

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

**REPORT OF THE FINANCE COMMITTEE ON
THE REQUEST FOR WAIVER OF CUSTOMS
DUTIES, TAXES, VAT & NHIL, GCNET,
DESTINATION INSPECTION FEES, EDIF
AND ECOWAS LEVIES AMOUNTING TO
US\$512,758.00 ON GOODS TO BE
PROCURED UNDER THE NORTHERN RURAL
GROWTH PROGRAMME (NRGP)**

1.0 INTRODUCTION

The Request for waiver of Customs Duties, Taxes, VAT & NHIL, GCNet, Destination Inspection Fees, EDIF and ECOWAS Levies amounting to *five hundred and twelve thousand, seven hundred and fifty-eight United States Dollars* (US\$512,758.00) on goods to be procured under the Northern Rural Growth Programme (NRGP) was laid in the House on Tuesday 22nd May, 2012 by the Minister of Finance and Economic Planning, Hon. Dr. Kwabena Duffuor.

Pursuant to Order 169 of the Standing Orders of the House, the Agreement was referred to the Finance Committee for consideration and report.

The Committee met and considered the Agreement with the Deputy Minister of Finance and Economic Planning, Hon. Fifi Kwetey and officials from the Ministry of Finance and Economic

Planning and Ghana Revenue Authority (GRA) and hereby presents this report to the House pursuant to order 161(1) of the Standing Orders of the House.

2.0 BACKGROUND

Honourable Members would recall that at the Thirty-Fourth Sitting of Parliament held on Wednesday 16th July 2008, Parliament approved by resolution, the Loan Agreement between the Government of Ghana and the African Development Fund for an amount of forty million Units of Account (UA 40,000,000) [equivalent to US\$60,000,000] to support the Northern Rural Growth Programme (NRGP).

The Northern Rural Growth Programme is co-financed by the African Development Bank (AfDB) and the International Fund for Agricultural Development (IFAD). The total cost of the programme, excluding taxes and duties, but including physical and price contingencies, is estimated at UA68.38 million [equivalent to US\$103.5 million]. In addition to the AfDB Loan, IFAD is providing an amount of US\$22.33 million, Government of Ghana is also providing a counterpart funding and taxes of US\$10.37 million whilst Participating Financial Institutions, beneficiaries and private investors also provide US\$9.24 million.

The overall goal of the Northern Rural Growth Programme (NRGP) is to contribute to equitable and sustainable poverty reduction and food security among rural households. The specific objective is to increase rural household incomes on a sustainable basis in Northern Ghana.

3.0 TOTAL WAIVER REQUESTED

The total amount of taxes and duties for which waiver is being sought is *five hundred and twelve thousand, seven hundred and fifty-eight United States Dollars* (US\$512,758.00).

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 AND RECOMMENDATIONS

The Committee observed that the NRGP is the main instrument for integrating and consolidating the various Africa Development Fund investments in Northern Ghana (i.e. the livestock development project, the cashew development project and the small scale irrigation development project) and operationalizing the emerging agriculture sector-wide programme approach.

Synergies and complementarities with on-going projects and programmes is in the fields of capacity building for the agricultural sector, public-private and community based institutions, adaptive research, extension, access to credit and equipment, establishing outgrowers' schemes for industrial crops, fruits and vegetables, production and marketing infrastructure development, and providing support in all aspects of agricultural production, processing and marketing, as well as supporting producers in accessing international markets (certification, traceability).

The Committee noted that article 57 of the Agreement Establishing the African Development Bank requires that the facility granted by the bank and its operation shall not be subject to tax.

It was observed that the NRGP covers all districts located in the three (3) Northern Regions, namely the Northern, Upper East and Upper West Regions as well as five districts in the Brong Ahafo Region which share boundaries with the Northern Region. These five districts are Kintampo North, Kintampo South, Sene, Pru and Tain.

The programme area has a combined population of about three million, more than 70% of which is engaged in subsistence agriculture.

Achievements of the Programme which was officially launched in April 2009 include the following:

- 1,962 small holder farmer groups (making up of 25,316 males and 8,221 females) have been formed and registered with the programme. Those groups have been trained in basic group dynamics and management. These groups have been prepared and linked to Participating Financial Institutions (PFIs) for support.
- 837 small holder groups representing 16,000 households have been successfully linked to financial institutions and have received various financial services to the tune of GH¢1,285,868.00 to support their farm and other business operations.
- 6,906.48 hectares of maize, soya and sorghum have been cultivated since programme inception. Yields have so far improved from 0.6mt/ha to about 1.4mt/ha.
- Two Special Purpose Vehicles (basically associations of rural farmers made of commercial/lead farmers and smallholder/outgrower farmers) have been formed and

supported with the matching grant of the programme to procure 2 tractors. These SPVs have a common purpose to produce an agricultural commodity to sell in commercial quantities and at competitive prices to ensure profitability and therefore sustainability of the ventures.

- Under infrastructure and irrigation development, 150 water pumping machines have been procured and distributed to farmers for use on water bodies for irrigation. Beneficiary farmers are now able to crop three (3) times in a year.
- 154km of feeder roads have been awarded on contract and are at various stages of completion. 492km have been advertised for construction this year. These feeder roads are expected to open up agricultural areas to marketing centers.
- The Programme has successfully engaged the participation of 24 Rural and Community Banks in financing the various value chains of the programme. This is due to the innovative financing model: *Cashless Credit Model* introduced by the Programme. As a result of the model, financial support to farmer groups increased from GH¢24,931.51 in 2009 to GH¢205,177 in 2010 and further to GH¢1,055,759.50 in 2011.

The Committee expressed concern about the value of some of the items to be imported upon which the tax is assessed for waiver. Members therefore strongly recommend to the Ghana Revenue Authority to scrutinize importers' documents thoroughly in assessing their tax liability, especially when such assessment is to be presented to Parliament for waiver and that the Ministry ensures that Parliamentary Resolutions submitted by importers are accompanied by Tax Assessment conducted by the Ghana

Revenue Authority (GRA) for verification before goods are allowed to be cleared.

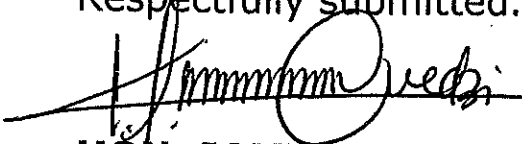
As a matter of broad policy, the Committee also recommends to the Ministry of Finance and Economic Planning to re-examine and review the tax waiver processes to help secure optimum revenue for the country.

5.0 CONCLUSION

The Committee is satisfied that the request is in consonance with the Loan Agreement already approved by the House between the Government of Ghana and the African Development Fund for an amount of forty million Units of Account (UA 40,000,000) [equivalent to US\$60,000,000) to support the Northern Rural Growth Programme (NRGP).

The Committee therefore recommends to the House to adopt this report and approve by resolution, the **Request for waiver of Customs Duties, Taxes, VAT & NHIL, GCNet, Destination Inspection Fees, EDIF and ECOWAS Levies** amounting to *five hundred and twelve thousand, seven hundred and fifty-eight United States Dollars* (US\$512,758.00) on goods to be procured under the **Northern Rural Growth Programme (NRGP)** 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**

28TH JUNE, 2012

APPENDIX

TAX ASSESSMENT

1. IMPORTER/AGENT'S NAME & ADDRESS: - MINISTRY OF FOOD AND AGRICULTURE/NORTHERN RURAL GROWTH PROGRAMME.....(2).....
 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 (10) US \$	Import Duty		Import VAT @12.5%	Import NEHL @2.5%	ECO. Levy @0.5%	EDIF @ 0.5%	Inspection Fee @1%	Processing Fee @1%	Withholding Tax @1%	Total (21) US \$
			Rate (11)	Amount (12)	Amount (13)	Amount (14)	Amount (15)	Amount (16)	Amount (17)	Amount (19)	Amount (20)	
16pcs	UPS	5,455	0%	nil	682	136	27	27	55	55	55	1,037
10pcs	Digital Camera	7,046	20%	1409	1057	211	35	35	70	nil	70	2,887
2pcs	Stabilizer	891	0%	nil	111	22	4	4	9	9	9	168
1pc	Camcorder	7,697	20%	1539	1155	231	38	38	77	nil	77	3,155
14pcs	Air Conditioner	14,000	20%	2800	2100	420	70	70	140	nil	140	5,740
1pc	Generator	40,000	5%	2000	5250	1050	200	200	400	nil	400	9,500
14pcs	Office Cabinet	4,200	20%	840	630	126	21	21	42	nil	42	1,722
10pcs	Solar Pump	110,000	0%	nil	13750	2750	550	550	1100	1100	1100	20,900
9pcs	LCD Projector	16,318	20%	3264	2448	490	82	82	163	nil	163	6,692
6pcs	Computer Laptop	9,000	0%	nil	1125	225	45	45	90	90	90	1,710
50000pcs	Mosquito Net	60,000	0%	nil	nil	nil	300	300	600	600	600	2,400
53000pcs	Repellent	60,000	10%	6000	8250	1650	300	300	600	600	600	18,300
45boxes	10ml Syringe	420	10%	42	nil	nil	2	2	4	nil	4	54
4gal	Disinfectant	150	0%	nil	nil	nil	1	1	2	2	2	8
74,273												

22. CERTIFICATE

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

Signature:.....

*.....
Date*

Importer/Agent's Name & Designation:.....

For Official Use

Assessment rechecked and found correct and complete.

Signature:.....

*24-12-2010
Date*

Officer's Name & Rank:-

**GIDEON GLEY
(ASST. COLLECTOR)**

APPENDIX

TAX ASSESSMENT

1. IMPORTER/AGENT'S NAME & ADDRESS: - MINISTRY OF FOOD AND AGRICULTURE/NORTHERN RURAL GROWTH PROGRAMME.....(3).....
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 (10) US\$	Import Duty		Import VAT @12.5%	Import NEHL @2.5%	ECO. Levy @0.5%	EDIF @ 0.5%	Inspection Fee @1%	Processing Fee @1%	Withholding Tax @1%	Total (21) US\$
			Rate (11)	Amount (12)	Amount (13)	Amount (14)	Amount (15)	Amount (16)	Amount (17)	Amount (19)	Amount (20)	
28066pcs	Laboratory Equipment	50,989	10%	5099	7011	1402	255	255	510	nil	510	15,042
15pcs	Cotton Wool	120	20%	24	18	4	1	1	1	nil	1	50
20pcs	Seed Testing Equipment	60,000	0%	nil	nil	nil	300	300	600	600	600	2,400
2pcs	Mobile Seed Processing Equipment	120,000	0%	nil	nil	nil	600	600	1200	1200	1200	4,800
50pcs	Geographic Positioning Systems	50,000	10%	5000	6875	1375	250	250	500	nil	500	14,750
											37,042	

22. CERTIFICATE

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

Signature:.....

Date

Importer/Agent's Name & Designation:.....

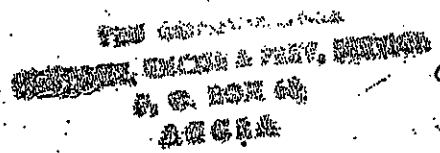
For Official Use

Assessment rechecked and found correct and complete.

Signature:.....

24-12-2010

Date



Officer's Name & Rank:-

GIDEON GLEY
(ASST. COLLECTOR)

APPENDIX TAX ASSESSMENT

1. IMPORTER/AGENT'S NAME & ADDRESS: - MINISTRY OF FOOD AND AGRICULTURE/NORTHERN RURAL GROWTH PROGRAMME.....(1).....
 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 (10) US \$	Import Duty		Import VAT @12.5%	Import NHIL @2.5%	ECO. Levy @0.5%	EDIF @0.5%	Inspection Fee @1%	Processing Fee @1%	Withholding Tax @1%	Total (21) US \$
			Rate (11)	Amount (12)	Amount (13)	Amount (14)	Amount (15)	Amount (16)	Amount (17)	Amount (19)	Amount (20)	
2units	Station Wagon Vehicles	162,380	20%	32476	24357	4871	812	812	1624	nil	1624	66,576
29units	4WD Double Cabin Pick-up	870,000	5%	43500	114188	22838	4350	4350	8700	nil	8700	206,626
56pcs	Motorbikes	168,000	0%	nil	21000	4200	840	840	1680	1680	1680	31,920
1unit	Audio Visual Van	101,688	5%	5084	13347	2669	508	508	1017	nil	1017	24,150
16pcs	Desk Computer & Accessories	27,859	0%	nil	3482	696	139	139	279	279	279	5,293
15pcs	Laptop Computer	18,829	0%	nil	2354	471	94	94	188	188	188	3,577
1pc	Digital Desktop Photocopier	12,553	10%	1255	1726	345	63	63	126	nil	126	3,704
1pc	Digital Heavy Duty Photocopier	174,133	10%	17413	23943	4789	871	871	1741	nil	1741	51,369
1pc	Colour Photocopier	20,246	10%	2025	2784	557	101	101	202	nil	202	5,972
1pc	Overhead Projector	1,782	20%	356	267	53	9	9	18	nil	18	730
2pcs	Scanner	680	0%	nil	85	17	3	3	7	7	7	129
1pc	Fax Machine	583	10%	58	80	16	3	3	6	nil	6	172
14pcs	Laser Printer	4,376	0%	nil	547	109	22	22	44	44	44	832
5pcs	Colour Printer	2,062	0%	nil	258	52	10	10	21	21	21	393
											401,443	

22. CERTIFICATE

TOTAL TAX LIABILITY = 512,758 US DOLLARS

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

Signature:.....

Importer/Agent's Name & Designation:.....

Date

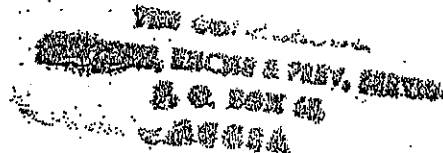
For Official Use

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Signature:.....

24-12-2010

Date



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