

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

**REPORT OF THE FINANCE COMMITTEE ON THE
REQUEST FOR WAIVER OF TAXES/DUTIES
AMOUNTING TO €1,142,803.00 ON EQUIPMENT
AND MATERIALS TO BE IMPORTED OR PURCHASED
LOCALLY FOR THE IMPLEMENTATION OF THE
PROJECT OF UPGRADING AND ENHANCEMENT OF
TECHNICAL AND VOCATIONAL TRAINING CENTRES**

1.0 INTRODUCTION

The Request for waiver of taxes/duties amounting to *one million, one hundred and forty-two thousand, eight hundred and three Euros* (€1,142,803.00) on equipment and materials to be imported or purchased locally for the implementation of the project of upgrading and enhancement of Technical and Vocational Training Centres was laid in the House on Wednesday 2nd February, 2011 and *referred* to the Finance Committee for consideration and report in accordance with article 174(2) of the Constitution and order no. 169 of the Standing Orders of the House.

The Committee met and considered the Agreement with the Deputy Minister of Finance and Economic Planning, Hon. Seth Terkper, Deputy Minister of Education, Hon. Elizabeth Amoah-Tetteh and technical teams from the Ministries of Finance & Economic Planning and Education and hereby presents this report to the House pursuant to Order 161(1) of the Standing Orders of the House.

2.0 BACKGROUND

The Government of Ghana places emphasis on Teacher Education and Technical and Vocational Education as part of its enhanced human resource development efforts. In support of this vision and in a bid to support Government's poverty reduction programme, the Ministry of Education has prioritized the upgrading of teacher education and enhancement of technical and vocational training centres in the country.

To this end, the Ministry of Education in collaboration with the Ministry of Finance and Economic Planning approached the Central bank of Austria for funding to implement this project. The total cost of the project is estimated at twenty-five million Euros (€25.0 million). Due to financing constraints, the project has been phased into two. This first phase costing €7,495,000 is for the upgrading and enhancement of selected technical training centres.

Hon Members would recall that on 6th May, 2010, the House approved a Credit Agreement between the Government of Ghana and Raifeinsen Zentralbank Osterreich Aktiengesellschaft (Central Bank of Austria) for an amount of *seven million, four hundred and ninety-five thousand Euros* (€7,495,000.00) for the Upgrading and Enhancement of Technical and Vocational Training Centres.

Article 13 of the approved Agreement mentioned above requires that all goods and services to be procured from the loan should be free from the payment of taxes and duties.

3.0 TOTAL WAIVER REQUESTED

The total amount of taxes and duties for which waiver is being sought is *one million, one hundred and forty-two thousand, eight hundred and three Euros* (US\$1,142,803.00).

Attachment: Please find attached as APPENDIX, the official assessment of the relevant taxes conducted by the Customs Division of the Ghana Revenue Authority.

4.0 OBSERVATIONS

The Committee was informed that technical institutions selected for upgrading under phase 1 are:

- Tema Technical Institute
- Takoradi Technical Institute
- St. Paul Technical School, Kukurantumi
- Kumasi Technical Institute
- Accra Technical Training Centre

The training fields and areas of study to be covered under this facility are:

- Mechanical Engineering – such as basic metal works, turning and milling, grinding, sheet metal works, forging and heat treatment for basic works, welding and pipe fitting.
- Electrical Engineering with basic Electronic Engineering – such as basic electric, domestic electric, industrial electric (including motors and controls) and basic electronics.
- Automotive Engineering – such as 2-stroke engine, 4-stroke engine (gasoline and diesel), electrical system, brake system, power transmission system, diagnostic and general servicing.
- Computer Engineering – such as servicing and maintenance of personal computer (PC) hardware, networking, software application for service and maintenance of PC and software application for PC networking.
- Home Economics/Catering – This programme is tailored to train professional staff to support the hotel and tourism industry with services such as catering, cooking and training of stewards.

It was also noted that as part of the project, several constructional works would be undertaken. These include the construction of Automobile Workshop at Tema Technical Institute, construction of a Catering Block with cooking and eating area at Tema Technical Institute, construction of Catering Block with cooking and eating area at Takoradi Technical Institute and construction of a Computer Laboratory at St. Paul Technical School, Kukurantumi.

Again, all workshops in the beneficiary institutions are to be re-equipped and refurbished or expanded to take up the new equipment.

The Committee was informed that as part of the project, there shall be in-country training for teachers on the operation and maintenance of the equipment to be supplied. There shall also be a comparison study tour to Austria for a week.

It was explained to the Committee that catering facilities are being added to technical institutions to help cater for the growing demand of students for catering courses which was said to be outstripping the facilities and capacity of existing institutions like the Polytechnics.

The Committee observed that the project would help provide well-trained technical middle level human resource with the requisite skills which is critical for the industrial development of the economy.

Contractors for the project are Messrs MCE Industrietechnik Linz GmbH & Co of Austria.

Article 13 of the Agreement requires that all payments and activities in connection with the Agreement and all payments and activities in connection with the implementation of the concerned contract shall be waived/exempt from all kinds of taxes and duties (such as stamp duty, customs duties, value added tax, withholding tax, etc) imposed by the Republic of Ghana.

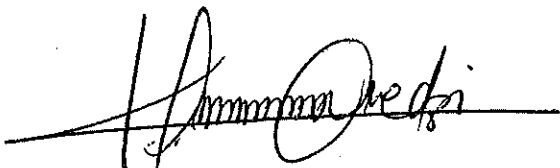
Again, all re-payments to be made by Ghana to the Lender shall be made without set-off or counterclaim and free of all taxes and charges.

Members encouraged the Ministry of Finance and Economic Planning and the Ministry of Education to endeavour to raise funding to implement similar upgrading and enhancement projects in vocational and technical training centres in other regions of the country.

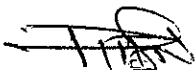
5.0 CONCLUSION

In view of the immense benefits to be derived from the project and the fact that the waiver is a condition of the Credit Agreement already approved by the House, the Committee respectfully recommends to the House to adopt this report and approve by Resolution, the Request for waiver of taxes/duties amounting to *one million, one hundred and forty-two thousand, eight hundred and three Euros* (€1,142,803.00) on equipment and materials to be imported or purchased locally for the implementation of the project of upgrading and enhancement of Technical and Vocational Training Centres in accordance with article 174(2) of the 1992 Constitution of the Republic of Ghana.

Respectfully submitted.



**HON. JAMES KLUTSE AVEDZI
CHAIRMAN**



**PEACE A. FIAWOYIFE (MS.)
CLERK**

10TH MARCH, 2011

1. IMPORTER/AGENT'S NAME & ADDRESS: MINISTRY OF EDUCATION
 2. INVOICE NO.:
 3. FIH NO.:
 4. FOVR NO.:
 5. AIRWAY BILL / BILL OF LADING NO.:
 6. DECLARATION NO.:
 7. EXCHANGE RATE:

Qty. (8)	Description of Goods (9)	CIF (10)	Tax Description														Total (26)				
			Imp. Duty		Imp. VAT		Imp. NHIL		ECOWAS Levy		EDIF		Insp. Fee		Excise Fee WITHHOLDING TAX			Processing Fee			
			Rate % (11)	Amount (12)	Rate % (13)	Amount (14)	Rate % (15)	Amount (16)	Rate % (17)	Amount (18)	Rate % (19)	Amount (20)	Rate % (21)	Amount (22)	Rate % (23)	Amount (24)		Rate % (25)	Amount (25)		
	MECH. MACHINERY AND FACILITIES, ELECTRICALS, TOOLS, ELECTRONICS & INSTRUMENTS, AUTOMOTIVE EQUIPMENT SPARE PARTS, CONTINGENCIES	EURO 3,585,281	10%	358,528	12.5%	492,990	2.5%	98,598	0.5%	17,927	0.5%	17,927	1%	35,854	1%	35,854					EURO 1,057,688

26. CERTIFICATE

This is to certify that the assessment given is true and correct.

TOTAL TAX LIABILITY = 1,142,803 EUROS

Date:

Signature:

Importer/Agent's Name & Designation:

For Official Use

Assessment rechecked and found correct and complete.

26-07-10

Date

THE COMMISSIONER
 GENERAL INCHARGE & PROV. MANAGER
 H. O. FOR THE
 AREA

Signature: [Signature]

Officer's Name & Rank: GRISON GLOY

ASST COLL

1. IMPORTER/AGENT'S NAME & ADDRESS: MINISTRY OF EDUCATION
 2. INVOICE NO.:
 3. TIN NO.:
 4. FCVR NO.:
 5. AIRWAY BILL / BILL OF LADING NO.:
 6. DECLARANT NO.:
 7. EXCHANGE RATE:

Qty. (8)	Description of Goods (9)	CIF EURO	Tax Description														Total EURO (26)		
			Imp. Duty		Imp. VAT		Imp. NHIL		ECOWAS Levy		EDIF		Insp. Fee		WINTERBURN TAX			Processing Fee	
			Rate % (10)	Amount (11)	Rate % (12)	Amount (13)	Rate % (14)	Amount (15)	Rate % (16)	Amount (17)	Rate % (18)	Amount (19)	Rate % (20)	Amount (21)	Rate % (22)	Amount (23)		Rate % (24)	Amount (25)
	CATERING EQUIPMENT	115,123	20%	23,025	12.5%	17,268	2.5%	3,454	0.5%	576	0.5%	576	1%	1,151	1%	1,151			47,201

26. CERTIFICATE

This is to certify that the assessment given is true and correct.

Date:

Signature:

Importer/Agent's Name & Designation:

For Official Use

Assessment rechecked and found correct and complete.

26-07-10
Date

THE COMMISSIONER
 GENERAL INCOME & PAYE TAX
 P. O. BOX 61
 ACCRA

Signature: *[Signature]*

Officer's Name & Rank: GIDEON GLEY
ASST COLL.

TAX ASSESSMENT FORM

1. IMPORTER/AGENT'S NAME & ADDRESS: MINISTRY OF EDUCATION
 2. INVOICE NO.:
 3. TIN NO.:
 4. FORM NO.:
 5. DECLARANT NO.:
 7. EXCHANGE RATE:

Qty. (8)	Description of Goods (9)	CIF EURO	Tax Description														Total EURO (26)		
			Imp. Duty		Imp. VAT		Imp. NHIL		ECOWAS Levy		EDIF		Insp. Fee		Processing Fee				
			Rate % (10)	Amount (11)	Rate % (12)	Amount (13)	Rate % (14)	Amount (15)	Rate % (16)	Amount (17)	Rate % (18)	Amount (19)	Rate % (20)	Amount (21)	Rate % (22)	Amount (23)		Rate % (24)	Amount (25)
	WELDING EQUIPMENT	461,547	0%		0%		0%		0.5%	2,308	0.5%	2,308	1%	4,615	1%	4,615	1%	4,615	18,461

26. CERTIFICATE

This is to certify that the assessment given is true and correct.

Date:

Signature:

Importer/Agent's Name & Designation:

For Official Use

Assessment rechecked and found correct and complete.

26-07-10
Date

THE COMMISSIONER
 CUSTOMS, EXCISE & PORTS, GHANA
 N. O. 1011 G
 ACCRA

Signature: [Signature]
 Officer's Name & Rank: GIDEON GLEY
ASST COL

TAX ASSESSMENT FORM

1. IMPORTER/AGENT'S NAME & ADDRESS: MINISTRY OF EDUCATION
 2. INVOICE NO.:
 3. TIN NO.:
 4. FCYR NO.:
 5. AIRWAY BILL (BILL OF LADING NO.):
 6. DECLARANT NO.:
 7. EXCHANGE RATE:

Qty. (2)	Description of Goods (3)	CIF EURO	Tax Description																Total EUR
			Imp. Duty		Imp. VAT		Imp. NHIL		ECOWAS Levy		EDIF		Insp. Fee		1993 Stamp Fee WITHHOLDING TAX		Processing Fee		
			Rate % (10)	Amount (11)	Rate % (12)	Amount (13)	Rate % (14)	Amount (15)	Rate % (16)	Amount (17)	Rate % (18)	Amount (19)	Rate % (20)	Amount (21)	Rate % (22)	Amount (23)	Rate % (24)	Amount (25)	
	IT EQUIPMENT	108,072	0%	-	12.5%	13,509	2.5%	2,702	0.5%	540	0.5%	540	1%	1081	1%	1081			19,453

26. CERTIFICATE

This is to certify that the assessment given is true and correct.

Date:

Signature:

Importer/Agent's Name & Designation:

For Official Use

Assessment rechecked and found correct and complete.

26-07-10
Date

YES COMMISSIONER
 GENERAL INCHARGE & PARTY, SERVICE
 R. O. BOX 61
 ACCRA

Signature: [Signature]
 Officer's Name & Rank: GORDON GLEY
ASST COLL