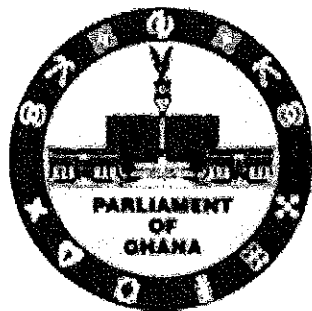


**IN THE FIRST SESSION OF THE SEVENTH  
PARLIAMENOT OF THE FOURTH REPUBLIC OF  
GHANA**



**REPORT OF THE  
FINANCE COMMITTEE  
ON THE  
AFRICAN UNION IMPORT LEVY BILL, 2017**

PARLIAMENT OF GHANA LIBRARY  
PARLIAMENT HOUSE  
OSU - ACCRA

**8<sup>TH</sup> NOVEMBER, 2017**

Acc No 1756

Class No BR/AVIL/17

## **1.0 INTRODUCTION**

The **African Union Import Levy Bill, 2017** was presented to Parliament and *read the first time* on 12<sup>th</sup> October, 2017. The Bill was subsequently referred to the Finance Committee for consideration and report in accordance with the 1992 Constitution and Order 169 of the Standing Orders of the House.

Deputy Minister for Finance, Hon. Kwaku Kwarteng and officials from the Ministry of Finance, the Ghana Revenue Authority (GRA) and the Attorney General's Department attended upon and assisted the Committee in its deliberations on the Bill.

The Committee is grateful to the Hon. Deputy Minister and officials from the Ministry of Finance, the GRA and the Attorney-General's Department for attending upon the Committee.

## **2.0 REFERENCES**

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

- a. The Constitution of the Republic of Ghana, 1992.
- b. The Standing Orders of the Parliament of Ghana.
- c. Interpretation Act, 2009 (Act 792)
- d. Ghana Revenue Authority Act, 2009 (Act 791)
- e. The Constitutive Act of the African Union.

### **3.0 BACKGROUND**

Currently, Member States of the African Union (AU) pay their assessed contributions through the national budgets.

The African Union (AU) takes the view that such an arrangement makes the payment of subscriptions unreliable.

Heads of Government of the African Union have therefore passed a resolution to require Member States to impose a levy on imports to finance the activities of the African Union. This Bill is presented to this Honourable House in response to that resolution.

### **4.0 PURPOSE OF THE BILL**

The object of the Bill is to impose an African Union Levy of zero point two percent (0.2%) on eligible imports to finance the activities of the African Union.

### **5.0 CONTENT OF THE BILL**

The African Union Import Levy Bill, 2017 is divided into eight (8) clauses.

*Clause 1* provides that the object of the Bill which is to impose an African Union Import Levy of zero point two percent of the value of eligible goods imported into the country, where the goods originated from a country other than a Member State of the African Union. The section also provides for the uses of the proceeds of the levy.

*Clause 2* specifies the eligible goods on which the levy is to be imposed. These are goods imported into Ghana from a country that is not a Member State of the African Union.

For the avoidance of doubt, the section specifies that the Levy does not apply to goods originating from AU Member States, goods received as an aid, gift or grant, goods imported by enterprises before the commencement of the Act, and also goods for which the Levy has already been paid in a Member State of the AU prior to their import into Ghana.

*Clause 3* mandates the Ghana Revenue Authority to collect the Levy.

*Clause 4* requires the Ghana Revenue Authority to ensure that moneys collected as Levy are paid into an account opened for that purpose by the Controller and Accountant General.

*Clause 5* provides that the proceeds of the levy shall be applied solely for the settlement of the assessed contribution of Ghana to the African Union for the relevant financial year. The Minister responsible for Finance is mandated to authorize the transfer of moneys from the account opened for that purpose to an account prescribed by the African Union Secretariat.

Clause 6 deals with the utilization of the surplus of the proceeds of the Levy after a full settlement of the assessed contribution.

*Clause 7* mandates the Minister responsible for Finance, as part of the annual budget, to submit an annual report to Parliament on the account opened for the purposes of the Levy.

*Clause 8* provides for the interpretation of the key words used in the Bill.

## **6.0 OBSERVATIONS**

### **6.1 Expected Revenue**

The Committee was informed that the expected revenue from the Levy is estimated at Ninety million Ghana Cedis (GH¢90.0 million) for the 2018 financial year.

The revenue accrued would be used to finance Ghana's subscription obligations and other expenditure related to Ghana's membership of the African Union.

The Committee found out that Ghana's annual financial obligation to the AU has been growing in recent years. For the year 2014, the obligation stood at ¢10.2 million, then it grew to ¢10.7 million, ¢15.0 million and ¢28.2 million for 2015, 2016 and 2017 respectively. There is the need to comply with the African Union Resolution to impose the Levy to meet the ever growing obligation to the Union.

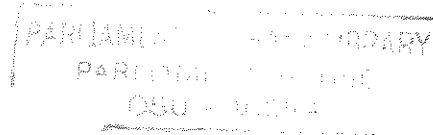
### **6.2 Eligible goods**

The Committee observed that the Levy would be imposed on the value of eligible goods imported into the country from a country that is not a member of the African Union

The Levy, however, does not apply to goods originating from AU Member States, goods received as an aid, gift or grant, goods imported by enterprises before the commencement of the Act, and also goods for which the Levy has already been paid in a Member State of the AU prior to their import into Ghana.

### **6.3 Relief to National Treasuries**

The Committee was informed that the Levy would provide a reliable and predictable funding for the Continental Peace and Security Fund of the African Union, provide an equitable and predictable source of financing for the African Union, reduce dependency on partner funds for the implementation of the Continental Development and Integration Programmes and relieve national treasuries of pressure with respect to meeting national obligations for payment of assessed contribution to funding the African Union.



### **6.4 Basis for calculation**

The Levy is stipulated as zero point two percent (0.2%) of the value of eligible imports. For purposes of the Bill, “value” is defined as the cost, insurance and freight (c.i.f.) value at the *port of loading or unloading* for an import arriving by sea, air, post, road or inland waterways.

### **6.5 Excess Revenue**

The Committee noted that in any financial year where the revenue from the Levy exceeds Ghana’s assessed obligation to the AU, 50% of the excess would be transferred to the Consolidated Fund whilst the remaining 50% would be retained in the relevant account to meet future deficits, if any as well as other expenditure related to Ghana’s membership of the African Union.

## **7.0 AMENDMENTS PROPOSED**

The Committee respectfully recommends the following amendments to the Bill:

- i. **Clause 1– Amendment Proposed – Sub-clause (2)** paragraph (c), line 1, after “dependency” *insert* “of the African Union”. For clarification. That it refers to the dependency of the AU on partner funds.
- ii. **Clause 1 – Amendment Proposed – Sub-clause 2** paragraph (d) line 1, *delete* “national treasuries” and insert “the government”. The Act would relieve the Bank of Ghana of pressure not all national treasuries.
- iii. **Clause 2 – Amendment Proposed – Sub-clause (2)** paragraph (b) line 1, *delete* “any” and delete “non payable” over-supplied words deleted
- iv. **Clause 2 – Amendment Proposed – Sub-clause (3) – line 2,** *delete* “disembarkation” and *insert* “loading or unloading” “Disembarkation” refers to passengers But the Act deals with goods or imported products.
- v. **Clause 3 – Amendment Proposed – Headnote,** *delete* “Authority” and *insert* “Agency” for clarification.
- vi. **Clause 4 – Amendment Proposed – Line 1,** *delete* “ensure that moneys collected as Levy are paid” and *insert* “pay moneys collected as Levy”. This is clearer. The Ghana Revenue Authority (GRA) does the collection and should be directly charged with paying same into account created for that purpose.
- vii. **Clause 7 – Amendment Proposed – Delete and insert** “The Minister shall submit an annual report on the collection and use of the Levy to Parliament as part of the annual budget”. This makes the statement clearer. The report should detail

the collection and use of the levy and present the annual report as part of the Annual Budget.

viii. **Clause 8– Amendment Proposed** – After the definition of “deficit”, *insert* a new definition as follows:

“Home Consumption” means consumption in the country”. This is to explain what “Home Consumption” is. This term has been in clause 2 to explain eligible imports. There is therefore the need to provide a definition for it to avoid any ambiguity.

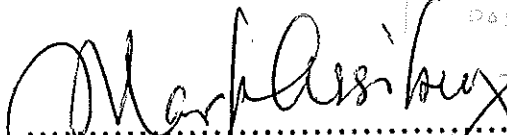
## 8.0 CONCLUSION

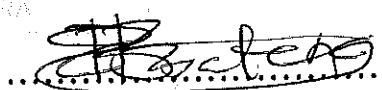
The Committee has thoroughly examined the Bill and finds that its passage would help provide a reliable and sustainable funding for Ghana’s financial commitments towards the African Union.

The Committee therefore recommends to the House to adopt this report and pass the African Union Import Levy Bill, 2017 into law *subject to the amendments proposed* in accordance with Article 106 of the 1992 Constitution and the Standing Orders of the House.

Respectfully Submitted.

PARLIAMENT OF GHANA  
PARLIAMENT HOUSE  
280 - ACCRA

  
.....  
**HON. DR. MARK ASSIBEY-YEBOAH**  
**(CHAIRMAN, FINANCE COMMITTEE)**

  
.....  
**MS. EVELYN BREFO-BOATENG**  
**(CLERK, FINANCE COMMITTEE)**