

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

**REPORT OF THE FINANCE COMMITTEE**

**ON**

**THE 2013 ANNUAL BUDGET ESTIMATES OF GHANA  
REVENUE AUTHORITY**

**MARCH, 2013**

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

**REPORT OF THE FINANCE COMMITTEE ON THE ANNUAL BUDGET  
ESTIMATES OF REVENUE AUTHORITY FOR THE 2013 FINANCIAL  
YEAR.**

**1.0 INTRODUCTION**

The **Budget Statement and Economic Policy for the 2013 Financial Year** was presented to the House on Thursday 5<sup>th</sup> March, 2013. The Estimates of the Ghana Revenue Authority were *referred* to the Finance Committee for consideration and report in accordance with Article 179 of the Constitution and Standing Orders 140(5) and 169.

The Committee met and discussed the Estimates with the Hon. Minister of Finance Hon. Seth Terkper, Commissioner General of the Ghana Revenue Authority ( GRA) Mr. George Blankson and officials from the Ministry of Finance and the Ghana Revenue Authority and hereby presents this report.

**2.0 REFERENCE DOCUMENTS**

In considering the Estimates of the Ghana Revenue Authority, the Committee referred to the following:

1. The 1992 Constitution of the Republic of Ghana;
2. Standing Orders of the House;

3. The Budget Statement and Economic Policy of the Government for the 2013 Financial Year; and
4. Ghana Revenue Authority Act, 2009 (Act 791).

### **3.0 BACKGROUND**

The Ghana Revenue Authority (GRA) was established by the Ghana Revenue Authority Act, 2009 (Act 791) as a single semi-autonomous public organization to centralize, coordinate, integrate and replace the Internal Revenue Service (IRS), Customs, Excise and Preventive Service (CEPS) and the Value Added Tax Service (VATS) for the assessment, collection, accounting and administration of tax and customs revenue.

The objects of the Authority include the following:

- To 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 compliance and tax education. 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 vision of the Authority is "to be a world class revenue administration recognized for professionalism, integrity and excellence".

#### **4.0 PERFORMANCE IN 2012**

The major focus for the 2012 budget was enhancement of revenue mobilization and continuation of the Integration and modernization of the revenue Authority and thus influenced the activities undertaken. The under-listed are among the specific activities undertaken in 2012:

1. Conducted a research to determine the number of exemptions granted by the Minerals Commission, MoFA, EPA and Diplomatic Missions to reduce leakages through tax exemptions;
2. Continued efforts to modernize the tax collection system, and tax audit of companies to increase revenue;
3. Modernized domestic tax collection by segmenting tax payers into Large, Medium and Small for easy monitoring to enhance revenue mobilization;
4. Continued to perform tax audits of companies which resulted in increased revenue; and

5. Completed work on the Total Revenue Integrated Processing System (TRIPS)

**5.0 2012 BUDGET ALLOCATION TO THE GRA**

The GRA was allocated an amount of **GH¢287,618,860.00** from GOG for the implementation of their activities and programmes in 2012. As at 31<sup>st</sup> December, 2012 an amount of **GH¢297,756,290.00** was spent. The breakdown of the expenditure is as follows:

Compensation for Employees-	<b>GH¢232,063,520.00</b>
Goods and Services -	<b>GH¢ 48,702,160.00</b>
Assets -	<b>GH¢ 16,990,610.00</b>

**6.0 2012 EXPENDITURE RETURNS**

Details	Budget	Actual	Variance
Compensation of employees	210,739,560.00	232,063,520.00	(21,323,960.00)
Goods and services	52,148,900.00	48,702,160.00	3,446,740.00
Assets	24,730,400.00	16,990,610.00	7,739,790.00
Total	287,618,860.00	297,756,290.00	(10,137,430.00)

## **7.0 OUTLOOK FOR 2013**

In the 2013 financial year, the GRA intends to carry out the following activities amongst others:

- a. Set up a special task force to monitor rent tax;
- b. continue to combat smuggling by injecting fresh officers into the Preventive department of the Customs Division;
- c. Extend the GCNET facility to other areas of collections hitherto not covered as a means to increase revenue collection and reduce collection cost;
- d. Review of casino tax to streamline and regulate the activities of casinos to ensure efficient mobilization of casino revenue tax; and
- e. Put in place measures to ensure the passage of the Tax Administration Bill, Amendment to the Internal Revenue Act, Amendment to the Customs, Excise and Preventive Service (Management) law and VAT Amendment Bill to strengthen, harmonize and organize the procedures and processes for GRA to effectively mobilize revenue;

## **8.0 2013 BUDGET ALLOCATION (GRA)**

For the implementation of its planned programmes and activities, the Revenue Agencies have been allocated an amount of ***Four Hundred And Thirty-three Million, Five Hundred and Six Thousand, Three Hundred Ghana cedis (GH¢433,506,300.00 )*** for the 2013 financial year to be disbursed as follows:

Compensation for Employees	-	GH¢289,750,000.00
Goods and Services	-	GH¢ 85,360,000.00
Assets	-	GH¢ 58,396,300.00
<b>Total</b>	-	<b>GH¢433,506,300.00</b>

## 9.0 2013 ALLOCATION BY DIVISION

The allocation of the 2013 budget by division under the GRA is presented in table 1 below:

Table 1: 2013 budget allocations by Division

S/N	DIVISION/ ALLOCATION	Compensation for Employees (GH¢)	GOODS & SERVICES (GH¢)	ASSETS (GH¢)	TOTAL (GH¢)
1	Commissioner General	16,333,724	16,143,711	5,480,000	<b>37,957,435.00</b>
2	Customs Division	91,617,676	7,996,015	16,779,605	<b>116,393,296.00</b>
3	Domestic Tax Division	145,019,988	23,371,498	12,099,150	<b>180,490,635.00</b>
4	Support Services	36,778,613	37,848,776	24,037,545	<b>98,664,934.00</b>
	<b>TOTAL (GH¢)</b>	<b>289,750,000</b>	<b>85,360,000</b>	<b>58,396,300</b>	<b>433,506,300.00</b>

## **10.0 OBSERVATIONS**

### ***Expenditure Excess***

The Committee observed that though the GRA was allocated **GH¢287,618,860.00** in 2012, the actual expenditure as at 31<sup>st</sup> December, 2012 amounted to **GH¢297,756,290.00**. The Committee was informed that, as part of the measure to improve on revenue collection, the GRA established a special unit to help collect tax at the informal sector. Compensation for staff recruited to man the Special Unit and salary increases in 2012 accounted for the excess expenditure incurred on compensation for employees. Further, as part of the rebranding efforts, some of the dilapidated furniture had to be replaced to give the offices a face lift.

The Committee also noted that GRA exceeded its revenue target by GH¢300,520,000.00 from an initial target of GH¢11,442,670,000.00 to GH¢11,743,190,000.00. This represents about 32.92% growth over the previous year's collection of about GH¢7,759,900,000.00.

The Committee was informed that if all the policy measures outlined in the 2013 budget are implemented, GRA would be able to achieve its revenue target of **GH¢17,090,819,324.00**. The Committee therefore calls on the Minister for Finance to ensure early implementation of the policy measures in the 2013 Budget Statement.



### ***Aflao Border Rehabilitation Project***

The Committee observed that an allocation of **GH¢5,480,000.00** has been made in the 2013 budget for the rehabilitation of this project. The allocation is to pay for debt incurred on the structure and also for repair works to secure it from further deterioration. The Committee was informed that, GRA would require additional **GH¢8.5m** to fully complete the rehabilitation of the structure. The Committee is of the view that, the revenue post is an important project which when completed can contribute significantly to improve revenue mobilization. The Committee therefore appeals to the Minister of Finance to raise the additional funding requirement of **GH¢8.5m** to enable GRA fully complete the project.

Further, since the project is a national asset, the expenditure thereof should not solely be charged to GRA's budget.

### **11.0 CONCLUSION**

The Committee, after carefully examining the 2013 Annual Estimates of the **Ghana Revenue Authority**, recommends to the House to approve the sum of ***Four Hundred and Thirty-three Million, Five Hundred and Six Thousand, Three Hundred Ghana Cedis (GH¢ 433,506,300.00)*** for the running of the Ghana Revenue Authority for the 2013 financial year.

Respectfully submitted.



**HON. JAMES KLUTSE AVEDZI  
CHAIRMAN**



**ROSEMARY ARTHUR SARKODIE (MRS.)  
CLERK**

**MARCH 2013**