

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

**REPORT OF THE  
FINANCE COMMITTEE**

**ON THE**

**CUSTOMS AND EXCISE (DUTIES AND OTHER  
TAXES) (AMENDMENT) (NO.2) BILL, 2013**

**3<sup>RD</sup> DECEMBER, 2013**

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**REPORT OF THE FINANCE COMMITTEE ON THE CUSTOMS AND EXCISE  
(DUTIES AND OTHER TAXES) (AMENDMENT) (NO 2) BILL, 2013**

**1.0 INTRODUCTION**

The Customs and Excise (Duties and other Taxes) (Amendment) (No. 2) Bill, 2013 was presented to Parliament by Hon. Deputy Minister, Mr. Cassiel Ato Forson on behalf of the Hon. Minister for Finance and read for the first time on Thursday, 28<sup>th</sup> November, 2013 and 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 Parliament of Ghana. 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 documents at its deliberations:

- The 1992 Constitution of Ghana.
- The Standing Orders of the Parliament of Ghana.
- The Customs and Excise (Duties and other Taxes) Act, 1996 (Act 512)

### **3.0 BACKGROUND**

The Minister of Finance in presenting the 2014 Budget Statement and Economic Policy of Government outlined policy measures that the government intends to undertake to promote and increase the printing of textbooks and exercise books as well as the manufacture of the HIV/AIDS drugs locally. And it is to give effect to these measures that the Customs and Excise (Duties and other taxes) (Amendments) (No. 2) has been presented to Parliament for consideration.

### **4.0 PURPOSE OF THE BILL**

The Bill seeks to amend the Customs and Excise (Duties and Other Taxes) Act, 1996 (Act 512) to exempt raw materials used for the manufacture of HIV/AIDS drugs and the printing of textbooks and exercise books from import duty.

### **5.0 PROVISIONS OF THE BILL**

The Bill has one clause which amends Section 7 of Act 512 to exempt materials used for the manufacture and printing textbooks and exercise books from import duty.

### **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 learnt that the country has been experiencing intermittent shortages of Anti-Retroviral Drugs for the treatment of HIV/AIDS and that the incentive regime put in place to boost local production expired in year **2012** and the effective date for exempted goods is January, 2014. The Committee also considered its own tight

schedule and the fact that Parliament will be going on recess upon the passage of the Appropriations Bill.

***Rationale for the Bill***

Commenting on the rationale for the Bill, the Minister indicated that currently the importation of text books and exercise books into the country attract zero import duty while the importation of raw materials for the printing of textbooks and exercise books attract twenty per cent (20%) import duty. The Minister explained that the current regime discriminates against local manufacturers and reduces their competitiveness and the removal of the tax will bring equity and help promote the local printing industry.

Regarding the HIV/AIDS drugs it was stated that there has been intermittent shortage of drugs which if not immediately addressed would adversely affect the persons living with HIV/AIDS.

***Control mechanism to check Abuse of the regime.***

The Committee was informed that to prevent the abuse of the regime and to ensure that the exemptions achieve the intended purposes, the exemption of the raw materials for the local manufacture of the HIV/AIDS drugs will be done under the supervision of the Ministry of Health while the exemptions for the raw materials for the printing of the text and exercise books will be through tenders administered by the Ministry of Education.. Further, the relief will be controlled with the support of the Customs Division of the GRA through the bonded warehouse system.

The Committee however, is of the view that since the exempted raw materials particularly, those meant for the printing of textbooks and exercise books could be used for other purposes, the Ministry of Finance should tighten the control measures to ensure that the system is not abused.

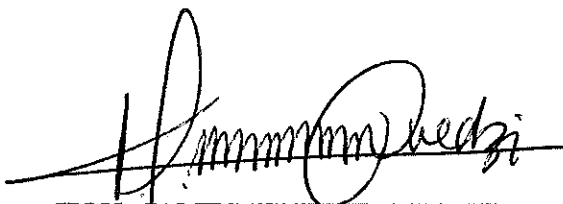
***Amount Realised and Expected Revenue Lost***

The Committee was informed that the total expected revenue for the year (Jan –Dec), 2013) on the importation of raw materials for the printing of textbooks and exercise books is *Six Million, One Hundred and Eighty-eight Thousand, Seven Hundred and Four Cedis and Fifty-one pesewas (GH¢6,188,704.51)* and as at October, 2013, an amount of *Five Million, One Hundred And Fifty-seven Thousand, two Hundred and Fifty-three Cedis and Seventy-six pesewas (GH¢5,157,253.76)* has been collected. The expected total revenue for the year 2014 was also given as *Six Million, Eight Hundred and Seven Thousand, Five Hundred and Seventy-four Cedis and Ninety-six pesewas (GH¢6,807,574.96)*. This implies that the projected revenue lost to the state for the year 2014 is **GH¢6,807,574.96**. Detailed break-down is attached as appendix 1

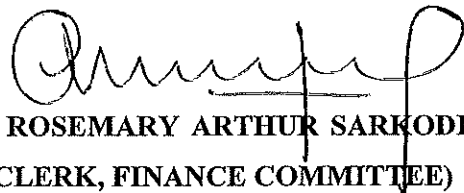
**8.0 CONCLUSION**

The Committee upon a thorough examination of the Bill is hopeful that the proposed exemptions will help promote local printing and pharmaceutical industries and boost the fight against the HIV/AIDS pandemic. The Committee accordingly recommends to the House to adopt its report and take the Customs and Excise (Duties and other Taxes) (Amendment) (No. 2) Bill, 2013 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 CUSTOMS AND EXCISE (DUTIES AND OTHER TAXES (AMENDMENT (NO. 2) BILL, 2013

DESCRIPTION	CIF	TAX RATE	IMPORT DUTY (JAN. - OCT. 2013)	PROJECTION (JAN. - DEC.2013)	2014 PROJECTION
PAPER-RAW MATERIALS FOR PRINTING OF TEXTBOOK/ EXERCISE BOOK	12,198,070.94	20%	2,439,614.19	2,927,537.03	3,220,290.73
PRINTING INK-RAW MATERIALS FOR PRINTING OF TEXT BOOK/ EXERCISE	13,588,197.86	20%	2,717,639.57	3,261,167.49	3,587,284.24
<b>TOTAL</b>	<b>13,588,197.86</b>		<b>5,157,253,76</b>	<b>6,188,704.51</b>	<b>6,807,574.96</b>