

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

**REPORT OF THE
FINANCE COMMITTEE**

ON THE

**TAX EXEMPTION STATUS FOR THE REGIONAL
TRAINING CENTRE FOR LAW ENFORCEMENT
AGENCIES UNDER A MEMORANDUM OF
UNDERSTANDING BETWEEN THE GOVERNMENT
OF GHANA AND THE GOVERNMENT OF THE
UNITED STATES**

31ST JULY 2017



1.0 INTRODUCTION

The Request for Tax Exemption Status for the Regional Training Centre for Law Enforcement Agencies was laid in the House 25th July, 2017 in accordance with Article 174(2) of the Constitution, and referred to the Finance Committee for consideration and report pursuant to the Standing Orders of the House.

The Committee met with the Deputy Minister for Finance Hon. Kwaku Kwarteng and a technical team from the Ministry of Finance to consider the Request.

2.0 BACKGROUND

In 2010, the United States conceived the idea to establish a specialized sub regional training institution in West Africa to support law enforcement and criminal justice organizations in the region. The Institution would also offer training programmes that would focus on combatting transnational crimes and building the criminal justice sector capacity for the ECOWAS member states.

One of the selection criteria for hosting the Regional Training Center is for the host country to grant the training center a tax-exempt status.

Ghana competed with other countries to host the envisaged Regional Training Center and won the privilege to host the Center which has been sited in Ghana in 2012.

Consequently, Ghana signed a Memorandum of Understanding (MoU) with the Government of the United States pledging to grant the Center tax-exemption status. In order to grant the tax-exemption status to the Center, Government has submitted this request to the House for approval.

2.1 Request

The request is to seek approval from Parliament to grant the Regional Training Center a tax-exempt status.

The Approval would cover the following:

- Exemptions on all equipment, material and articles that may be imported specifically for use in implementing the program and of all customs duties and taxes concerning their entry into Ghana
- Exemptions (tax reimbursements) with respect to the payment of taxes on local purchases charged to the resources or funds provided by the United States Government in connection with the implementation of the project in accordance with current domestic legal provisions

3.0 OBSERVATIONS

3.1 Status of the Centre

The Committee was informed that the Regional Training Center has been constructed and it is already training individuals from the ECOWAS region. As at the end of June 2016, three thousand (3000) individuals from other West African countries have been trained. The Centre has also trained one thousand, one hundred and sixty- four (1,164) Ghanaians.

3.2 Scope and Duration of the Tax Exemption

The Committee inquired how much in Ghana cedis would be required as tax exempt for the Centre and for how long.

The technical team explained that, unlike other requests for tax exemptions with a definite amount, the amount involved with this request is not known. This is because the MoU provides that all taxes that are applicable from the inception of the Center until it folds up be exempted. Thus, the request is for Parliament to grant the Centre a tax-exempt status.

The technical team however assured the Committee that the current tax regime would ensure that the status is not abused.

3.3 Refund of Taxes Paid

The Committee inquired from the Ministry whether the Centre would have a tax refund since the Ministry has now laid the request for tax exemption for the Centre.

The technical team answered in the affirmative and said so far the Centre is entitled to a refund to the tune of US\$443,529.90 (GH¢1,517,371.09). The breakdown is as follows:

YEAR	AMOUNT US\$	AMOUNT GH¢
2012	1,915.78	3,639.99
2013	75,348.23	151,704.48
2014	75,256.30	229,361.53
2015	94,342.01	394,811.53
2016	196,664.58	737,853.96
TOTAL	443,526.90	1,517,371.09

The Centre would continue to pay taxes and demand refund in the course of their operation.

3.4 Implementation of Approved Tax Exemptions

The Committee noted that the Ministry of Finance since the beginning of this year has revised the procedure for accessing tax exemptions in the country. The Ministry now requires organizations to pay the duties up front and the taxes are refunded to them later.

The Deputy Minister explained that the current measures were put in place to check abuses and to sanitize the system. He stated that since the implementation of the new measures, revenue collection has seriously improved. Further, companies have also indicated their preference for the new arrangements as it eliminates avoidable expenditure such as demurrage that accrue due to delays in document processing.

The Deputy Minister, Hon Kwarteng assured the Committee that the measure was a temporal one and that the Ministry was reviewing the exemptions framework. It would present a bill to Parliament for approval for a new framework to administer tax exemptions in the country.

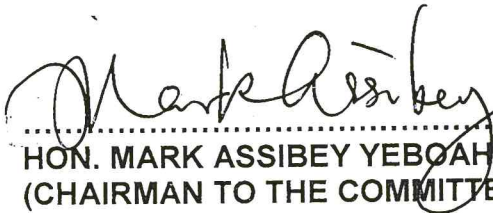
Members however expressed concern that the Ministry may be acting contrary to Article 174 of the 1992 Constitution. The Committee therefore urged the Ministry to seek an opinion from the Attorney-General if it intends to continue with the current arrangement



4.0 CONCLUSION

In view of the above, the Committee recommends to the House the adoption of its report and approve the Request by the Minister for Finance for Tax Exemption Status for the Regional Training Centre for Law Enforcement Agencies under a Memorandum of Understanding between the Government of Ghana and the Government of the United States in accordance with Article 174(2) of the Constitution.

Respectfully submitted.


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HON. MARK ASSIBEY YEBOAH (DR)
(CHAIRMAN TO THE COMMITTEE)


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EVELYN BREFO-BOATENG (MS)
(CLERK TO THE COMMITTEE)