forestry Commission in order to develop degraded lands and forest reserves for fifty years. They also intend to expand the existing plantation by one thousand five hundred (1,500) hectares per annum till the end of the lease.

The company is also growing fast-rotation tree crops for the production of industrial sawn timber, plywood and electricity transmission poles for the local, regional and export markets.

The company intends to under the 1D1F process the timber that they have grown over the years into different types of plywood particularly the Film Faced Marine Plywood which is mostly imported into the country since it's not being processed here.

The Company intends to expand its production. This will involve the importation of machinery and equipment. In order to assist the company import the items and enhance its production, the Ministry of Finance has submitted the company's request for the waiver of taxes and duties as an incentive under the 1D1F Programme to the House for approval.

#### **4.0. THE REQUESTS**

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

- **US\$11,441,638.32** on machinery, equipment and raw materials to be procured by **B5 Plus Limited**,
- **US\$8,039,595** on machinery, equipment and raw materials to be procured by **Ferro Fabrik Limited**,
- **US\$1,724,133.33.00** on machinery, equipment and raw materials to be procured by **Everpure Ghana Limited**,
- **US\$1,389,019.00** on machinery, equipment and raw materials to be procured by **Miro Forestry Limited**,

Attached as an APPENDIX are the details of the tax assessments done by the Ghana Revenue Authority.

#### **5.0. OBSERVATIONS**

##### **5.1. B5 Plus Limited**

The Committee observed that B5 Plus Limited is one of the leading companies in the country that produces iron and steel for the West African sub region. The Company is undertaking an expansion project valued at US\$369,111,111.60. The project would be executed in three (3) phases involving a number of civil works as well as installation of plant and machinery

The Committee further observed that the project would be financed with a mixture of equity, retained earnings and loans.

The company envisages that the project would double their workforce. The new plant is also expected to produce a potential of two hundred and fifty thousand (250,000) metric tonnes of iron rods of different sizes and specification and a pre-fabricated steel of sixty thousand (60,000) metric tonnes per annum thereby reducing steel imports into the country.

The Committee observed that in order for B5 Plus Limited to achieve its objectives, there is the need to grant the company's request for the waiver of taxes and duties under the 1D1F Programme to enable the company import the needed equipment and raw materials for its operations.

## **5.2. Ferror Fabrik Limited**

The Committee observed that Ferror Fabrik is also into the production of iron and steel. With an installed production capacity of 150,000 metric tons for finished steel annually, the Company intends to issue an Initial Public Offer (IPO) for Ghanaians to buy shares after operating successfully for ten (10) years after 1D1F.

The Committee further observed that the company is undertaking a new project to be sited at the Tema Free Zones Enclave, in the Greater Accra Region and Kaasi Industrial Area in Kumasi. The new project is designed to construct an integrated steel plant to produce a cross section of iron and steel products. The cost of the project (Plants) is estimated at US\$60million, which is proposed to be financed through equity by the Shareholders.

The Committee observed that Ferro Fabrik's project is viable and therefore there is the need to grant the company's request for the waiver of taxes and duties under the 1D1F Programme to enable the company implement its project.

## **5.3. Everpure Company Limited**

The Committee observed that Everpure Company packages sachet and bottled water for sale. It has also established a third processing production facility at Tomefa Ngleshie Amanfro in the Ga South Municipal Assembly. The company has installed 70 Koyo machines to package sachet water and three bottling lines processing a total of 42,000 bottles an hour.

The Committee observed that the Company intends to expand its production by producing non-alcoholic beverages as well. The establishment of the new beverage factory is envisaged to provide 1,800 direct jobs and also provide about additional 3000 indirect jobs for distributors, retailers and small businesses. The company will also provide sludge as a by-product to the farmers to be used as fertilizer. The entire project is estimated to cost US\$15 Million which will be financed through equity and debt.

The Committee observed that project is worthwhile and therefore there is the need to grant Everpure Company Limited's request for the waiver of taxes and duties under the 1D1F Programme to enable it procure the needed equipment and raw materials for its operations.

#### **5.4 Miro Forestry limited**

The Committee observed that the Company was into sustainable Timber Plantation Development and Wood Processing in the country. The company has leased lands from the Agogo Traditional Area and the Forestry Commission to develop degraded lands and forest reserves for fifty years.

The company intends to expand its existing production by processing the timber that they have grown over the years into different types of plywood particularly the Film Faced Marine Plywood which is mostly imported into the country. The company also intends to import veneer processing and Ply Mill Processing machines which will help produce about Thirty Thousand (30,000) cubic meters of plywood annually.

The Committee observed that the project would provide direct employment for about two hundred and twenty (220) persons and about three hundred and fifty indirect jobs. It would also help reduce the importation of Film Faced and Marine Plywood.

The Committee observed that the project is in the right direction and therefore there is the need to grant Miro Company's request for the waiver of taxes and duties under the 1D1F Programme to enable the company expand its operations.

#### **5.5. Need to Support Local industries**

The Committee observed that the goal of the 1D1F programme is to support and promote local industries. However, a careful look at list of raw materials to be imported under the programme reveals that some of the items could be procured locally, thereby supporting the local industry.

The Committee therefore recommends to the Ministry of Finance and the Ministry of Trade and Industry to carefully assess the list of materials to be exempted and where possible impress upon the companies to procure them locally in order to support local businesses. This in the Committee's view would help to realise the good intentions of the 1D1F Programme including job creation.



## **6.0. RECOMMENDATIONS**

After careful consideration, the Committee made the following recommendations:

### **6.1. Review of Master List**

The Committee observed that a total amount of **US\$14,718.479.16** and **US\$8,983,709.00** were requested as tax waivers for **B5 Plus Limited** and **Ferros Fabrik Limited** respectively.

However, following the promptings of the Committee on the need to support the local industry as well as tighten the tax waiver regime, the Ministry of Finance reviewed downwards the master list of the two companies and submitted the new ceilings for approval as follows:

- **US\$11,441,638.32** for **B5 Plus Limited** and
- **US\$8,039,595** for **Ferros Fabrik Limited**.

The Committee was assured that the disallowed items could be procured locally without sacrificing quality and therefore urged the House to approve these new ceilings for the two companies.

### **6.2. Commencement of Tax Waiver**

The country's Customs Suspense Regime permits the suspension of the payment of the applicable import taxes on goods imported into the country. With applications to the Commissioner General of GRA, some of these imports can be in the Suspense Regime for more than a year without the payment of the applicable import taxes. The Committee observed that the tax waivers granted by Parliament to companies are sometimes applied to imports in the Suspense Regime that arrived in the country before the Parliamentary approval.

The Committee reminds the Ministry of Finance that consistent with the 1992 Constitution, the tax waivers approved by the House do not have retroactive effect and therefore cannot be applied retroactively to cover imports that arrived at the port prior to the grant of Parliamentary approval for tax waivers.

The Committee therefore urges the Minister for Finance to take the needed steps to ensure that approvals granted by Parliament for tax waivers are not retroactively applied to imports that arrived at our ports before the date of the Parliamentary approval.

## **7.0. CONCLUSION**

Considering the benefits to be derived from these 1D1F projects, and having satisfied itself that the requests satisfy the Guidelines for the Approval of 1D1F Tax Waivers adopted by this House, the Committee recommends to the House to adopt its report and approve the:

- i. Request for waiver of Import Duties, GETFund Levy, Import NHIL, Import VAT, and EXIM Levy amounting to the Ghana Cedi equivalent of Eleven Million, Four Hundred and Forty-One Thousand, Six Hundred and Thirty-Eight United States Dollars and Thirty-Two Cents (US\$11,441,638.32) on materials, plant, machinery and equipment or parts to be imported by B5 Plus Limited under the implementation of the One District One Factory (1D1F) programme.
- ii. Request for waiver of Import Duties, GETFund Levy, Import NHIL, Import VAT, and EXIM Levy amounting to the Ghana Cedi equivalent of Eight Million, and Thirty-Nine Thousand, Five Hundred and Ninety-Five United States Dollars (US\$8,039,595) on materials, plant, machinery and equipment or parts to be imported by Ferro Fabrik Limited under the implementation of the One District One Factory (1D1F) programme.
- iii. Request for waiver of Import Duties, Import VAT, GETFund Levy, Import NHIL, and EXIM Levy amounting to the Ghana Cedi equivalent of One Million, Seven Hundred and Twenty-Four Thousand, One Hundred and Thirty-Two United States Dollars and Fifty-Two Cents (US\$1,724,132.52) on materials, plant, machinery and equipment or parts to be imported by Everpure Holdings Limited under the implementation of the One District One Factory (1D1F) programme.

- iv. Request for waiver of Import Duties, Import VAT, GETFund Levy, Import NHIL, and EXIM Levy amounting to the Ghana Cedi equivalent of One Million, Three Hundred and Eighty-Nine Thousand, and Eighteen United States Dollars and Ninety Cents (US\$1,389,018.90) on materials, plant, machinery and equipment or parts to be imported by Miro Forestry Ghana Limited under the implementation of 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, and the Guidelines for the Approval of 1D1F Tax Waiver Requests.

Respectfully submitted.



**HON. KWAKU KWARTENG**  
**CHAIRMAN, FINANCE COMMITTEE**



**MRS. JOANA A.S. ADJEI (MRS)**  
**(CLERK, FINANCE COMMITTEE)**

**24th June, 2021**