



**REPORT OF THE FINANCE COMMITTEE ON THE
EXCISE DUTY (AMENDMENT) (NO. 2) BILL, 2023**

1.0. INTRODUCTION

The **Excise Duty (Amendment) (No. 2) Bill, 2023** was *presented and read the first time* in the House on Friday 24th November, 2023 by the Hon. Deputy Minister for Finance, Mrs. Abena Osei-Asare on behalf of the Minister responsible for Finance.

The Bill was subsequently *referred* to the Finance Committee for consideration and report in accordance with Order 169 of the Standing Orders of the House.

The Committee met and considered the Bill with a Deputy Minister for Finance, Hon. Mrs. Abena Osei-Asare and a team of officials from the Ministry of Finance, the Ghana Revenue Authority (GRA) and the Attorney General's Department.

The Committee is grateful to the above-mentioned Hon. Deputy Ministers, Chief Director and the team of officials of the Ministry of Finance, GRA and the Attorney General's Department for attending upon the Committee.

1.1. URGENCY OF THE BILL

The Committee determined and hereby certifies that the Bill is of an urgent nature and may be taken through all the stages of passage in one day in

accordance with article 106(13) of the 1992 Constitution and Order 119 of the Standing Orders of the House.

2.0. **REFERENCES**

The Committee referred to and was guided by the following documents *inter alia* during its deliberations on the Bill:

- i. The 1992 Constitution of the Republic of Ghana.
- ii. The Standing Orders of the Parliament of Ghana.
- iii. Interpretation Act, 2009 (Act 792).
- iv. Public Financial Management Act, 2016 (Act 921).
- v. The Budget Statement and Economic Policy of the Government of Ghana for the 2024 Financial Year.
- vi. Ghana Revenue Authority Act, 2009 (Act 791).
- vii. Excise Duty Act, 2015 (Act 878).

3.0. **BACKGROUND**

Cider beer contains a similar alcohol content to beer. However, the excise duty on cider beer is lower than the excise duty on beer. To correct this misalignment, the rate on cider beer is being increased from twenty percent to forty-seven point five percent. This measure will standardize the excise duty rates on similar products and also make the local beer industry more competitive.

With reference to the excise duty on plastics, currently, local manufacturers are charged a ten percent excise duty on raw materials for the manufacture of

plastics and plastic packaging while imported plastic products and packaging do not attract excise duty. This creates a distortion. This Bill seeks to expand the coverage of the excise duty on plastics to cover imported plastic packaging in order to remove the existing distortion. Additionally, the excise duty rate is being reduced from ten percent to five percent to cover all plastics.

As regards the introduction of an emission tax, countries all over the world are taking various steps to meet the United Nations Sustainable Development Goal 13 to take urgent action to combat climate change and the impact of climate change. Some manufacturing industries are known to discharge harmful liquid and gas pollutants which contribute to carbon dioxide emissions and wider greenhouse effects. In line with the commitment of Government to tackle carbon dioxide emissions, an emission tax on pollution by companies and vehicles is being proposed. This is aimed at promoting the use of eco-friendly technology and green energy as well as improving environmental management while controlling general levels of air pollution locally.

4.0. OBJECT OF THE BILL

The object of the **Excise Duty (Amendment) (No. 2) Bill, 2023** is to amend the Excise Duty Act, 2015 (Act 878) to increase the excise duty rate on cider beer to align with the excise duty rate on beer, reduce the excise duty on plastics and expand the coverage of the excise duty on plastics to cover imported plastic packaging, introduce an emission tax on carbon dioxide emissions by companies and from vehicles.

5.0. CONTENTS OF THE BILL

The Bill contains one (1) clause.

The clause seeks to amend the Excise Duty Act, 2015 (Act 878) by substituting the First Schedule with a new one. This new First Schedule makes provision to

increase the excise duty rate on cider beer to align with the excise duty rate on beer, reduce the excise duty on plastics and expand the coverage of the excise duty on plastics to cover imported plastic packaging, introduce an emission tax on carbon dioxide emissions by companies and from vehicles.

6.0. OBSERVATIONS

6.1. Tax on Cider Beer

The Committee was informed that the Bill is aimed at reducing the negative impact of cider beer on consumers whilst also bringing the excise tax on cider beers in alignment with the tax rate on other beers.

6.2. Expansion of Excise Duty on Plastics to Cover Imported Plastics

The Committee noted that the inclusion of imported plastic packaging in the excise tax on plastics will reduce the incentive to import these products rather than sourcing them from local manufacturers.

Again, the reduction of the rate of the tax from 10% of ex-factory price to 5% of ex-factory price will bring some relief to local manufacturers who hitherto have had to pay the tax at the rate of 10% of ex-factory price.

6.3. Fiscal Impact

As to what the fiscal impact of the Bill will be when passed, the Committee was informed that the passage of the Bill into an Act will yield approximately five hundred and forty million Ghana Cedis in additional revenue to the state.

6.4 The Position of the Minority

The entire NDC Minority on the Committee expressed concerns about the impact these increases would have on the cost of doing business in the country and on the general population. They submitted that they were unable to support the Bill because it would directly worsen the economic circumstances of Ghanaians and businesses in the

country. All members on the Minority side accordingly declined to recommend to the House to pass this Bill into law.

7.0. AMENDMENTS PROPOSED

The Committee respectfully proposes the following amendments to the Bill:


- i. The Clause - Amendment Proposed - FIRST SCHEDULE, Tariff numbers 10 and 11, *delete***
- ii. Long Title - Amendment Proposed - Lines 4 and 5, *delete* "introduce an emission tax on carbon dioxide emissions by companies and from vehicles"**

8.0. RECOMMENDATION AND CONCLUSION

All members on the Majority side supported the bill for the reasons stated in paragraph 3.0 of this report.

The Committee, by a Majority Decision therefore, respectfully recommends to the House to adopt this Report and pass the **Excise Duty (Amendment) (No. 2) Bill, 2023** into law in accordance with the 1992 Constitution and Order 119 of the Standing Orders of the House, *subject to the amendments proposed.*

Respectfully Submitted.



HON. KWAKU KWARTENG
(CHAIRMAN, FINANCE COMMITTEE)



MR. EPHRAIM AMU
(SNR. ASSIST. CLERK,
FINANCE COMMITTEE)

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19TH DECEMBER, 2023