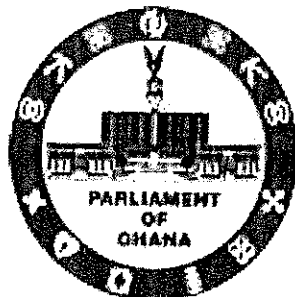
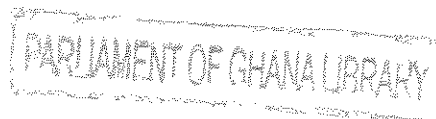


IN THE SECOND SESSION OF THE EIGHTH PARLIAMENT OF THE FOURTH REPUBLIC  
OF GHANA



REPORT OF THE FINANCE COMMITTEE ON THE REQUEST FOR WAIVER OF IMPORT DUTIES, IMPORT VAT, NHIL, GETFUND LEVY, EXIM LEVY, SPECIAL IMPORT LEVY AND COVID-19 LEVY AMOUNTING TO THE GHANA CEDI EQUIVALENT OF NINE MILLION, TWO HUNDRED AND FIFTY-TWO THOUSAND, SEVEN HUNDRED AND FIFTY-FIVE EUROS (€9,252,755.00) ON MATERIALS AND EQUIPMENT TO BE PROCURED FOR THE REHABILITATION AND EQUIPPING OF LA GENERAL HOSPITAL IN ACCRA BY MESSR. POLY CHANGDA OVERSEAS ENGINEERING COMPANY LIMITED OF CHINA.

1.0. INTRODUCTION

The request for waiver of Import Duties, Import VAT, NHIL, GETFund Levy, EXIM Levy, Special Import Duty and covid-19 Levy amounting to the Ghana Cedi equivalent of Nine Million, Two Hundred and Fifty-Two Thousand, Seven Hundred and Fifty-Five Euros (€9,252,755.00) on Materials and Equipment to be Procured for the Rehabilitation and Equipping of La General Hospital in Accra by Messr. Poly Changda Overseas Engineering Company Limited of China was presented to the House on Monday, 25<sup>th</sup> July, 2022 in accordance with Article 174 (2) of the Constitution.

Pursuant to Order 169 of the Standing Orders of the House, the Rt. Hon Speaker referred the request to the Finance Committee for consideration and report.

The Committee subsequently met and discussed the request with the Hon. Deputy Ministers for Finance, Dr. John Ampontuah Kumah as well as officials from the Ministry of Finance and Health.

The Committee hereby submits this report to the House pursuant to Order 161(1) of the Standing Orders of Parliament.

The Committee is grateful to the Hon. Deputy Minister and Officials for attending upon it and assisting in the deliberations.

## **2.0. REFERENCES**

The Committee referred to and was guided by the following documents amongst others during its deliberations:

- The 1992 Constitution of the Republic of Ghana;
- The Standing Orders of the Parliament of Ghana;
- The Public Financial Management Act, 2016 (Act 921)

## **3.0. BACKGROUND**

The Reconstruction and Equipping of the La General Hospital Project falls within government's commitment to upgrade various health care infrastructure within the country as stated in the 2018 Budget Statement. The reconstruction is intended to provide an ultra-modern hospital for an enhance healthcare delivery for the populace. The project is also intended to ensure equity and

regional balance to meet government's Commitment for the provision of universal healthcare delivery to the people in line with its vision under the Sustainable Development Goals (SDG3).

Despite government's commitment to enhance healthcare infrastructure in the country, inadequate funding has been a big challenge. It is on this note that the Government acting through the Ministry of Finance and Standard Chartered Bank entered into the SinSURE-Backed Term Facility Agreement for an amount of €56,574,082.70 to finance 85% of the Commercial Contract and 85% of the estimated SinSURE premium for the redevelopment of the La General Hospital into an ultra-modern health facility to meet the health needs of the people of La and its environs.

To achieve this objective, the Government of Ghana acting through the Ministry of Health entered into a Commercial Contract with Messrs. Poly Changda Overseas Engineering Company Limited of China for the redevelopment of the La General Hospital.

As part of the Particular Conditions of the Contract (PCC) as amended, the employer is responsible for granting exemptions on all taxes, duties, fees and levies on equipment and materials to be procured by the contractor for the execution of the project.

Following from the above, the Government of Ghana intends to grant a waiver on the component of the project financing cost covering taxes, duties, fees and other applicable fiscal levies imposed in the Republic of Ghana on materials and equipment required for the execution of the project amounting to the Ghana Cedi equivalent of (€9,252,755.00).

#### 4.0. EQUIRED WAIVER

In line with the particular Conditions of the Contract the Ministry of Finance is seeking Parliamentary approval to exempt taxes on materials and equipment to be imported and procured domestically for the Construction of the La General Hospital Redevelopment Project. The Ghana Revenue Authority has therefore assessed the applicable taxes and has recommended the waiver of taxes amounting to the Ghana Cedi equivalent of (€9,252,755.00 for which the waiver should be granted. The breakdown is summarized below:

##### *Summary Table of Total Exemption Being Sought*

<b>Tax type</b>	<b>Taxes assessed</b>	<b>Tax waiver amount (€)</b>
<b>Imports (A)</b>	Import Duty	3,949 848.00
	Import NHIL/GETFund	1,241.092.00
	Import VAT	3,257,866.00
	EXIM levy	223,636.00
	Special Import levy	364.033.00
	Covid-19 levy	298,181.00
<b>Total (A)</b>		<b>9,252,755.00</b>

#### 5.0. PARLIAMENTARY APPROVAL

Parliament at its Forty-First Sitting of the First Meeting held on Tuesday, 31st March, 2020 approved by resolution, the Sinore-Backed Term Loan Facility Agreement between the Government of Ghana (represented by the Ministry of Finance) and Standard Chartered Bank, London for two separate amounts of (€56.574,082.70) and (€9,983,661.65 respectively, to finance the

Rehabilitation and Equipping of the La General Hospital. Similarly, at the Forty-Second Sitting of the First Meeting held on Wednesday, 1st April, 2020, the House approved by resolution, the Engineering, Procurement and Construction (EPC) Contract Agreement between the Government of Ghana represented by the Ministry of Health and Poly Changda Overseas Engineering Company Limited of China, for an amount of €63,000,000.00 to execute the La General Hospital Redevelopment Project.

As part of the conditions in the approved Contract Agreement, the Government of Ghana is required to waive taxes on material and equipment required for the execution of the project.

#### **6.0. OBSERVATION**

The Committee having carefully scrutinised the request, made the following observations:

##### **6.1. *Assessment of Tax Liabilities and the Waiver Required***

The Committee noted that, in an effort to speed up the execution of the La General Hospital Redevelopment Project to improve healthcare delivery the government intends to grant tax reliefs on equipment and materials to be procured for the execution of the project. The waiver is consistent with the overall government objective to expand health infrastructure and improve healthcare delivery in the country.

To achieve these objectives, the Ministry of Finance through the Ghana Revenue Authority has assessed the applicable taxes, duties and levies on equipment, materials and other items to be procured locally for the project and have recommended a total

tax liability of up to the Cedi equivalent of **€9,252,755.00** for which exemption should be granted.

The Committee upon a thorough scrutiny of the list of items for which exemption should be granted observed that, some of the items are not directly related to the project. Additionally, some of the items could be procured locally. The Committee therefore recommended the exclusion some 133 items valued at **€966,323.00** from the list of items for which exemptions should be granted. The effect is that the total exemptions been recommended by the Committee for approval by the House is **€8,286,432.00**.

**(The list of items excluded from the grant of waiver is attached as Appendix A.)**

## **6.2. Justification for Granting the Tax Exemption**

Government of Ghana acting through the Ministry of Health upon signing of the Commercial Contract dated March 18, 2019 with Messrs. Poly Changda Overseas Engineering Company Limited of China, is required to abide by the terms of the agreement. Per the provisions stipulated in Clause 1.13 of the Particular Conditions of Contract (PCC) as amended, 'The Employer shall be responsible for obtaining all the taxes, duties, fees and levies exemptions, including but not limited to Ghanaian VAT, Import Duties, withholding tax and levies exemptions for the Contractor and its associates during the execution of the Project'.

Following from the above, the Government of Ghana is required to bear the component of the project financing cost covering

taxes, duties, fees and other applicable fiscal levies which may be imposed in the Republic of Ghana with respect to the importation of materials and equipment required for the execution of the project, hence the justification for the request for tax and duty exemption on the core project related materials and equipment. The Ghana Revenue Authority has therefore assessed the applicable taxes and has recommended the waiver of taxes amounting to the Ghana Cedi equivalent of (€9,252,755.00 for which the waiver should be granted.

### **6.3. Importance of the Waiver**

The La General Hospital, just like many other healthcare facilities in the country, has seen an uncoordinated development over the years, fundamentally as a result of the lack of resources to plan effectively. The waiver would help government achieve its objective of reconstructing the La General Hospital to enhance healthcare infrastructure in the country. The La Hospital Redevelopment Project is therefore intended to provide the required infrastructure, medical equipment, and ancillary services to ensure that the hospital is fully functional and provide an enabling environment required to attract the needed healthcare professionals.

### **7.0. CONCLUSION**

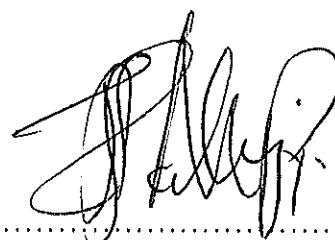
The Committee having examined the request is convinced that all the items listed in the request are directly required for the execution of the projects.

The Committee therefore recommends to the House to adopt its report and approve by Resolution the request for The request for waiver of Import Duties, Import VAT, NHIL, GETFund Levy, EXIM Levy, Special Import Duty and covid-19 Levy amounting to the Ghana Cedi equivalent of Eight Million, Two Hundred and Eighty-Six Thousand, Four Hundred and Thirty-Two Euros (€€8,286,432.00) on Materials and Equipment to be Procured for the Rehabilitation and Equipping of La General Hospital in Accra by Messr. Poly Changda Overseas Engineering Company Limited of China in accordance with Article 174(2) of the 1992 Constitution and Order 169 of the Standing Orders of the Parliament of Ghana.

Respectfully Submitted.



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



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

25th July, 2022





APENDIX A

FINANCE COMMITTEE

LIST OF ITEMS EXCLUDED BY THE COMMITTEE

LA GENERAL HOSPITAL PROJECT

NO.	DESCRIPTION	Assessed Taxes for which Waiver is Required (EURO)
1.	UMBRELLA	91
2.	STEEL TAPE RULER FOR MEASUREMENT	222
3.	TAPE MEASURE	556
4.	LADDER	6,825
5.	CLOTH TAPE	140
6.	CURVED SAW BLADE	5
7.	NEW CUTTING PLIERS	618
8.	STEEL RULER	112
9.	TILE KNIFE	18
10.	ELECTRODE	723
11.	PICKAXE	357
12.	PICK HANDLE	130
13.	CLAW HAMMER	277
14.	OCTAGONAL HAMMER	299
15.	IRON TIE	96
16.	ASH BUCKET	212
17.	STEEL RULER	560
18.	FIRE WIRE	11,807
19.	HAND SAW	275
20.	PLIERS	414
21.	STEEL WIRE ROPE	5,036
22.	NAILS	3,409
23.	BINDING WIRE	8,873
24.	CIRCULAR SAW	1,516
25.	SAW WEB	1,819
26.	STEEL WIRE	12,030
27.	CARPENTRY SQUARE (ADJUSTABLE)	144
28.	MARKER PEN	963
29.	STEEL WIRE NET	11,157
30.	STEEL SCISSORS	809
31.	HAMMER	1,684
32.	PLASTIC BUCKET	101
33.	WATER PUMP MACHINE	139
34.	SAW BLADE	39
35.	INDUSTRIAL FAN	585

36.	GLASS GLUE	4,813
37.	BRUSHES	434
38.	PVC-U WATER SUPPLY REDUCING TEE	973
39.	PVC-U WATER SUPPLY 45-DEGREE ELBOW	277
40.	PVC-U WATER SUPPLY PIPE CAP	172
41.	PVC-U WATER SUPPLY THROUGH	1,367
42.	PVC-U WATER SUPPLY REDUCING STRAIGHT	1,159
43.	COPPER FLOATING BALL VALVE	2,053
44.	TEST PENCIL	144
45.	CABLE 1.5MM <sup>2</sup>	252
46.	CABLE 2.5MM <sup>2</sup>	1,871
47.	CABLE 4MM <sup>2</sup>	618
48.	CABLE 6MM <sup>2</sup>	374
49.	CABLE 10MM <sup>2</sup>	1,866
50.	CABLE 16MM <sup>2</sup>	2,484
51.	CABLE 25MM <sup>2</sup>	2,237
52.	THERMOMETER	119
53.	THREAD	145
54.	THREADING OIL	241
55.	PVC PIPE CUTTER	130
56.	PANEL SOCKET	714
57.	PE TUBE	4,550
58.	PVC PIPE	2,275
59.	PPR TUBE	2,275
60.	SAFETY HELMET	210
61.	ENGINE OIL	7,219
62.	MINIBUS TIRES	1,059
63.	ROAD ROLLER	8,100
64.	CONCRETE MIXER	10,414
65.	WATER CAR	14,437
66.	PVC SKIRTING	10,135
67.	PAINTING	55,192
68.	OTHER METAL HANDRAILS AND FITTINGS	12,481
69.	NURSE STATION, MEDICINE STATION	13,263
70.	CURTAIN RAIL + CURTAIN (FOR WINDOWS)	5,688
71.	CURTAIN RAIL + CURTAIN (FOR PARTITIONING)	1,398
72.	COOLING WATER CIRCULATION PUMP	42,746
73.	COOLING CIRCULATING WATER TREATMENT EQUIPMENT	38,067
74.	TOILET CLOSET	15,482
75.	SQUATTING PAN	156
76.	URINAL	286
77.	SHOWER HEAD	2,990
78.	MEDICAL ASHBIN	264
79.	HAND BASIN	6,795
80.	DESK TOP HAND BASIN	5,654

81.	STAINLESS STEEL PIPE	5,016
82.	STAINLESS STEEL PIPE	4066
83.	WATER METER	222
84.	FLOOR DRAIN	441
85.	WIRE	20,155
86.	GALVANIZED CABLE TRUNKING	48,371
87.	LC-LC 10M MULTIMODE FIBRE PATCH CORD (3M)	49
88.	50 PAIRS OF BIX PATCH PANELS	361
89.	25 PAIRS OF MOUNTING STRIPS	344
90.	RUBBER STRIPS	24
91.	1U BACKPLANE	49
92.	1-110 RJ11 VOICE JUMPER, 2 METERS	1,241
93.	STANDARD NETWORK CABINET	2,300
94.	LINE TOOL	676
95.	TRUNKING	5,220
96.	TRUNKING	2,501
97.	STEEL PIPE	22,620
98.	FIRE JUNCTION BOX	169
99.	STANDARD NETWORK CABINET	564
100.	ALARM BUS	24,404
101.	CONTROL CABLE	2,175
102.	CONTROL CABLE	10,875
103.	POWER MAINS	2,175
104.	POWER BRANCH	8,700
105.	FIRE TELEPHONE LINE	9,788
106.	LINKAGE CONTROL LINE AND RETURN SIGNAL LINE	21,750
107.	GALVANIZED STEEL PIPE	84,630
108.	GALVANIZED STEEL PIPE	19,520
109.	GALVANIZED STEEL PIPE	3,640
110.	STEEL PIPE	6,525
111.	WAITING-ROOM BENCH	12,836
112.	CHAIR	10,657
113.	STOOL	1,081
114.	COFFEE TABLE	917
115.	THREE-PERSON SOFA	12,424
116.	COUNTER (FOR REGISTRATION & CASHIER USE)	2,563
117.	EXAM TABLE	246
118.	CONSULTING TABLE	1,319
119.	OFFICE DESK	11,302
120.	COUNTERTOP (3M)	98,598
121.	FILE CABINET	11,171
122.	SHELF (1M)	723
123.	OPEN TYPE GOODS RACK (1M)	13,195
124.	CONTAINER	14,484
125.	LOCKER (SINGLE-SHELF)	31,246

126.	BEDSIDE TABLE	13,866
127.	BIG WARDROBE	4,165
128.	NURSE STATION	29,484
129.	BEDDINGS (INCLUDING MATTRESSES, BED FRAMES OTHERS)	9,100
130.	BASKETBALL COURT AND SUPPORTING FACILITIES (INCLUDING TREADMILLS, TABLE TENNIS AND OTHERS)	956
131.	WATER SUPPLY PIPE (HDPE)	8,149
132.	PLASTIC DISCHARGE PIPE (PVC)	6,825
133.	SANITARY AND BATHROOM EQUIPMENT	6,825
	<b>TOTAL</b>	<b>966,323</b>

PARLIAMENT OF GHANA LIBRARY