

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

**REPORT OF THE
FINANCE COMMITTEE**

ON THE

**ANNUAL BUDGET ESTIMATES OF GHANA REVENUE
AUTHORITY FOR THE 2014 FINANCIAL YEAR**

10TH DECEMBER, 2013

The objects of the Authority include the following:

- ❖ Provide a holistic approach to tax and customs administration;
- ❖ Reduce administrative and tax compliance cost and provide better service to taxpayers;
- ❖ Promote efficient collection of revenue and the equitable distribution of tax burden and ensure greater transparency and integrity;
- ❖ Ensure greater accountability to Government for the professional management of tax administration; and
- ❖ Provide a one-stop service for taxpayers for the submission of returns and payment of taxes.

In order to achieve the above objects, the Authority is required to assess and collect taxes, interest and penalties on taxes due to the Republic with optimum efficiency, and to promote tax education and compliance. The authority is further required to combat tax fraud and evasion and to cooperate with competent law enforcement and revenue agencies in other countries.

The Authority has a vision “to be a world class revenue administration recognised for professionalism, integrity and excellence”.

4.0 PERFORMANCE IN 2013

For the year 2013, the Authority focused on the enhancement of revenue mobilisation and continued the Integration and modernization of its operations. The following are the specific activities being undertaken:

- ❖ Continued to conduct special tax audit of companies and set up a special taskforce to monitor rent tax;
- ❖ Completed work on the draft Tax Administration Bill, draft amendments to the Internal Revenue Act and the draft Customs, Excise and Preventive Service Bill. All aimed at boosting the collection of domestic tax revenue;
- ❖ Presentation and passage of the Value Added Tax Act;

- ❖ Conducted a monitoring exercise at selected exemption beneficiaries of various exemption schemes in Sunyani, Cape Coast, Kumasi and Takoradi with the aim of reducing the abuses in the exemption regime; and
- ❖ Commenced re-registration of Tax Identification Numbers for existing taxpayers.

5.0 SUMMARY OF 2013 BUDGET ALLOCATION AND PERFORMANCE

GRA was allocated an amount of *Four Hundred and Thirty-three Million, Five Hundred and Six Thousand, Three Hundred Ghana Cedis (GH¢433,506,300.00)* from GOG for the implementation of its activities and programmes in 2013. As at 30th September, 2013 an amount of **GH¢298,108,164.64** has been spent. The breakdown of the expenditure is as follows:

Compensation for employees	-	GH¢ 231,565,880.00
Goods and Services	-	GH¢ 48,229,640.76
Assets	-	GH¢ 18,312,643.88
TOTAL	-	GH¢ <u>298,108,164.64</u>

The 2013 expenditure performance of GRA is further summarized in table 1 below:

Table 1: Actual Expenditure as at 30/09/2013

SN	ITEM	BUDGET 2013 (GH¢)	Actual (As at 30/09/2013) (GH¢)	Variance (GH¢)	% utilization
1	Compensation for Employees	289,750,000.00	231,565,880.00	58,184,120.00	80
2	Goods and Services	85,360,000.00	48,229,640.76	37,130,359.24	56.5
3	Assets	58,396,300.00	18,312,643.88	40,083,656.12	31.4
	Total	433,506,300.00	298,108,164.64	135,398,136.36	68.8

6.0 OUTLOOK FOR 2014

For the 2014 financial year, GRA amongst others has programmed to carry out the following activities:

- ❖ Complete work on the Tax Administration Bill, amendments to the Internal Revenue Act and the Customs, Excise and Preventive Service Law so as to boost the collection of domestic tax revenue;
- ❖ Continue to embark on the exercise to monitor selected exemption beneficiaries in the other parts of the country to reduce the abuses in the system;
- ❖ Continue operations of the special task force to monitor rent tax;
- ❖ Continue to extend the GCNET facility to other areas of collections hitherto not covered as a means to increase revenue collection and reduce collection cost;
- ❖ Facilitate the passage of the Tax Administration Bill, Amendment to the Internal Revenue Act, Amendment to the Customs, Excise and Preventive Service (Management) law and to strengthen, harmonise and organise the procedures and processes for GRA to effectively mobilise revenue;
- ❖ Enhance preventive operations and improve Tax Debt Management and enforcement by collaborating with other Government Agencies and other stakeholders;
- ❖ Integrate and modernise domestic taxes by developing and implementing an integration plan for Domestic Tax Revenue Division, segment tax payers and administer taxes by appropriate categories.

7.0 2014 BUDGET ALLOCATION (GRA)

For the implementation of its planned programmes and activities, the Ghana Revenue Authority has been allocated an amount of **Five Hundred and Thirty million, Four Hundred and Forty-four Thousand, Four Hundred and Twenty-five Ghana Cedis (GH¢530,444,425.00)** for the 2014 financial year to be disbursed as follows:

Compensation for Employees	-	GH¢ 354,865,825
Goods and Services	-	GH¢ 109,547,893
Assets	-	<u>GH¢ 66,030,707</u>
Total	-	GH¢530,444,425

The 2014 budget allocated additional GH¢96,938,125.00 to the GRA as compared to the 2013 allocation. This represents an increase of 22.4 %. Detailed analysis is presented in Table 2 below:

Table 2: GRA 2014 Allocation as Against 2013 Allocation

SN	ITEM	2013 Allocation (GH¢)	2014 Allocation (GH¢)	Variance (GH¢)	% Variance
1	Compensation for Employees	289,750,000	354,865,825	65,115,825	22.5
2	Goods and Services	85,360,000	109,547,893	24,187,893	28.3
3	Assets	58,396,300	66,030,707	7,634,407	13.1
	Total	433,506,300	530,444,425	96,938,125	22.4

8.0 OBSERVATIONS

The Committee has carefully scrutinised the estimates of the Ghana Revenue Authority and made the following observations:

Revenue Performance

The Committee observed that as at 30th September, 2013, actual revenue collected amounted to GH¢9,505.38 million as against a proportionate target of GH¢11,030.03 million for the period, resulting in an under performance of -13.8%. The targeted end of year revenue estimates is GH¢15,609.50 million.

The Committee however, noted that GRA could not meet its revenue target of GH¢11,030.03 million for the period.

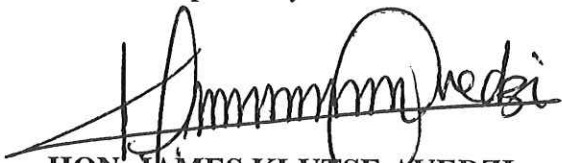
Revenue Projection for 2014

The Committee observed that, the provisional end of year revenue target for 2014 is expected to be GH¢17,109,320,000.00. The Committee is confident that if all the policy measures such as increased VAT rate, introduction of ad valorem tax rate on petroleum products and extension of capital gain tax to cover petroleum operations outlined in the 2014 budget are implemented, GRA would be able to achieve its revenue target of GH¢17,109,320,000.00. The Committee therefore calls on the Minister for Finance to ensure early implementation of the policy measures as stated in the 2014 Budget Statement.

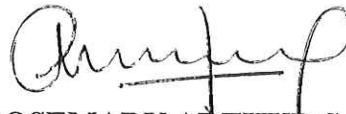
9.0 CONCLUSION

The Committee, after careful examination of the 2014 Annual Estimates of the **Ghana Revenue Authority**, recommends to the House to adopt its report and approve the sum of *Five Hundred and thirty million, Four Hundred and Forty-four Thousand, Four Hundred and Twenty-five Ghana Cedis (GH¢530,444,425)* for the running of the Ghana Revenue Authority for the 2014 financial year.

Respectfully submitted.



**HON. JAMES KLUTSE AVEDZI
CHAIRMAN, FINANCE COMMITTEE**



**ROSEMARY ARTHUR SARKODIE (MRS.)
CLERK, COMMITTEE ON FINANCE**

DECEMBER, 2013