

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

REPORT OF THE FINANCE COMMITTEE

ON THE

**CUSTOMS AND EXCISE (PETROLEUM TAXES
AND PETROLEUM RELATED LEVIES)
(AMENDMENT) BILL, 2014**

DECEMBER, 2014

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**REPORT OF THE FINANCE COMMITTEE ON THE CUSTOMS AND
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LEVIES) (AMENDMENT) BILL, 2014**

1.0 INTRODUCTION

The Customs and Excise (Petroleum Taxes and Petroleum Related Levies) (Amendment) Bill, 2014 was presented to Parliament by the Hon. Minister for Finance and read for the first time on Wednesday, 19th November, 2014 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 Committee was also to determine whether the Bills is of an urgent nature to 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. Deputy Minister for Finance, Mr. Casiel Ato Baah Forson**, Officials of the Ministry of Finance and the Ghana Revenue Authority (GRA), and considered the referral.

The Committee is grateful to the Hon. Deputy Minister 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.
- The Customs and Excise (Petroleum Taxes and Petroleum Related Levies) Act, 2005 (Act 685)

3.0 BACKGROUND

The Minister of Finance in presenting the 2014 Budget Statement and Economic Policy of Government for the year ending December, 2015 outlined policy measures that the government intends to undertake to improve revenue generation and to streamline tax administration. Among these measures was the change in the rate of duty imposed on selected petroleum products from specific rates to ad-valorem excise duty rate. The implementation of the ad-valorem rate however encountered some challenges. Government therefore in the 2015 Budget Statement and Economic Policy seeks to reverse the rate of duty from ad-valorem back to specific tax rate. The introduction of the Bill therefore is in line with this policy measure as outlined in the Budget.

4.0 PURPOSE OF THE BILL

The Bill seeks to amend the Customs and Excise (Petroleum Taxes and Petroleum Related Levies) Act, 2005 (Act 685) to change the rate of duty imposed on selected petroleum products from ad valorem to specific excise duty rate and to provide for related matters.

5.0 PROVISIONS OF THE BILL

The proposed Customs and Excise (Petroleum Taxes and Petroleum Related Levies) (Amendment) Bill, 2014 is made up of one clause.

The Clause amends the First Schedule of Act 685 by replacing it with another Schedule which specifies the specific excise duty payable on selected petroleum products.

6.0 OBSERVATIONS

6.1 *Urgency of the Bill*

The Deputy Minister informed the Committee that the Bill when passed into an Act will take effect from 1st January, 2015. He further explained to the Committee that revenues that will accrue to the state from the implementation of the tax will be applied toward the execution of the 2015 budget.

In view of the above explanation the Committee was of the view that the Bill is not of an urgent nature to be taken under a certificate of urgency.

6.2 *Reason for the change*

The Committee was informed that, the ad-valorem excise duty rate on petroleum products was not implemented since the Act was amended in 2014. The Deputy Minister explained to the Committee that, the increasing prices of crude oil over the period, the implementation of the Act would have further increase prices of petroleum products. He further explained that the change back to specific rates will ensure that taxes will not

increase when crude oil prices increase. He explained that the decision to change back to specific rates is consistent with government efforts to stabilize the prices of petroleum products to make it cheaper and affordable.

7.0 AMENDMENTS


The Committee, after its deliberations proposed the following Amendments to the Bill:

First Schedule – Amendment proposed – item 7 delete “2.945” and insert “0.2945”

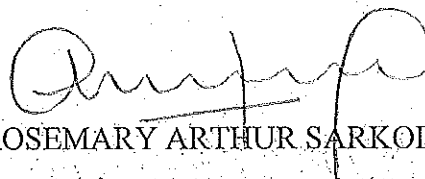
8.0 CONCLUSION

The Committee upon a thorough examination of the Bill recommends to the House to adopt its report and take the Customs and Excise (Petroleum Taxes and Petroleum Related Levies) (Amendment) Bill, 2014 through the various stages in accordance with Article 106 of the Constitution and Orders 126 of the Standing Orders of the House.

Respectfully submitted.



HON. JAMES KLUTSE AVEDZI
(CHAIRMAN, FINANCE COMMITTEE)



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

November, 2014