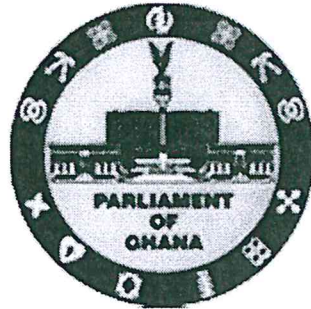


**IN THE FIRST SESSION OF THE SEVENTH PARLIAMENT OF THE
FOURTH REPUBLIC OF GHANA**



**REPORT OF THE
FINANCE COMMITTEE**

ON THE

PARLIAMENT OF GHANA LIBRARY
PARLIAMENT HOUSE
OSU - ACCRA

**ENERGY SECTOR LEVIES
(AMENDMENT) BILL, 2017**

3RD APRIL, 2017

1.0 INTRODUCTION

The **Energy Sector Levies (Amendment) Bill, 2017** was presented to Parliament by the Honourable Minister for Finance and *read the first time* on Thursday 31st March 2017. The Bill was subsequently referred to the Finance Committee for consideration and report in accordance with article 174 of the 1992 Constitution and Order 169 of the Standing Orders of the Parliament of Ghana.

The Chief Director and other officials from the Ministry of Finance and the Ghana Revenue Authority (GRA) assisted the Committee in its deliberations on the Bill.

The Committee expresses its gratitude to the Chief Director and the other officials from the Ministry of Finance and GRA for attending upon the Committee.

1.1 Urgency of the Bill

The Committee determined and certifies that the Bill is of an urgent nature and 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 the House.

2.0 REFERENCES

The Committee referred to 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. Energy Sector Levies Act, 2015 (Act 899)
- d. Interpretation Act, 2009 (Act 792)

3.0 BACKGROUND

Government as part of the 2017 Budget Statement and Economic Policy has proposed to reduce or abolish some taxes in order to bring relief to consumers.

Pursuant to that commitment, government introduced this Bill to amend the Energy Sector Levies Act, 2015 (Act 899) as part of measures to reduce the energy sector levies imposed on consumers.

Government has assessed the uses of the National Electrification Scheme Levy (NESL) and the Public Lighting Levy (PLL) and proposes to reduce the NESL from five percent (5%) to two percent (2%) and the PLL from five percent (5%) to three percent (3%) per price of kWh of electricity charged on all categories of consumers.

4.0 PURPOSE OF THE BILL

The purpose of the Bill is to amend the Energy Sector Levies Act, 2015 (Act 899) to repeal paragraphs (a) and (b) of subsection 2 of section 4; to provide for a reduction in the rate of levies for Public Lighting and the National Electrification Scheme on petroleum products, and to provide for related matters.

5.0 CONTENTS OF THE BILL

The Energy Sector Levies (Amendment) Bill, 2017 contains two (2) clauses.

Clause 1 amends the Energy Sector Levies Act, 2015 (Act 899) by repealing section 4(2)(a) and (b) thereof.

Clause 2 provides for amendment of the First Schedule to Act 899 to reduce the Public Lighting Levy to 3% and the National Electrification Scheme levy to 2%.

6.0 OBSERVATIONS

6.1 Fiscal Impact

The Committee noted that the reduction in the rates would lead to an estimated revenue loss of GH¢308.30 million. Of this amount, GH¢185.28 million and **GH¢123.01** million are estimated National Electrification Scheme Levy and Public



Lighting Levy losses to the Power Generation and Infrastructure Support Sub-Account (PGISS).

In effect, the sixty percent (60%) of moneys collected under the NESL and forty percent (40%) of moneys collected under the PLL that would normally be paid into the Power Generation and Infrastructure Support Sub-Account will no longer be available for payment into that Sub-Account.

Impact on Debt Restructuring

The Committee was informed that the reduction in the rates would not have any impact on the current obligations under the debt restructuring arrangements with the relevant creditor banks.

Transposition of Rates

The Committee observed that in the Budget statement, the reduction in the rates had been inadvertently stated as 3% for NESL and 2% for the PLL. Officials from the Ministry of Finance admitted that this was indeed an error of transposition and that the true intent of the government policy was to reduce the NESL to 2% and the PLL to 3% as captured in the Bill.

7.0 AMENDMENT PROPOSED

The Committee respectfully recommends the following amendment to the Bill:

- i. **Long Title – Amendment Proposed** – Lines 1 and 2, *delete* “repeal paragraphs (a) and (b) of subsection 2 of section 4” and *insert* “review transfers into the Power Generation and Infrastructure Support Sub-Account”

8.0 CONCLUSION

The Committee, having carefully examined the Bill, finds that its passage would be an important step towards bringing relief to the people of Ghana with regards to levies in the energy sector.

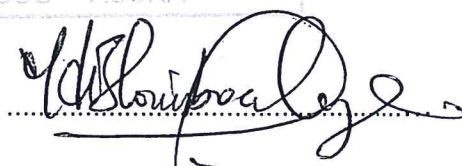
The Committee therefore recommends to the House to adopt this report and pass the **Energy Sector Levies (Amendment) Bill, 2017** into law in accordance with Article 106 of the Constitution and Orders 127-131 of the Standing Orders of the House ***subject to the amendment proposed.***

Respectfully Submitted

PARLIAMENT OF GHANA LIBRARY
PARLIAMENT HOUSE
OSU – ACCRA



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



LOUIS YIADOM BOAKYE
(ASST CLERK, FINANCE COMMITTEE)

3RD APRIL, 2017

