



IN THE SECOND SESSION OF THE SEVENTH PARLIAMENT OF THE FOURTH REPUBLIC OF
GHANA

REPORT OF THE
FINANCE COMMITTEE

ON THE

**EXCISE TAX STAMP (AMENDMENT)
BILL, 2018**

DECEMBER, 2018

Acc No: 1889

Class No: BR/EIS/17.5

1.0 INTRODUCTION

The **Excise Tax Stamp (Amendment) Bill, 2018** was presented to Parliament and *read the first time* on Friday 21st December, 2018. 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.

The Minister for Finance, Hon. Ken Ofori-Atta and his Deputies, Hon. Kwaku Kwarteng and Hon. Abena Osei-Asare as well as 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. Minister for Finance and his Deputies and the officials from the Ministry of Finance, the GRA and the Attorney-General's Department for attending upon the Committee.

1.1 REFERENCES

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

- a. The 1992 Constitution of the Republic of Ghana
- b. The Standing Orders of the Parliament of Ghana
- c. Interpretation Act, 2009 (Act 792)
- d. Ghana Revenue Authority Act, 2009 (Act 791)
- e. Excise Tax Stamp Act, 2013 (Act 873)

2.0 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 of the Republic of Ghana and Order 119 of the Standing Orders of the House.

3.0 BACKGROUND

The textile industry in Ghana which employed about thirty thousand (30,000) workers in the 1980s and early 1990s has virtually taken a nose dive due to a myriad of factors including unfair trade practices, notably the influx of counterfeited designs and gross infringements on trademarks of our local producers and the smuggling of textile products into our local market. These factors, in addition to a high cost of production, have made the prices of locally-manufactured textiles uncompetitive thus reducing their market share and thereby reducing the total labour force to approximately five thousand (5,000) employees.

Government has over the years made many attempts to provide solutions to this problem including legislation and constituting anti-piracy task forces to confiscate smuggled and counterfeited textiles. However, these solutions have had minimum success.

The Ministries of Finance and Trade and Industry initiated nationwide stakeholder consultations in June 2018 towards developing a comprehensive and integrated reform programme to provide a sustainable solution to the menace.

This Bill forms part of measures outlined in the 2019 Budget and Economic Policy of Government to reform the Textile Industry.

4.0 PURPOSE OF THE BILL

The object of the Bill is to amend the Excise Tax Stamp Act, 2013 (Act 873) to include textiles in the list of excisable products upon which the Excise Tax Stamp should be affixed, and to provide the minimum unit on which the Excise Tax Stamp may be affixed.

5.0 CONTENT OF THE BILL

The **Excise Tax Stamp (Amendment) Bill, 2018** is divided into two (2) Clauses.

Clause 1 seeks to amend Section 2 of the Excise Tax Stamp Act, 2013 (Act 873) to include “textiles” in the list of excisable products to which the Excise Tax Stamp may be affixed.

Clause 2 amends section 19 of Act 873 to provide for the smallest package/unit of textiles for which the Excise Tax Stamp is required.

6.0 OBSERVATIONS

6.1 Measures Outlined to Reform the Textile Industry.

The Committee observed that the introduction of Excise Tax Stamps for locally-manufactured and imported textiles is one of the key policy measures contained in the 2019 Budget and Economic Policy Statement of Government to reform the Textile Industry. The measures include the introduction of a single dedicated entry corridor for imported textiles which is *Tema Port*, attracting foreign textile manufacturing companies to locate or set up in Ghana, and the conduct of market surveillance exercises by the Textile Task Force to monitor compliance with the new policy measures.

The Committee noted that these measures, if effectively implemented, would boost the local Textile Manufacturing Industry.

6.2 Consumer Confidence

The Committee further observed that the introduction of Excise Tax Stamps for textiles will give buyers the confidence and assurance that they are buying genuine textile fabric and that local designs have not been pirated. It will also give buyers the assurance that the appropriate duties have been paid where the textile is imported.

6.3 Fiscal Impact

The Committee noted that the Bill is essentially a *compliance* measure and does not impose or remove any tax. Even though the passage of the Bill is expected to positively affect Import Duties, Value-Added Tax and other taxes, the fiscal impact cannot be immediately estimated.

6.4 Software to verify Tax Stamps

As to what the Government was doing to ensure that excisable products are not sold with fake tax stamps, the Committee was informed that Ministry of Finance and the Ghana Revenue Authority (GRA) are in the process of creating a software which will enable the public to check the genuineness of Excise Tax Stamp on a product they intend to purchase. This software is expected to be rolled out by the end of the first quarter of 2019.

The Committee recommends to the Ministry of Finance and the Ghana Revenue Authority to endeavor to continually enhance the technical and security features of the Excise Tax Stamps to make them more difficult to be counterfeited.

7.0 AMENDMENT PROPOSED

The Committee respectfully recommends the following amendment to the Bill:

- i. **Long Title – Amendment Proposed** – Line 2, *delete* “for” and *insert* “of”

8.0 CONCLUSION

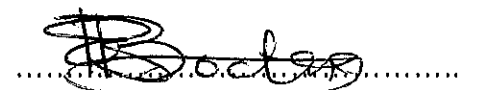
The Committee, after thorough consideration of the Bill, finds that its passage would help revamp the local Textile Manufacturing Industry and make it more difficult for smuggled textiles to be sold on the Ghanaian market.

The Committee, in view of the foregoing, respectfully recommends to the House to adopt this report and **pass the Excise Tax Stamp (Amendment) Bill, 2018** into law **subject to the amendment proposed** in accordance with Article 106(13) of the 1992 Constitution and the Standing Orders of the House.

Respectfully Submitted.



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



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

22ND DECEMBER, 2018