

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

REPORT OF THE FINANCE COMMITTEE

ON THE

CUSTOMS AND EXCISE (DUTIES AND OTHER TAXES) (AMENDMENT) BILL

2ND JULY, 2013

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**REPORT OF THE FINANCE COMMITTEE ON THE CUSTOMS AND EXCISE
(DUTIES AND OTHER TAXES) TAX (AMENDMENT) BILL**

1.0 INTRODUCTION

The customs and Excise (Duties and Other Taxes) (Amendment) Bill was presented to Parliament by the Hon. Minister for Finance and read for the first time on Friday, 28th June, 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 House. The Committee was also to determine whether the Bills of an urgent nature and 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.

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

The Committee is grateful to the Hon. Ministers and Officials from the Ministry, AG's Department and GRA for attending upon it.

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.
- Customs and Excise (Duties and Other Taxes) Act, 2012 (Act 840)
- The Customs and Excise (Duties and Other Taxes) (Amendment) Act, 1996 (Act 512)

- The Customs and Excise (Duties and Other Taxes) (Amendment) Bill

3.0 BACKGROUND

The Government in a bid to reduce prices of telephone sets to encourage usage removed the import duty on telephone sets. Unfortunately, the gesture has not yielded the desired results. Prices of telephone sets have actually increased over the period contrary to government objective. There is therefore, the need to reintroduce import tax on telephone sets to generate revenue and also create an even playing field for locally manufactured telephone handsets to favourably compete with the imported ones.

The Bill also reviews downwards import duty on plastic and plastic products from 15% to 5% on the ex-factory price to be computed on the CIF value of the goods to be paid at the point of entry. It also expands the tax base to include all plastic and plastic products.

4.0 PURPOSE OF THE BILL

The Bill seeks to amend the Customs and Excise (Duties and Other Taxes) (Amendment) Act, 1996 (Act 512) to impose import duty on telephone sets including mobile, cellular and satellite phones and to review the environmental excise tax on plastic and plastic products. The bill repeals Tariff No. 6 of the Customs and Excise (Duties and Other Taxes) Act, 2012 (Act 840).

5.0 PROVISIONS OF THE BILL

The proposed Amendment to the Customs Excise (Duties and Other Taxes) (Amendment) Bill is divided into two clauses.

Clause 1 amends schedule of Act 512 to re-impose a 20% import duty on telephone sets and to review the duty on plastic and Plastic Products.

Clause 2 repeals tariff No. 6 of the Customs and Excise (Duties and Other Taxes) (Amendment) Act, 2012 (Act 840).

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 of passage in one day in accordance with Article 106 (13) of the Constitution and Order 119 of the Standing Orders of the House.

Possible Effects of the proposed Tax

The Minister indicated that the re-imposition of the tax will offer protection to local telephone sets manufacturers. This, in the view of the Minister will create employment and eventually increase government revenue.

Plastic Waste Management

The Committee observed that though the Bill also seeks to review the environmental excise tax on plastic and plastic products, no provision was made to allocate portion of the revenue to deal with the menace of plastic waste in the country. The Committee noted that since the tax is specifically on plastic and plastic products, a portion should be set aside to manage plastic waste in the country. The Minister however, stated that the tax system in the country is overburdened with earmarked funds. According to the Minister, about 88% of revenues collected in the country are earmarked for various activities and sectors of the economy.

The Minister however, proposed that the Ministries of Environment, Science, Technology and Innovation and Local Government and Rural Development could develop a comprehensive Sanitation Management programme for consideration by Cabinet. The Committee therefore calls on the two Ministries to, as a matter of urgency, develop a comprehensive Sanitation Management programme as proposed by the Minister of Finance.

Expected Revenue

The estimated revenue expected from the imposition of the levy for the remaining half year of 2013 was given as follow:

- Handsets – *Forty-nine, Million, Eight Hundred Thousand Ghana Cedis (GH¢49,800,000.00)*; and
- Plastic and Plastic products- *Twenty-six Million Ghana Cedis (GH¢26,000,000.00.)*

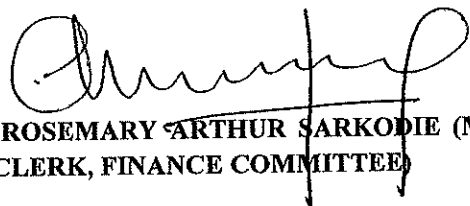
8.0 CONCLUSION

The Committee upon a thorough examination of the Bill recommends to the House to adopt its report and take the **Customs and Excise (Duties and Other Taxes) (Amendment) Bill** 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.

Respectfully submitted.



**HON. GABRIEL KODWO ESSILFIE
(VICE CHAIRMAN, FINANCE COMMITTEE)**



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

