

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

REPORT OF THE

FINANCE COMMITTEE

ON THE

AIRPORT TAX (AMENDMENT) BILL

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**REPORT OF THE FINANCE COMMITTEE ON THE AIRPORT TAX
(AMENDMENT) BILL**

1.0 INTRODUCTION

The Airport Tax (Amendment) Bill was presented to Parliament by the Hon. Minister for Finance and read for the first time on Friday, 22nd March, 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.

Pursuant to the referral, the Committee met with the Hon. Minister for Finance, Mr. Seth E. Terkper, the Commissioner-General of Ghana Revenue Authority (GRA), Mr. George Blankson, and Officials of the Ministry and GRA during the consideration of the referral.

The Committee is grateful to the Hon. Minister, Commissioner-General and Officials of the Ministry 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.
- Airport Tax Act, 1963 (Act 209)

- Airport Tax (Amendment) Bill

3.0 BACKGROUND

The Ghana Airport Company Limited is a limited liability company registered under the companies Act, 1963 (Act 179) with the Government of Ghana as the sole shareholder. The Company is responsible for the development of all airports in Ghana. Ghana's only international airport (Kotoka International Airport) has become the hub for the West African region and the increasing number of passengers and airlines are putting pressure on facilities at the Airport. Also, the increasing demand for domestic flights is putting similar pressure on domestic airports across the country. It is the intention of government to upgrade the facilities at the airports to higher standards. This requires massive investment hence the proposal to allocate 100% of all airport tax to the Ghana Airport Company Limited to undertake this activity.

4.0 PURPOSE OF THE BILL

The Bill seeks to amend the Airport Tax Act, 1963 (Act 209) to allocate all airport tax collections to Ghana Airport Company Limited so that the entire revenue raise can be used to develop both the international and local airports.

5.0 DIVISION OF THE BILL

The proposed Amendment to the Airport Tax Act, 1963 is in three parts.

Clause 1 amends section 1 of Act 209 to make provision for the Commissioner-General to pay to the Ghana Airports Company Limited one hundred percent of all revenue raised from airport tax.

Clause 2 amends section 8 of Act 209 by the insertion of a new definition to clarify the status of Ghana Airport Company Limited.

Clause 3 repeals the Airport Tax (Amendment) Act, 2003 (Act 638).

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

GRA imposing tax and not Airport Company imposing its own Levies

Commenting on why Ghana Airport Company (GAC) was not allowed to impose its own fees and levies like other commercial entities, the Committee was informed that Airport Company currently imposes some levies such as ground rent. What the amendment seeks to do is to allow the Company to retain 100% of the tax to enable it undertake some developmental projects that has occasioned as a result of the increase traffic at both the international airport and the domestic ones. The arrangement would therefore be reviewed at a point where GAC is financially viable to borrow on its own balance sheet.

The Committee holds the view that since the rehabilitation of the airports involves heavy investment, there was the need to explore other sources of funding to supplement the retention funds and advises the Minister for Finance and the Airport Authority to explore other areas of raising fund to improve the existing facilities to internationally acceptable standards.

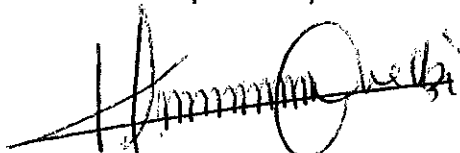
The retention amount

The Committee was informed that the total receipt of Airport Tax amounted to ***GH¢113.98 million*** in 2012. The Ghana Airport Company was accordingly allowed to retained ***GH¢45.59 million (40%)***. Budgeted amount for year 2013 is ***GH¢155.97 Million***. Though the Committee believes the amount may not be sufficient considering the magnitude of works which needs to be carried out to bring the airports to an internationally accepted standard, there is the urgent need for accountability mechanisms to ensure efficient use of the funds collected. The Committee therefore calls on the Minister for Finance to concern himself with the programmes and activities of the Company particularly, its Governing Board. The Committee further urges the Parliamentary Select Committees on Employment, Social Welfare and State Enterprises, and Roads and Transport to exercise an effective oversight on the activities and operations of the Company.

8.0 CONCLUSION

The Committee upon a thorough examination of the Bill recommends to the House to adopt its report and take the Airport Tax (Amendment) 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, FINACE COMMITTEE)**