

**IN THE SECOND SESSION OF THE THIRD
PARLIAMENT OF THE FOURTH REPUBLIC OF
GHANA**

**REPORT OF THE FINANCE COMMITTEE ON THE
REQUEST FOR TAX EXEMPTION IN RESPECT OF
TAX AND DUTY EXEMPTIONS FOR THE
TAKORADI-AGONA JUNCTION ROAD
REHABILITATION PROJECT**

1.0 INTRODUCTION

Members would recall that the above document was previously laid in the House on Friday, 11th May 2001 and referred to the Finance Committee for consideration and report pursuant to Article 174(2) of the Constitution.

The Committee met with the Minister for Roads and Highways, Hon. Kwadwo Adjei Darko, and a technical team from the Ministries of Finance and Roads & Transport to examine the request, and reported on it.

The Report was however rejected on the basis that the stated amount and the equipment to be exempted were not certified by the CEPS, IRS and VAT Service and therefore not acceptable.

The Request was re-laid on Wednesday, 13th February 2002 and referred once again to the Committee for consideration and report.

The Committee met and examined all the necessary documents provided by CEPS, IRS and VAT as requested by the House and found them to be appropriate and therefore reports as follows:

2.0 BACKGROUND INFORMATION

The Government of Ghana secured a Grant from the Danish Government, under which a Transport Sector Program support comprising a trunk road component, a feeder road component and institutional support in conformity with the National Transport Sector Development Framework is to be undertaken.

There were three Agreements relevant to the Grant and under all three there were Articles stipulating that the project and all Agreements relevant thereto, as well as the income of the Contractors and Expatriate staff, are to be exempted from the payment of all forms of duties, taxes and fiscal levies in the Republic of Ghana.

The three Agreements are:

- (i) General Terms and Procedures of Development cooperation between the Government of Denmark and the Government of Ghana dated 30th March 1993.
- (ii) Transport Sector Support Programme dated 8th July 1999 between the Government of Denmark and Government of Ghana.
- (iii) Memo of Understanding between Danida and the then Ministry of Roads and Transport in respect of the project signed on 22nd June, 2000.

Under the Agreement, the trunk road component, which involves the rehabilitation of the 28 km Takoradi-Agona Junction road and which forms part of the coastal highway between Accra and the Western Region is to be fully funded by Danida. The contract was awarded to Messrs Skanska-Sonitra JV in October 2000.

The tax exemptions sought under the three Agreements fall into four categories.

The first category seeks to exempt all materials and equipment imported by, or supplied to, the contractor for the execution of the project from import duties, taxes, national or other public charges;

The second category seeks to exempt the goods, works and services supplied by the consultants and contractors employed by DANIDA for the purposes of implementing the project, from taxes, duties and levies;

The third category seeks to exempt the expatriate personnel and executing agencies from the payment of income tax or any other direct tax or charge in respect of any emoluments paid to them from funds or resources provided by DANIDA for the purposes of implementing the project; and

The fourth category seeks to exempt the expatriate personnel and their spouses and dependants from payment of customs duties, taxes, and other charges imposed on the importation of household goods and personal effects.

Attached are copies of the relevant Articles stipulating the tax exemptions titled Appendices A – D and a list of all materials and equipment to be exempted, titled Appendices E – G.

3.0 OBSERVATIONS

The Committee was informed that the project, started in October 2000, has already suffered delays due to the issues on payment of taxes and duties related thereto.

It was also observed that should these exemptions not be granted, any duties and taxes paid by the Contractors and expatriate staff would have to be refunded by the Government of Ghana including any interest, penalties and exemptions payable or incurred in connection therewith.

Therefore in order to avoid the Government incurring more debts as a result of the interest that is likely to accrue on the taxes, it has become necessary to seek approval from the House to waive the payment of the required duties and taxes on the specified equipment, spares, personal effects and materials being used for the execution of the project, as provided for under the contract agreements.

The Committee also observed that the total amount of tax and duty exemptions claimed under the three Agreements in respect of


materials and equipment for the project, income of the expatriates and company tax is estimated to *circa* ₵6,118,475,000.00.

This figure is however subject to change in accordance with the cedi – dollar exchange rate.

4.0 RECOMMENDATION

In view of the above observations, the Committee recommends to the House the approval by Resolution, the exemption from payment of duties and taxes amounting to *circa* ₵6,118,475,000.00 in respect of the income of the expatriates, company tax and on equipment and other materials to be used for the rehabilitation of the Takoradi-Agona Junction Road in accordance with Article 174(2) of the Constitution.

Respectfully submitted.


HON. E. A. AGYEPONG
(CHAIRMAN)


ALHAJI IBRAHIM GOMBILLA
(CLERK)

7TH MARCH 2002

APPENDIX A

Article 9

Importation, Import taxes, and Other Public Charges

The Government of Ghana shall secure a timely importation and clearance through customs of goods covered by this Agreement, which include lists of materials to be imported by contractor according to specification in the Works Contract. The parties shall ensure that the Danish grant is not used for payment of any import duty, tax, national or other public charge such as import surcharges, duties to compensate for domestic excise taxes, charges or deposits in connection with the issuance of payments, work permits, licenses or import licenses for all equipment, materials, supplies, and spare parts supplied by Denmark to the activities agreed upon.

Article 10

Information, Monitoring, and Evaluation

The parties shall collaborate fully to ensure that the purposes of this Agreement be accomplished. To that end, the Parties shall exchange views with regard to matters relating to the Programme and provide each other with all data, documentation and information available to them, shall give all appropriate mutual assistance required in the discharging of the parties duties and provide all necessary support, in particular in all administrative questions, to facilitate the due implementation of the project.

Joint Danish-Ghanaian Annual reviews shall be carried out at Programme level in accordance with the SPS-Documents or at request of either party. At Component level reviews will be planned according to need and be decided upon either prior to or at the Annual Sector Review.

APPENDIX B

ARTICLE 2

Objective of Memorandum of Understanding

The objective of the Memorandum of Understanding is to ensure joint co-operation and efforts by all parties in the implementation of the trunk road component of the of the Transport Sector Support Programme (TSPS) as defined in the component description outlined in the Sector Programme Support Document.

ARTICLE 3

Organisation, Management & Administration

Danida will enter into contracts with consultant (s) and Contractor (s) for the execution of the Takoradi – Agona Jn. rehabilitation works. The management team for the implementation of the component will comprise the consultant's Resident Engineer and the contractors Site Manager in consultations with GHA. Danida will monitor implementation and authorise variations in due consultations with all parties.

ARTICLE 4

Inputs by Danida

The inputs by Danida are;

- to provide funding for the rehabilitation of the Takoradi- Agona Jn. road, the expatriate and Ghanaian consultants for design, tendering, supervision, capacity building, institutional development and socio-economic development.
- select, Danish consultants by competitive tendering to be responsible for design, tendering and on optional basis also for supervision in consultations with GHA
- select contractors to implement road works in consultations with GHA
- monitor project implementation
- hand over work sites and as-built drawings to GHA upon satisfactory completion of road works.

ARTICLE 5

Obligations of the Government of Ghana

- A. The Government of Ghana shall promptly inform Danida of any major problem or deviation from the stipulations made in the Government Agreement. Possible mitigation will be agreed upon in consultation with the Government of Ghana (GOG), Ghana Highway Authority (GHA) and Danida.

B. The Ghana Highway Authority shall;

- i act as the liaison between Danida and other affiliated agencies
- ii advice on all reports, recommendations and other matters concerning the component referred to it by Danida in reasonable time to avoid delay or disrupt the execution of works and services.
- iii inform Danida of any condition which interferes or threatens to interfere with the successful implementation of the component.
- iv designate officials to closely follow the supervision of activities and also attend site meetings in order to discuss and agree on possible variations. (Issue on definition of roles for each party to be discussed).

C. Exemptions, Permits and Authorisations

The Government of Ghana shall ensure that goods, works and services supplied by consultants and contractors employed by Danida for purposes of implementing the component shall be exempted from taxes, duties and levies

It shall also secure all relevant permits and authorisations to enable the consultants and contractors perform their duties

D. Right of Way for Road Construction

The Government of Ghana shall secure the right of way for road construction, make provisions for the settlement of compensation in respect of land acquisition and also ensure timely disbursements in accordance with the implementation schedule of the component

The Government of Ghana shall make funds available for the relocation of utilities at the construction site as and when required and in due time to avoid delays.

E. Maintenance

The GHA will take over the road sections upon completion after those sections have passed all tests on completion prescribed in the contract and apply timely routine and periodic maintenance when required in order to ensure the sustainability of the Danida investment.

It shall also enforce axle loads on traffic limits in order to uphold the estimated lifetime of the investment.

APPENDIX C

STS. 1

Overenskomst

AGREEMENT

on
General Terms and Procedures of Development
Co-operation
between
the Government of Denmark and the
Government of Ghana

OVERENSKOMST

om
generelle betingelser og procedurer
for udviklingssamarbejde
mellem
Danmarks regering og
Ghanas regering

Preamble

The Government of Denmark, hereinafter referred to as Denmark, and the Government of Ghana hereinafter referred to as Ghana, desiring to co-operate in promoting the economic and social development of Ghana, have agreed as follows:

Præambel

Danmarks regering, i det følgende benævnt Danmark, og Ghanas regering, i det følgende benævnt Ghana, som ønsker at samarbejde for at fremme økonomisk og social udvikling i Ghana, har indgået følgende overenskomst:

Article 1

Obligations of the Parties

Denmark shall make available to Ghana financial assistance, material resources, technical assistance, and training opportunities. Ghana shall ensure the effective utilization of the said assistances and training opportunities.

The specific terms and procedures, including the financial and other obligations of the two parties in regard to specific projects, programmes, and other joint activities under this agreement (hereinafter referred to as Projects) shall in each case be determined by the Parties in Specific Agreements with explicit reference to this Agreement.

Should there be any discrepancy between this Agreement and the Specific Agreement, the latter shall prevail.

In the implementation of this Agreement the Ministry of Foreign Affairs of Denmark shall be competent to represent Denmark, and the Ministry of Foreign Affairs of Ghana shall be competent to represent Ghana (hereinafter referred to as the Competent Authorities).

Article 2

Executing Agencies

For the purposes of this Agreement the term "Executing Agencies" means any public authority and public or private corporation as well

Artikel 1

Parternes forpligtelser

1. Danmark stiller finansiell bistand, materielle ressourcer, faglig bistand og uddannelsesmuligheder til rådighed for Ghana. Ghana sikrer den effektive anvendelse af sådan bistand og sådanne uddannelsesmuligheder.

2. De særlige betingelser og procedurer, indbefattet de to parter finansielle og andre forpligtelser med hensyn til særlige projekter, programmer, og andre fælles aktiviteter under nærværende overenskomst (i det følgende benævnt projekter) træffer parterne i hvert enkelt tilfælde beslutning om i særlige overenskomster med udtrykkelig henvisning til nærværende overenskomst.

3. I tilfælde af uoverensstemmelse mellem nærværende overenskomst og de særlige overenskomster, står de sidstnævnte ved magt.

4. Ved implementeringen af nærværende overenskomst er Danmarks udenrigsministerium kompetent til at repræsentere Danmark, og Ghanas udenrigsministerium er kompetent til at repræsentere Ghana (i det følgende benævnt de kompetente myndigheder).

Artikel 2

Udøvende institutioner

1. I forbindelse med nærværende overenskomst betyder udtrykket »udøvende institutioner« enhver offentlig myndighed og offentlig eller

as any organization whether public or private, accepted by the two Governments and contracted by Denmark to implement the Specific Agreements referred to in Article 1, paragraph 2 above.

privat sammenslutning såvel som enhver organisation, hvad enten offentlig eller privat, der er anerkendt af de to regeringer og kontraheret af Danmark til at implementere de særlige overenskomster, der henvises til i ovenstående artikel 1, stk. 2.

2. Denmark shall, unless otherwise agreed in the Specific Agreement, pay the fees and costs of the Executing Agencies in accordance with the rules and regulations of the Danish Ministry of Foreign Affairs excluding the costs to be covered by Ghana as stipulated in paragraph 3 below.

2. Med mindre andet er vedtaget i de særlige overenskomster, betaler Danmark de udøvende institutioners honorarer og omkostninger i overensstemmelse med det danske udenrigsministeriums regler og forskrifter fraregnet de af Ghana afholdte omkostninger, som fastsat i nedennævnte stk. 3.

3. Ghana shall take the following measures with regard to the Expatriate Executing Agencies:

3. Ghana foranstalter følgende med hensyn til de udsendte udøvende institutioner:

- a) grant them free of charge and without undue delay all necessary permits and authorizations;
- b) exempt them from income tax or any other direct tax or charge in respect of any emoluments paid to them from funds or resources outside Ghana for their services in Ghana under this Agreement;
- c) exempt them from duty to submit the Ghanaian authorities any tax or financial declarations required from private persons or corporations;
- d) impose no currency or foreign exchange restrictions on funds introduced into Ghana by the Expatriate Executing Agencies for the implementation of the activities under this Agreement, and facilitate the exchange and the exportation of such funds as well as the opening of bank accounts; and
- e) exempt them from professional registration and licence requirements.

- a) udsteder dem vederlagsfrit og uden utilbørlig forsinkelse alle de nødvendige tilladelser og autorisationer;
- b) fritager dem for indkomstskat eller andre direkte skatter eller afgifter af indtægter, der tilgår dem fra midler uden for Ghana for deres tjenesteydelser i Ghana i henhold til nærværende overenskomst;
- c) fritager dem fra at fremsende enhver skatte- eller finansiell erklæring til de ghanesiske myndigheder, der kræves af privatpersoner eller sammenslutninger;
- d) fritager midler overført til Ghana af de udsendte udøvende institutioner til implementeringen af aktiviteter i henhold til nærværende overenskomst for valutakontrol og letter omveksling og eksport af sådanne midler såvel som oprettelsen af bankkonti; og
- e) fritager dem for faglige registrerings- og licenskrav.

Article 3

Personnel

1. Technical assistance provided upon Ghana's request under this Agreement may be in the form of technical assistance personnel (short term or long term assignments) employed by the Danish Ministry of Foreign Affairs or by the Executing Agencies referred to in Article II, paragraph 1 above. The provision of the services of the above-mentioned personnel (hereinafter referred to as the Personnel) is subject to the availability of suitable qualified and experienced persons at the appropriate time.

Artikel 3

Personel

1. Faglig bistand stillet til rådighed efter anmodning fra Ghana i henhold til nærværende overenskomst kan være i form af teknisk bistandspersonel (kortvarige eller langvarige opgaver) ansat af det danske udenrigsministerium eller de i ovennævnte artikel 2, stk. 1 nævnte udøvende institutioner. Tilvejebringelsen af ovennævnte personels (i det følgende benævnt personellet) tjenesteydelser er betinget af tilgængeligheden af egnede, kvalificerede og erfarne personer på det rette tidspunkt.

4. Denmark shall cover the rent for suitable housing for the expatriate personnel and their spouses and dependents. Water, electricity, and telephone charges in respect of such housing will be the responsibility of the expatriate personnel. Ghana shall assist in finding such suitable housing.

5. In respect of the Personnel Ghana shall:

- a) make available adequate land, free of charge, or immovable property as may be required for the implementation of Projects under this Agreement.
- b) provide and bear the costs of local support for the work of the Personnel including suitable office and/or laboratory space with all the normal facilities thereto, secretarial services, duty trips, other necessary assistance, and postage and telecommunications for official purposes.
- c) grant leave and absence on account of vacation, sickness, pregnancy, or childbirth in accordance with the respective employment contracts.
- d) assist the spouses of the expatriate personnel in obtaining a work permit in Ghana for the period in which the expatriate personnel is working in Ghana under this agreement.

6. Ghana undertakes that the expatriate Personnel and their spouses and dependents are:

- a) exempted from national service and any other military obligations;
- b) entitled to open bank accounts, exempted from any currency or foreign exchange restrictions imposed on external funds introduced into Ghana, and allowed to exchange and to export such funds as well as any proceeds of household goods and personal effects imported and/or sold in accordance with the provisions in paragraphs 17 and 18;
- c) exempted from professional registration and licence requirements.

7. Ghana will make provisions for the exemption of the expatriate Personnel and their spouses and dependents from:

- a) personal income tax or any other direct tax or charge, including contributions to national social security schemes, in respect of any emoluments paid to them by Denmark for their services in Ghana under this Agreement.

14. Danmark betaler husleje for passende bolig for det udsendte personel og disses ægtefæller og pårørende. Udgifter til vand, elektricitet og telefon i.f.m. sådan en bolig afholdes af det udsendte personel. Ghana skal være behjælpelig med at finde passende bolig.

15. Vedrørende personellet vil Ghana:

- a) gratis stille land eller fast ejendom, som må anses for nødvendige for gennemførelse af projekter under nærværende overenskomst, til rådighed;
- b) skaffe og afholde udgifterne til lokal hjælp til personellet arbejde, herunder passende kontor- og/eller laboratoriefaciliteter med normalt udstyr, sekretærbistand, tjensterejser, anden nødvendig bistand, samt tjenstlige post- og telekommunikationsfaciliteter;
- c) godkende ferie, fravær på grund af sygdom og barselsorlov i overensstemmelse med de respektive ansættelseskontrakter;
- d) være det udsendte personels ægtefæller behjælpelig med at få arbejdstilladelse i Ghana for den periode, som det udsendte personel arbejder i Ghana i medfør af nærværende overenskomst.

16. Ghana forpligter sig til, at det udsendte personel og disses ægtefæller og pårørende:

- a) er fritaget fra værnepligt og enhver anden militær pligt;
- b) har tilladelse til at åbne bankkonti, er undtaget fra restriktioner for fremmed valuta indført til Ghana; og har tilladelse til at veksle og udføre sådanne midler samt ethvert provenu i.f.m indbo og personlige ejendele, som er importeret og/eller solgt i overensstemmelse med reglerne i stk. 17 og 18;
- c) er fritaget for faglig registrering og licensbestemmelser.

17. Ghana sørger for, at det udsendte personel og disses ægtefæller og pårørende fritages for:

- a) personlige indkomstskatter og andre direkte afgifter, inklusiv bidrag til sociale ordninger, af indtægter, som de modtager fra Danmark for deres tjeneste i Ghana under nærværende overenskomst;

b) the duty to submit to Ghanaian authorities any tax or financial declarations required from the citizens of Ghana or aliens residing in Ghana for emoluments mentioned above;

c) all customs duties, taxes, and other related charges imposed on the import of new as well as used household goods and personal effects including a motor vehicle for their exclusive use imported by this Personnel and their spouses and dependents or purchased from a bonded warehouse in Ghana within 6 months after their arrival in Ghana, subject to reexport on completion of service or payment of duties and taxes if sold locally unless to a person entitled to the same privileges. The term "household goods and personal effects" shall include, inter alia, for each household;

- one stove/cooker, microwave oven, refrigerator, deep freezer, dish washing machine and universal kitchen machine,
- one washing machine, dryer, vacuum cleaner and sewing machine,
- two radios, one tape recorder and one record/CD player,
- one TV-video set incl. antenna, cine- and videocamera, and other photographic equipment,
- one air conditioner for each member of the family, however, at least two per household,
- one typewriter,
- minor electrical appliances,
- sports and musical equipment,
- furniture,
- one personal computer set,
- personal professional equipment in reasonable quantities,
- one water pump.

18. In the event that a motor vehicle referred to above is damaged beyond repair as reasonable costs or otherwise lost without neglect on the part of the expatriate Personnel or their spouses and dependents, the exemptions mentioned in that paragraph apply to the importation or purchase of a new motor vehicle irrespective of any time limit. Furthermore, Ghana shall allow import free of customs duties, taxes, or other charges of one motor vehicle after three years have elapsed since the first entry

b) pligten til at oplyse de ghanesiske myndigheder om skatte- og finansielle forhold, som kræves af ghanesiske borgere eller fastboende udlændinge i Ghana, vedrørende indtægter som ovenfor anført;

c) alle toldafgifter, skatter og andre gebyrer i.f.m. import af nyt såvel som brugt indbo og personlige ejendele, inkluderet et motorkøretøj, som personellet og disses ægtefæller og pårørende indfører til eget brug, eller indkøber i Ghana fra frilager inden 6 måneder efter deres ankomst, under forudsætning af at disse genstande genudføres ved tjenestetidens ophør, eller at der betales afgifter og skatter, hvis de sælges lokalt, bortset fra salg til personer der nydersamme privilegier. Udtrykket »indbo og personlige ejendele« omfatter bl.a. for hver husstand:

- et komfur, en mikrobølgeovn, et køleskab, en dybfryser, en opvaskemaskine og en universel køkkenmaskine,
- en vaskemaskine, en tørretumbler, en støvsuger og en symaskine,
- to radioer, en båndoptager og en plade/CD-spiller,
- et TV-video sæt med antenne, film- og videokamera og andet fotografisk udstyr,
- en air conditioner for hvert familiemedlem, dog mindst to pr. husstand,
- en skrivemaskine,
- mindre elektriske apparater,
- sportsudstyr og musikinstrumenter,
- møbler,
- en personlig computer,
- personligt fagligt udstyr i rimeligt omfang,
- en vandpumpe.

18. I tilfælde af at et motorkøretøj, som anført ovenfor, bliver beskadiget i en sådan grad, at det ikke vil kunne betale sig at reparere det, eller på anden måde går tabt uden at det udsendte personel eller disses ægtefæller og pårørende er skyld deri, skal de i ovenstående stk. omtalte fritagelser gælde for import eller køb af et nyt motorkøretøj uden hensyn til tidsfrist. Endvidere skal Ghana tillade told-, afgifts- og gebyrfri indførsel af et motorkøretøj tre år efter personellens første indrejse i Ghana, hvis personel-

Done in ACCRA on this the 30th day of
rch 1993 in two originals in the English lan-
guage (both texts being equally authentic).

Udfærdiget i ACCRA den 30. marts 1993 i to
originaleksemplarer på engelsk (begge eksem-
plarer har samme gyldighed).

For the Government for Ghana

Dr. Kwesi Botchway
Minister for Finance and
Economic Planning

For the Government of Denmark

Jorn Krogbeck
Ambassador

For Ghanas regering

Dr. Kwesi Botchway
Finansminister og minister for
økonomisk planlægning

For Danmarks regering

Jorn Krogbeck
Ambassadør

Udenrigsministeriet, den 7. juli 1994

NIELS HELVEG PETERSEN

APPENDIX D

Rehabilitation of the Takoradi Victoria Junction Road

- Permitted Resources** 21.2 If it appears to the Contractor that the following conditions apply, namely:
- (a) compliance with Sub-Clause 21.1 will make performance of his obligations impracticable, and
 - (b) the cause of such impracticability was Unforeseeable,

then the Contractor shall give notice to the Engineer. The notice shall describe the cause of such impracticability, shall set out the reasons why the Contractor considers it to be Unforeseeable, and shall include detailed particulars of the proposed Subcontractor, Plant and/or Materials which the Contractor considers would enable him to perform his obligations under the Contract.

The Engineer may (or may not) then give notice to the Contractor, describing the Subcontractor, Plant and/or Materials which the Contractor is permitted to use and/or incorporate in the Works (as the case may be), as a "Permitted Resource". The Engineer shall respond to the Contractor's notice as soon as practicable, either by issuing a notice or by advising the Contractor that no such permission is being given, at the Employer's discretion.

If the Cost of the proposed subcontract, Plant or Materials is expected to be less than the limit of the Engineer's authority stated in the Appendix to Tender, the Engineer shall respond to the Contractor's notice within 21 days.

Nothing in this Sub-Clause limits the obligations, liabilities or responsibilities of a Party, or entitles a Party to an adjustment of the Contract Price, irrespective of whether any such permission is given or withheld.

- Failure to Comply** 21.3 If the Contractor fails to supply to the Engineer (upon request) reasonable evidence that any Subcontractor or item of Plant or Materials is a Permitted Resource or Eligible Resource, the Employer shall be entitled to claim a reduction of the Contract Price in accordance with Sub-Clause 2.5. This reduction shall be the total Cost of any Subcontractors, Plant and Materials for which the Contractor has failed to supply such reasonable evidence, plus any cost incurred by the Employer's Personnel which is attributable to such failure.

- Goods Purchased in the Country** 21.4 This Clause 21 shall not apply to any item of Goods:
- (a) which is purchased in the Country,
 - (b) which is neither made, nor imported into the Country, for use in connection with the Works,
 - (c) for which all duties and taxes have been paid and will not be recoverable under Clause 22, and
 - (d) the Cost of which is less than the limit stated in the Appendix to Tender. For Materials normally delivered in bulk, such Cost shall be defined as the Cost of each bulk delivery to the Site.

22 ~~Local Duties and Taxes~~

- ~~Exemption for~~ **Goods** 22.1 The Goods imported by the Contractor into the Country for the Works shall be exempt from customs and other import duties and taxes. In this Clause, "Goods" includes fuel and lubricants required for the Contractor's Equipment.

The Contractor shall prepare the necessary exemption and other documents in accordance with the Laws of the Country, the requirements of customs and other legally constituted authorities, and any other reasonable requirements of the Recipient. The Contractor shall be entirely responsible for the presentation of documentation in order to clear the Goods through the customs authorities, and shall be deemed to have been satisfied (before submitting the Tender) as to all relevant procedures.

Other Duties and Taxes 22.2

All imported Goods, which are not incorporated in or expended in connection with the Works, shall be exported on completion of the Contract. If not exported, or if used in connection with other contracts, the Goods will be assessed for duties (as applicable to the Goods involved) in accordance with the Laws of the Country, and the Contractor shall pay such duties accordingly.

The Contractor shall not be entitled to exemption from:

- (a) port dues, quay dues and similar charges, and
- (b) any element of duty or tax inherent in the price of goods or services procured in the Country,

which shall be deemed to be included in the Accepted Contract Amount.

Responsibility of the Recipient 22.3

The Recipient shall be responsible for exemptions under Sub-Clause 22.1, except to the extent that non-exemption is attributable to a failure by the Contractor to comply with the relevant procedures.

In the event that exemption is not granted, the Contractor shall endeavour to minimise the disruption to the progress of the Works, including paying the duties and/or taxes. The Recipient shall then pay to the Contractor the amount of such duties and taxes as were due and paid and to which the Contractor was entitled to exemption under Sub-Clause 22.1, in the currency in which the duties and/or taxes were paid by the Contractor.

Responsibility of the Employer 22.4

In order to facilitate the Contractor's applications for exemptions, the Employer shall issue to the Contractor, prior to the Commencement Date, a copy of the relevant parts of the Government Project Agreement.

If the Recipient fails to make payment of any amount due under Sub-Clause 22.3 by the date on which the Taking-Over Certificate is issued for the Works, other than by reason of a failure by the Contractor to provide the appropriate documentation entitling him to payment of such amount, it shall be certified and paid in accordance with Clause 14 and included in the Contract Price.

Additional Exemptions 22.5

If and to the extent that the following conditions apply, namely

- (a) the Contractor is exempted from a duty or tax which is applicable in the Country in accordance with its Laws;
- (b) such exemption is Unforeseeable and is not an entitlement under this Clause 22 (but may be described or implied in the Government Project Agreement); and
- (c) the amount of duty or tax is either refunded to, or not paid by, the Contractor;



APPENDIX E INTERNAL REVENUE SERVICE

In case of reply the number and date of this letter should be quoted.

My Ref. No...LTE(M)58883.....

Your Ref. No.....

Tel.....

Fax.....



Chief Inspector of Taxes- Wht.
Large Taxpayers Office

P.O. Box GP3419

Accra

Ghana.
December, 05, 2001

THE FINANCIAL CONTROLLER
SONITRA GHANA LTD
P.O. BOX 6014
ACCRA-NORTH

Dear Sir,

TAX EXEMPTION TAKORADI - AGONA JUNCTION ROAD PROJECT

Thank you for your letter dated 30th November, 2001 on the above subject.

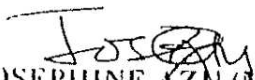
Below is the PAYE tax computation for the expected project duration.

Net Income	-	\$19,500 x 24 months at €7;200 €3,369,600,000.00
Total Gross Income	-	€4,805,500,000.00
Add: Car Element	-	€ 93,600,000.00
Chargeable Income	-	€4,898,100,000.00
Tax thereon	-	€1,462,980,000.00 ✓


Kindly note that the figures above is subject to adjustment in accordance with the exchange rates.

Thank you.

Yours faithfully,


JOSEPHINE AZU (MRS)
CHIEF INSPECTOR OF TAXES - WHT.
LARGE TAXPAYERS OFFICE




20/12/2001



INTERNAL REVENUE SERVICE

In case of reply the number and date of this letter should be quoted.

My Ref. No. LTM 72664
Your Ref. No.
Tel. 66 63 73
Fax. 66 49 38



Chief Inspector of Taxes
Large Taxpayers Office
P.O. Box GP 3419
Accra
Ghana.
December 13, 2001

The Managing Director
Sonitra
P. O. Box 6014
Accra-North

Dear Sir,

COMPANY TAX 2001

I acknowledge receipt of your letter dated 6/12/2001 objecting to our provisional assessment raised on your Company for 2001.

I have taken note of the revenue estimates provided and accordingly revised the assessment as follows:-

Chargeable Income	Ø5,690,000.000
Tax Charged	Ø1,849,250.000 ✓
2.5% National Reconstruction Levy	Ø142,250,000 ✓

Yours faithfully,

Chris Afedo
for: CHIEF INSPECTOR OF TAXES, LTO-(M)

cc:-

Deloitte & Touche
P. O. Box 453
Accra

APPENDIX F

Customs, Excise & Preventive Service Form No. 80

In case of reply the number and date of this letter should be quoted

THE COMMISSIONER
P. O. BOX 68
ACCRA



REPUBLIC OF GHANA

Our Ref: ...H/DUTY/6.....

Your Ref:

26th November, 2001
.....

**THE FINANCIAL CONTROLLER
SONITRA GHANA
P. O. BOX 6014
ACCRA – NORTH.**

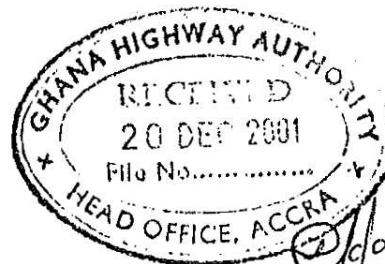
**RE: TAKORADI – AGONA JUNCTION ROAD REHABILITATION PROJECT UNDER
DANIDA FUNDED TRANSPORT SECTOR SUPPORT PROGRAMME
EXEMPTION FROM TAXES AND DUTIES**

This is in response to your letter No. NS/SON/G84/1034/01 dated 21st November, 2001 on the above subject,

The taxes and computation for the various items recorded on the attached list have been verified and found in order.

Please note that the same has been performed accordingly.


For: **COMMISSIONER**
P. ADUBOFIORE, GHANA
AG. DEP. COMM., OPS.



LIST OF EQUIPMENT MATERIAL FOR EXEMPTION
SKANSKA/SONITRA JOINT VENTURE
TAKORADI AGONA JUNCTION ROAD

Description	NEED	In Ghana		To Be Imprtd Or Purchased In Ghana	Unit Price Estimate Value	CIF Value Total USD	Duty Rate	Duty Payable	12.50% VAT	0.50% Exp. Levy	0.50% Ecws Levy	1.00% Pro. Fee	Excise Duty	Road Fund Levy	Other Levies	Total Taxes \$
CAT. D-6	UN	1	1													0
CAT. D-8K	UN	4	3	1	250,000	250,000	0.00%	0	0	1,250	1,250	2,500				5,000
CAT. D-8NR	UN	2	1	1	250,000	250,000	0.00%	0	0	1,250	1,250	2,500				5,000
TRACTOR	UN	4	3	1	50,000	50,000	0.00%	0	0	250	250	500				1,000
CAT. 621-B	UN	4		4	300,000	1,200,000	0.00%	0	0	6,000	6,000	12,000				24,000
CAT. 12-G	UN	3	3				0.00%	0	0	0	0	0				0
CAT. 140-G/H	UN	5	2	3	150,000	450,000	0.00%	0	0	2,250	2,250	4,500				9,000
CAT. 225	UN	3	2	1	150,000	150,000	0.00%	0	0	750	750	1,500				3,000
CAT. 428	UN	2	2				0.00%	0	0	0	0	0				0
CAT. 330L/325	UN	2	1	1	300,000	300,000	0.00%	0	0	1,500	1,500	3,000				6,000
CAT. 330L/325 (martillo)	UN	3		3	300,000	900,000	0.00%	0	0	4,500	4,500	9,000				18,000
P&H OMEGA 25T	UN	2	1	1	250,000	250,000	0.00%	0	0	1,250	1,250	2,500				5,000
GROVE RT 65S 35T	UN	1	1				0.00%	0	0	0	0	0				0
CAT. 955L	UN	1	1				0.00%	0	0	0	0	0				0
CAT. 930	UN	3	1	2	100,000	200,000	0.00%	0	0	1,000	1,000	2,000				4,000
CAT. 950	UN	5	2	3	120,000	360,000	0.00%	0	0	1,800	1,800	3,600				7,200
CAT. 980-F/G	UN	1	1				0.00%	0	0	0	0	0				0
CAT. 968-D/C	UN	4	4				0.00%	0	0	0	0	0				0
CAT. 966-F	UN	2		2	15,000	300,000	0.00%	0	0	1,500	1,500	3,000				6,000
CAT. 936F/938F/950F	UN	4	3	1	120,000	120,000	0.00%	0	0	600	600	1,200				2,400
BOMAG 35/60/75-S	UN	4	4				0.00%	0	0	0	0	0				0
BOMAG 141	UN	2	1	1	20,000	20,000	0.00%	0	0	100	100	200				400
BOMAG 20R/ABG	UN	4	4				0.00%	0	0	0	0	0				0
BOMAG 212/213D VR SD 100	UN	5	4	1	80,000	80,000	0.00%	0	0	400	400	800				1,600
CAT. 815	UN	3	1	2	80,000	160,000	0.00%	0	0	800	800	1,600				3,200
A. COPCO 250 CFM	UN	2	2				0.00%	0	0	0	0	0				0
I. RAND 250 CFM	UN	2		2	20,000	40,000	0.00%	0	0	200	200	400				800
I. RAND 365 CFM	UN	1		1	30,000	30,000	0.00%	0	0	150	150	300				600
I. RAND 750 CFM	UN	2	1	1	50,000	50,000	0.00%	0	0	250	250	500				1,000
I. RAND 825/900 CFM	UN	4	1	3	80,000	240,000	0.00%	0	0	1,200	1,200	2,400				4,800
MARINI 70T/H	UN	1		1	600,000	600,000	0.00%	0	0	3,000	3,000	6,000				12,000
A.B.G. 410/TITAN 323	UN	3	1	2	200,000	400,000	0.00%	0	0	2,000	2,000	4,000				8,000
PHOENIX / ETNYRE	UN	3	2	1	120,000	120,000	0.00%	0	0	600	600	1,200				2,400
CEDERAP. CRUSHER (150T)	UN	1	1				0.00%	0	0	0	0	0				0
POWER SCREEN	UN	1	1				0.00%	0	0	0	0	0				0
GYRO DISK 46"/36"	UN	1	1				0.00%	0	0	0	0	0				0
SYMON S. HEAD	UN	1	1				0.00%	0	0	0	0	0				0
NORDBERG IMPACTOR	UN	1		1	50,000	50,000	0.00%	0	0	250	250	500				1,000
NORD. CRUSHER/SBM	UN	1	1				0.00%	0	0	0	0	0				0

LIST OF EQUIPMENT MATERIAL FOR EXEMPTION

Description	UN	NEED	To Be Imprtd		Unit Price	CIF Value Total USD	Duty Rate	Duty Payable	12.50% VAT	0.50% Exp. Levy	0.50% Ecws Levy	1.00% Pro. Fee	Excise Duty	Road Fund Levy	Other Levies	Total Taxes \$
			In Ghana	Or Purchased In Ghana	Estimate Value											
LORO PARASINI CRUSHER	UN	1		1	100,000	100,000	0.00%	0	0	500	500	1,000				2,000
CEDERAP. L.J.	UN	1		1	50,000	50,000	0.00%	0	0	250	250	500				1,000
ROAD RECLAIMER 350M(SM350)	UN						0.00%	0	0	0	0	0				0
ROAD RECLAIMER 250M	UN	1	1				0.00%	0	0	0	0	0				0
MUD PUMP	UN	2	2				0.00%	0	0	0	0	0				0
WATER ELEC. PUMP	UN	2		2	5,000	10,000	0.00%	0	0	50	50	100				200
WATER PUMP 3"	UN	4	1	3	5,000	15,000	0.00%	0	0	75	75	150				300
WATER PUMP 4"	UN	3	2	1	5,000	5,000	0.00%	0	0	25	25	50				100
I. RAND AIR TRACK 350	UN	3	1	2	80,000	160,000	0.00%	0	0	800	800	1,600				3,200
CHIP SPREADER/BOX	UN	2		2	20,000	40,000	0.00%	0	0	200	200	400				800
MECHANICAL BROOM	UN	2	2				0.00%	0	0	0	0	0				0
T. SCALE	UN	2	1	1	20,000	20,000	0.00%	0	0	100	100	200				400
WINGET/TRIUNF 10/14-R	UN	6	6				0.00%	0	0	0	0	0				0
STETTER 500E	UN	1		1	100,000	100,000	0.00%	0	0	500	500	1,000				2,000
VIBRATOR	UN	10	5	5	2,000	10,000	0.00%	0	0	50	50	100				200
DUMPER 4/40E 4B2000	UN	10	6	4	20,000	80,000	0.00%	0	0	400	400	800				1,600
CUT. MACHINE	UN	2	1	1	5,000	5,000	0.00%	0	0	25	25	50				100
BEN. MACHINE	UN	2	1	1	2,000	2,000	0.00%	0	0	10	10	20				40
C. SILO 60T	UN	2		2	1,000	2,000	0.00%	0	0	10	10	20				40
Q/D TEREX 30 ton	UN	2		2	250,000	500,000	0.00%	0	62,500	2,500	2,500	5,000				72,500
CAT. D-25D	UN	2	2				0.00%	0	0	0	0	0				0
CRANE LORRY	UN	5	3	2	100,000	200,000	0.00%	0	25,000	1,000	1,000	2,000				29,000
MACK TRACTOR	UN	6	4	2	120,000	240,000	0.00%	0	30,000	1,200	1,200	2,400				34,800
T. FLAT	UN	2	1	1	80,000	80,000	0.00%	0	10,000	400	400	800				11,600
TIPPING TRAILER 30 ton	UN	5	3	2	20,000	40,000	0.00%	0	5,000	200	200	400				5,800
LOW BED 40/60 TON	UN	2	1	1	15,000	15,000	0.00%	0	1,875	75	75	150				2,175
BITUMEN TRAILER	UN	2		2	25,000	50,000	0.00%	0	6,250	250	250	500				7,250
TIPPER 6M ³ /7M ³	UN	10	5	5	5,000	25,000	0.00%	0	3,125	125	125	250				3,625
AUTOCAR / MACK TIPPER	UN	17	8	9	100,000	900,000	0.00%	0	112,500	4,500	4,500	9,000				130,500
WATER TANK	UN	10	5	5	10,000	50,000	0.00%	0	6,250	250	250	500				7,250
FUEL TANK	UN	3	2	1	10,000	10,000	0.00%	0	1,250	50	50	100				1,450
Pick up Single cabine 2700 cc	UN	10		10	15,000	150,000	0.00%	0	18,750	750	750	1,500				21,750
Pick up Double cabine 2700 cc	UN	10		10	20,000	200,000	0.00%	0	25,000	1,000	1,000	2,000				29,000
LAND CRUISER OR EQUIVALENT 3.0	UN	2		2	30,000	60,000	20.00%	12,000	9,000	300	300	600				22,200
PRIVATE CAR 1600 cc to 2000 cc	UN	5		5	15,000	75,000	10.00%	7,500	10,313	375	375	750				19,313
TRUCK MIXER	UN	3	1	2	80,000	160,000	0.00%	0	20,000	800	800	1,600				23,200
GEN. 3.5/21-39 KW	UN	5	2	3	10,000	30,000	5.00%	1,500	3,938	150	150	300				6,038
GEN. 40-79 KW	UN	4	2	2	15,000	30,000	5.00%	1,500	3,938	150	150	300				6,038
GEN. 80-09 KW	UN	1	1		15,000		5.00%	0	0	0	0	0				0
GEN. 110-149 KW	UN	3	2	1	20,000	20,000	5.00%	1,000	2,625	100	100	200				4,025
GEN. 150-209 KW	UN	3		3	20,000	60,000	5.00%	3,000	7,875	300	300	600				12,075
GEN. 210-249 KW	UN	2		2	20,000	40,000	5.00%	2,000	5,250	200	200	400				8,050

LIST OF EQUIPMENT MATERIAL FOR EXEMPTION

Description	NEED	In Ghana		To Be Imprtd Or Purchased	Unit Price Estimate	CIF Value	Duty	Duty	12.50%	0.50%	0.50%	1.00%	Excise	Road Fund	Other	Total
				In Ghana	Value	Total USD	Rate	Payable	VAT	Exp. Levy	Ecws Levy	Pro. Fee	Duty	Levy	Levies	Taxes \$
GEN. 250-300 KW	UN	2	1	1	25,000	25,000	5.00%	1,250	3,281	125	125	250				5,031
GEN. 500-700 KW	UN	1	1		30,000		5.00%	0	0	0	0	0				0
WELDING MACHINE	UN	4	3	1	5,000	5,000	0.00%	0	625	25	25	50				725
LATHE	UN	2	1	1	10,000	10,000	0.00%	0	0	50	50	100				200
W/S AIR COMPRESSOR	UN	5	2	3	10,000	30,000	0.00%	0	3,750	150	150	300				4,350
SERVICE TRUCK	UN	3	2	1	80,000	80,000	0.00%	0	10,000	400	400	800				11,600
POLYMA	UN	3	3				0.00%	0	0	0	0	0				0
LABORATORY EQUIPMENT	SET	2		2	25,000	50,000	10.00%	5,000	6,875	250	250	500				12,875
SURVEY EQUIPMENT	SET	1		1	30,000	30,000	10.00%	3,000	4,125	150	150	300				7,725
RADIO EQUIPMENT	SET	1		1	2,000	2,000	10.00%	200	275	10	10	20				515
PRINTERS	UN	10		10	500	5,000	10.00%	500	688	25	25	50				1,288
COMPUTERS	UN	15		15	3,000	45,000	10.00%	4,500	6,188	225	225	450				11,588
SCANNER	UN	2		2	500	1,000	10.00%	100	138	5	5	10				258
TV	UN	6		6	1,000	6,000	10.00%	600	825	30	30	60				1,545
AIR CONDITION	UN	45		45	600	27,000	20.00%	5,400	4,050	135	135	270				9,990
FURNITURE	ENS	13		13	10,000	130,000	20.00%	26,000	19,500	650	650	1,300			15,600	63,700
PERSONAL EFFECTS FOR EXP.	UN	13		13	10,000	130,000	0.00%	0	0	650	650	1,300				2,600
TIRES FOR TRUCKS	UN	1,000		1,000	300	300,000	10.00%	30,000	41,250	1,500	1,500	3,000				77,250
PIPE MAKING MACHINE	IN	1		1			0.00%	0	0	0	0	0				0
SPARE PARTS FOR TRUCKS ENG.	SUM	1		1	2,000,000	2,000,000	10.00%	200,000	275,000	10,000	10,000	20,000				515,000
CEMENT	TO	12,000		12,000	61	732,000	10.00%	73,200	100,650	3,660	3,660	7,320				188,490
GAS OIL	LT	9,500,000		9,500,000	0	1,900,000	0.00%	0	0	0	0	0	284,967	220,684	18,556	524,206
OIL	LT	40,000		40,000	1	38,000	10.00%	3,800	5,225	190	190	380				9,785
BITUMEN	TO	6,400		6,400	250	1,600,000	10.00%	160,000	220,000	8,000	8,000	16,000				412,000
KEROSENE	LT	1,120,000		1,120,000	0	224,000	10.00%	22,400	30,800	1,120	1,120	2,240				57,680
STEEL	TO	550		550	337	185,350	10.00%	18,535	25,486	927	927	1,854				47,728
WOOD	M ³	500		500	150	75,000	0.00%	0	9,375	0	0	0				9,375
PLYWOOD	M ²	10,000		10,000	7	70,000	0.00%	0	8,750	0	0	0				8,750
NITRATE AMMONIUM	TO	150		150	420	63,000	20.00%	12,600	9,450	315	315	630				23,310
DYNAMITE	TO	20		20	2,350	47,000	20.00%	9,400	7,050	235	235	470				17,390
DETONATORS	UN	15,000		15,000	1	19,200	20.00%	3,840	2,880	96	96	192				7,104
ELECTRIC WIRE	ML	100,000		100,000	0	7,000	10.00%	700	963	35	35	70				1,803
BLASTING LINE	MT	10,000		10,000	0	2,700	20.00%	540	405	14	14	27				999
BINDING WIRE	TO	15		15	800	12,000	10.00%	1,200	1,650	60	60	120				3,090
PLASTIC RETARDER	LT	54,000		54,000	2	97,200	10.00%	9,720	13,365	486	486	972				25,029
						18,052,450	Total	620,985	1,183,055	80,037	80,037	160,075	284,967	220,684	34,156	2,663,995

Grand Total Taxes for Exemption

620,985	1,183,055	80,037	80,037	160,075	284,967	220,684	34,156	2,663,995
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APPENDIX 9

VAT SERVICE

IN CASE OF REPLY THE
NUMBER AND DATE OF THIS
LETTER SHOULD BE QUOTED



REPUBLIC OF GHANA

HEAD OFFICE
Near IRS Head Office
Ministerial Area
P. O. Box 17177 , Accra
Tel: 661525 / 661526 / 674187
Fax: 674186/244917

Our Ref: **OPS-PDI-01127**

Your Ref:.....

27TH NOVEMBER 2001

**NADAV SIMHONI
SKANSKA SONITRA J.V
P. O. BOX 6014
ACCRA - NORTH**

Dear Sir,

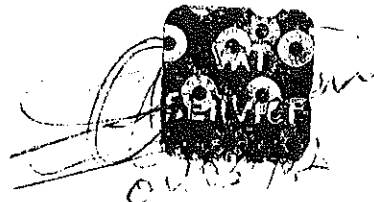
**RE: TAKORADI-AGONA JUNCTION ROAD REHABILITATION PROJECT
UNDER DANIDA FUNDED TRANSPORT SECTOR SUPPORT PROGRAMME**

This has reference to your letter dated 27th November 2001, titled as above and its attachment of a table showing computed duties and VAT chargeable on a list of items for the construction industry as confirmed by CEPS.

We wish to attest to our verification and confirmation of the VAT computations on the said table (copy attached).

Yours faithfully,

**GEORGE BLANKSON
DEPUTY COMMISSIONER (OPS)
FOR: COMMISSIONER**



SUBMIT YOUR VAT RETURNS PROMPTLY TO AVOID SANCTIONS