

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

REPORT OF THE

FINANCE COMMITTEE

ON THE

**NATIONAL FISCAL STABILIZATION LEVY
(AMENDMENT) BILL, 2017.**

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6TH DECEMBER, 2017

1.0 INTRODUCTION

The National Fiscal Stabilization Levy (Amendment) Bill was first presented to Parliament and read the first time on Wednesday, 29th November, 2017. The 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 a Deputy Minister for Finance, Hon. Kwaku Kwarteng, and a technical team from the Ministry of Finance, Ghana Revenue Authority and Attorney-General's Department.

2.0 DOCUMENTS REFERRED TO

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

1. 1992 Constitution
2. The National Fiscal Stabilization Levy Act, 2013 (Act 862)
3. The Standing Orders of Parliament

3.0 OBJECT OF THE BILL

The Object of the Bill is to extend the date of expiration of the National Fiscal Stabilization Levy Act, 2013 (Act 862)

4.0 STRUCTURE OF THE BILL

The Bill has two clauses. Clause 1 amends Section 4 of Act 862 to extend the expiry date to 2019. Clause 2 amends Section 9 of Act 862 by providing that the provisions in the Revenue Administration Act, 2016 (Act 915) shall apply to the Bill for the collection, enforcement, refund and penalties as if it was under Act 915.

5.0 OBSERVATIONS

5.1 Purpose for the extension

The Deputy Minister for Finance explained that the National Fiscal Stabilization Levy Act, 2013 (Act 862) was introduced to raise funds to stabilize the economy which was suffering from external shocks. Per the Act, the period for the levy would expire at the end of 2017.

The Deputy Minister stated that Government was not introducing any new taxes, and that Government was rather committed to lessening the tax burden on businesses. In view of this, Government has so far abolished a number of taxes. A number of measures were also being implemented to help improve tax compliance. It is the hope of Government that if these measures are successful, a lot more taxes would be removed. It was therefore important for Government to maintain some tax handles in the short term to ensure that the effects of the efforts of Government are manageable, hence the need to extend the levy to the end of 2019.

5.2 Fiscal impact of the Bill

The Committee observed that contrary to Section 100 of the Public Financial Management Act, 2016 (Act 921), the National Fiscal Stabilization Levy (Amendment) Bill was not accompanied by a fiscal impact analysis stating the estimated effect on revenues and expenditures for the financial year.

The Deputy Minister conceded the error and informed the Committee that the estimated revenue to be derived for the year 2018 amounted to GH¢263,221,125. The Deputy Minister explained that the Ministry would

be in a better position to give a better estimate on the fiscal impact for 2019 after reviewing the performance of the Bill in 2018.

5.3 Minority's opposition to the Extension of the Levy

The Members of the Minority Caucus on the Committee expressed their opposition to the extension of the levy. They stated that in line with the ruling party's manifesto, Government promised to abolish some taxes called nuisance taxes which in their opinion included this levy.

The Majority were however of the opinion that the levy was not a new tax and that true to the Government's pledge they have not introduced any new taxes. They agreed with the Deputy Minister that the extension of the levy would ensure stability in the economy in the near term.

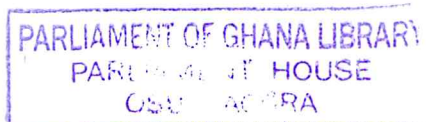
6.0 RECOMMENDATIONS

The Committee proposes the following amendment

Amendment Proposed – Clause 2 – *delete* and *insert* the following

(2) 9. For the purpose of enforcing the recovery of the levy, the provisions of the Revenue Administration Act, 2016 (Act 915) relating to collection, enforcement, refund and penalties shall apply to the collection of the levy as if the levy is collected under Act 915.”

This is to state correctly the applicable law for the collection of the levy which is the Revenue Administration Act and not the Income Tax Act.

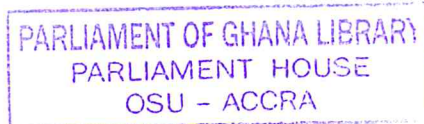


CONCLUSION

The Committee, upon careful examination of the Bill, finds that its passage would help maintain the fiscal stability of the economy.

The Committee, *by majority decision*, recommends to the House to adopt this report and **pass National Fiscal Stabilization Levy (Amendment) Bill, 2017** into law in accordance with Article 106 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)