

**IN THE FIRST SESSION OF THE EIGHTH
PARLIAMENT OF THE FOURTH REPUBLIC OF GHANA**

REPORT OF THE

FINANCE COMMITTEE

ON THE

COVID-19 HEALTH RECOVERY BILL, 2021

30TH MARCH, 2021

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1.0 INTRODUCTION

The COVID-19 Health Recovery Bill, 2021 was first presented to Parliament and read the first time on Friday, 26th March, 2021.

Rt. Hon. Speaker referred the Bill to the Finance Committee for consideration and report in accordance with the 1992 Constitution and the Standing Orders of Parliament.

The Committee met with the President's Representative at the Ministry of Finance, Hon. Charles Adu Boahene, the Senior Technical Adviser at the Ministry, Hon. Abena Osei Asare and a team of officials from the Ministry of Finance, the Ghana Revenue Authority (GRA) and the Attorney-General's Department.

1.1 Urgency of the Bill

The Committee met and determined that the Bill is of an urgent nature and therefore certifies that it must 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 Parliament.

2.0 DOCUMENTS REFERRED TO

The Committee referred to the following documents in order to consider the Bill:

1. The 1992 Constitution;
2. The Value Added Tax Act, 2013 (Act 870);
3. The Revenue Administration Act, 2016 (Act 915)
4. The Standing Orders of Parliament.

3.0 OBJECT OF THE BILL

The object of the Bill is to introduce a COVID-19 Health Recovery Levy on the supply of goods and services in the country and imports of goods and services to the country to raise revenue to support Covid-19 expenditures and for related matters.

4.0 STRUCTURE OF THE BILL

The Bill contains Seven (7) clauses.

Clause 1 imposes the COVID-19 Health Recovery Levy, chargeable on the value of the taxable supply of goods or services made in the country other than exempt goods or services and on the value of the imports of goods or services to the country other than exempt imports.

Clause 2 exempts a supply in respect of any of the matters set out in the First Schedule to the Value Added Tax Act, 2013 (Act 870).

Clause 3 classifies a supply in respect of any of the matters set out in the Second Schedule to Act 870 as zero-rated as regards the COVID - 19 Health Recovery Levy imposed under clause 1.

Clause 4 provides relief from the payment of the COVID-19 Health Recovery Levy to individuals and organisations and in respect of matters specified in the Third Schedule to Act 870.

Clause 5 deals with the collection and the administration of the COVID-19 Health Recovery Levy. Clause 6 provides for the power of the Minister to make Regulations whilst Clause 7 deals with interpretation.

5.0 OBSERVATIONS

5.1 Rationale for the Bill

The Committee was informed that the Coronavirus (COVID-19) pandemic has affected the livelihoods of many Ghanaians and enterprises. To cushion the effects of the pandemic on individuals and businesses, Government in 2020 injected Millions of Ghana Cedis into the Health Sector and undertook other social interventions. These social interventions included the provision of personal protective equipment, procurement of additional health facilities, motivation of frontline staff, provision of stimulus packages, supportive revenue measures and provision of free electricity and water to the populace.

In 2021 further interventions include the procurement of vaccines for free vaccination of the populace and provision of additional health facilities and revenue measures to support the more vulnerable in society.

In order to sustain and carry out these important interventions, Government is introducing the COVID -19 Health Recovery Levy of a One (1) percent on the value of the taxable supply of the goods or services or on the value of imports as part of a package to raise funds.

5.2 Fiscal Impact of the Bill

The Committee was informed that Government expects to raise One Billion, Four Hundred and Sixty-Six Million Ghana Cedis (GH¢1.40 Billion) from the levy.

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5.3 Review by the Minister Responsible for Finance

The Committee observed that the levy will be subject to a review. It was explained that in 2024, the Minister is empowered to review the enactment and if he is of the view that the law has served its purpose, he may recommend for the repeal of the levy.

5.4 Minority Position on the Bill

The entire Minority Members on the Committee led by the Ranking Member opposed the bill. They argued that:

- The imposition of a 1% COVID-19 Health Recovery Levy in addition to the existing 2.5% NHIL and the increase in the VAT flat rate from 3% to 4% will increase prices of goods and services in the country. It would also result in an increase in import duties.
- VAT is a regressive tax as it affects the poor more than the rich. The tax, if allowed will ultimately result in a reduction of the disposable income of many Ghanaians.
- Ghanaian businesses are already reeling under the harsh effects of the COVID 19 pandemic and any additional tax measures particularly an increase in the VAT rate will only worsen their plight.
- The additional increase of 1% in the NHIL will not offer Ghanaian business the chance to recover thereby increasing the cost of doing business in the country.

The Minority Members expressed the view that Government has not accounted for the over GH¢8 Billion that it has spent in the name of COVID and therefore cannot support a tax that seeks to take additional money from the taxpayer. Furthermore, in their opinion, most of the so

called COVID-19 related expenditure are indeed not related to the pandemic in any way, shape or form.

They therefore recommended that Government should refrain from imposing this tax in the middle of the pandemic, particularly at a time most countries are granting massive stimulus packages to businesses and households.

5.5 Inability to Reach a Decision

After extensive deliberations, the Committee was unable to reach an agreement on the bill. A division was called and in accordance with the Standing Orders of the House a vote was taken. By a vote of 13 (Majority) to 12 (Minority), the Committee by majority resolved to recommend the Bill to the House for approval.

6.0 RECOMMENDATION

The Committee, having carefully scrutinized the Bill, proposes the following amendment for the consideration of the House:

Amendment

- i. **Amendment proposed** –Clause 1 sub Clause 1, paragraph (b), line 1, *delete* “the country”.

7.0 CONCLUSION

After a careful consideration, the Committee is of the view that the Bill is in the right direction as it would enable Government to continue to provide the vital interventions and relief packages to address the impact of the COVID-19 pandemic on businesses and households.

The Committee therefore by Majority Decision, recommends to the House to adopt its report and pass the COVID-19 Health Recovery Levy Bill, 2021 in accordance with the 1992 Constitution and the Standing Orders of the House.

Respectfully submitted.

PARLIAMENT OF GHANA



HON. KWAKU KWARTENG
CHAIRMAN, FINANCE COMMITTEE



EVELYN BREFO-BOATENG
CLERK TO THE COMMITTEE

30th March, 2021