

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

**REPORT OF THE
FINANCE COMMITTEE**

ON THE

SPECIAL IMPORT LEVY (AMENDMENT) BILL, 2013

3RD DECEMBER, 2013



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**REPORT OF THE FINANCE COMMITTEE ON THE SPECIAL IMPORT LEVY
(AMENDMENT) BILL, 2013**

1.0 INTRODUCTION

The Special Import Levy (Amendment) Bill, 2013 was presented to Parliament by the Hon. Deputy Minister, Mr. Cassiel Ato Forson on behalf of the Hon. Minister for Finance and read for the first time on Thursday, 28th November, 2013. The Bill was referred to the Finance Committee for consideration and report in accordance with Article 174(1) of the 1992 Constitution and Order 169 of the Standing Orders of the House. The Rt. Hon Speaker further directed the Committee to determine whether the Bill is of urgent nature to be taken through all the three stages of passage in a day in accordance with Article 106 (13) of the Constitution and Order 119 of the Standing Orders of the House.

Pursuant to the referral, the Committee met with the Hon. Minister for Finance, Mr. Seth E. Terkper, Deputy Minister of Finance, Hon. George Kweku Ricketts-Hagan, Officials from the Ministry of Finance, Attorney General's Department and the Ghana Revenue Authority (GRA) and considered the referral.

The Committee is grateful to the Hon. Minister, Deputy Minister and Officials from the Ministry, Attorney-General's Department and the GRA for their assistance.

2.0 REFERENCE

The Committee referred to the following additional documents during its deliberations:

- The 1992 Constitution of Ghana.
- The Standing Orders of the Parliament of Ghana.
- The Ghana Revenue Authority Act, 2009 (Act 791)

- Harmonized System and Customs Tariff Schedules 2012
- Special Import Levy, Act, (Act 861)

3.0 BACKGROUND

The Government in the 2013 Budget Statement and Economic Policy presented to Parliament outlined a number of measures aimed at fiscal consolidation and promotion of growth. The 2013 Budget however, had a funding gap of about Eight Billion Ghana Cedis and there was the need to identify other avenues for revenue generation to help mobilise funds to finance the funding gap in the budget as well as reduce the 2013 budget deficit. The Special Import Levy therefore, represented one of the measures being adopted to increase revenue generation to support government programs outlined in the 2013 budget. The Levy was on imported goods to be paid at the point of importation and to be computed on the Cost, Insurance and Freight (CIF) value of the goods for the 2013, 2014 and 2015 calendar years. As part of the measures to promote local industries and make them competitive, the bill among others is presented to the House to review the end date and exempt certain goods.

4.0 PURPOSE OF THE BILL

The purpose of the Bill is to amend the Special Import Levy Act, 2013 (Act 861) to review the date that the Special Import Levy ceases to have effect and also to exempt specific goods from the Special Import Levy.

5.0 PROVISIONS OF THE BILL

The Bill is divided into four clauses.

Clause 1 revises the date that the Special Import Levy ceases to have effect from 31st December, 2015 to the 31st of December, 2014.

Clause 2 exempts the goods specified in the First Schedule from the Special Import Levy imposed under Act 861.

Clause 3 amends section 2 of Act 861 to incorporate a new cross reference to the relevant Schedule for the purposes of clarity.

Clause 4 introduces a new Schedule for the list of goods exempted in clause 2 and re-enacts the Schedule on the computation on the rate of the special import levy.

6.0 OBSERVATIONS

Urgency of the Bill

The Committee in its deliberations considered the Bill to be of an urgent nature and must be taken through all the stages in one day in accordance with Article 106 (13) of the Constitution and Order 119 of the Standing Orders of the House. The Committee proposes this because it observed that the effective date for exempted goods is January, 2014 and also considered the Committee's tight schedule and the fact that Parliament will be going on recess upon the passage of the Appropriations Bill.

Amount Realised and Expected Revenue Lost

The Committee was informed that the total expected revenue for the period (Aug-Dec, 2013) is Two Million, Two Hundred And Twenty-nine Thousand, Five Hundred And Seventy-six Cedis and Thirty-nine pesewas (GH¢2,229,576.39) and as at October, 2013, an amount of One Million, Three Hundred and Thirty-seven Thousand, Seven Hundred and Forty-five Cedis and Eighty-four Pesewas (GH¢1,337,745.84) was realised. The expected total revenue for the year 2014 was also given as Five Million, Three Hundred and Fifty Thousand, Nine Hundred and Eighty-three Cedis and Thirty-four pesewas (GH¢5,350,983.34). This implies that the projected revenue lost to the state for the year 2014 is GH¢5, 350,983.34. Detailed break-down is attached as appendix 1

Rationale for the Bill

Touching on the rationale for the Bill, the Minister stated that to further reduced the tax burden on the citizenry and to promote local industries and make them competitive, some

imported goods like agricultural and fishing inputs, medical supplies, educational materials and energy saving bulbs are exempted from the payment of the levy.

7.0 AMENDMENTS

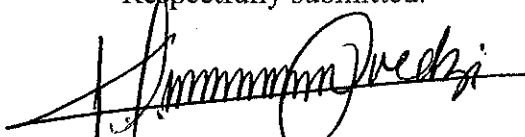
The Committee after the clause-by-clause discussions of the Bill proposes the following amendments:


- i. **Clause 1 – Amendment proposed-** delete and insert the following:
“Section 1 of Act 861 amended
There is imposed by this Act for the years 2013 and 2014, a Special Import Levy on imported goods to be paid at the point of entry and to be computed on the Cost, Insurance and Freight value of the goods.”
- ii. **Clause 3- Amendment proposed –** line 1, delete “in section 2”
- iii. **Second Schedule- Amendment proposed –** Item 1, column 2 line 1, delete “Chapter” and insert “Chapters”

8.0 CONCLUSION

The Committee upon a thorough examination of the Bill is confident that the review of the end date and the proposed exemptions has the potential of promoting local industries and make them competitive. The Committee accordingly recommends to the House to adopt its report and take the Special Import Levy Bill through all the stages in accordance with Article 106 (13) of the Constitution and Order 119 of the Standing Orders of the House.

Respectfully submitted.


HON. JAMES KLUTSE AVEDZI
(CHAIRMAN, FINANCE COMMITTEE)


ROSEMARY ARTHUR SARKODIE (MRS)
(CLERK, FINANCE COMMITTEE)

APPENDIX 1

REVENUE IMPLICATIONS FOR SPECIAL IMPORT LEVY (AMENDMENT) BILL, 2013

HS CODE	DESCRIPTION	CIF	TAX RATE	IMPORT DUTY (AUG-OCT. 2013)	PROJECTION (AUG-DEC.2013)	2014 PROJECTION
3BF.57	FISHING GEAR	13,685,044.93	2%	273,700.90	456,168.16	1,094,803.59
3BF.59	MACHINERY PLANT, APPARATUS AND SPARE PARTS FOR	29,843,088.08	2%	596,861.76	994,769.60	2,387,447.05
401410000	CONDOM	286,500.28	2%	5,730.01	9,550.01	22,920.02
840721000	OUTBOARD MOTORS	4,406,873.19	2%	88,137.46	146,895.77	352,549.86
8539311000	ENERGY LAMPS	5,513,894.87	2%	110,277.90	183,796.50	441,111.59
8543700011	ENERGY BULB	6,749,224.62	2%	134,984.49	224,974.15	539,937.97
9307000000	CUTLASS	18,295.76	2%	365.92	609.86	1,463.66
	PAPER-RAW MATERIALS FOR PRINTING OF TEXTBOOK/ EXERCISE BOOK	5,374,128.74	2%	107,482.57	179,137.62	429,930.30
	PRINTING INK-RAW MATERIALS FOR PRINTING OF TEXT BOOK/ EXERCISE	1,010,241.34	2%	20,204.83	33,674.71	80,819.31
	TOTAL			1,337,745.84	2,229,576.39	5,350,983.34