

**IN THE THIRD SESSION OF THE SIXTH PARLIAMENT OF THE FOURTH REPUBLIC OF
GHANA**

REPORT OF THE COMMITTEE ON FINANCE

ON

EXCISE DUTY (AMENDMENT) BILL, 2015

July 2015

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(AMENDMENT) BILL, 2015**

1.0 INTRODUCTION

The Excise Duty (Amendment) Bill, 2015 was presented to Parliament and read the first time on behalf of the Hon. Minister for Finance by the Hon. Deputy Minister of Finance, Mr. Cassiel Ato Baah Forson on Friday, 19th July 2015 in accordance with Article 174(1) of the 1992 Constitution. The Rt. Hon. Speaker referred the Bill to the Finance Committee for consideration and report in accordance with and Order 169 of the Standing Orders of the Parliament of Ghana.

Pursuant to the referral, the Committee met with the Hon. Deputy Minister of Finance, Mr. Cassiel Ato Baah Forson and Officials from the Ministry of Finance and Ghana Revenue Authority (GRA) and deliberated on the referral.

The Committee is grateful to the Hon. Deputy Minister and the officials for the assistance.

2.0 REFERENCE

The Committee referred to the following additional documents during its deliberations:

- The 1992 Constitution of Ghana.
- The Standing Orders of the Parliament of Ghana.
- Excise Duty Act, 2014 (Act 878)

3.0 BACKGROUND

The Government as part of measures to consolidate fiscal stability and promote growth introduced a number of revenue measures in the 2015 Economic Policy and Budget Statement of the Government. These measures among others, were to correct the imbalances in the tax administration and to increase tax revenue. Some of the measures includes the expansion of the tax base to robe in many people and activities and increase in the percentage of some existing tax rates on specific commodities and activities. One of the commodities is tobacco products which current excise duty rate is one hundred and fifty per centum of the ex-factory price.

It is therefore to give effect to the measures outlined in the 2015 Economic Policy and Budget Statement of the Government that the proposed Excise Duty (Amendment) Bill, 2015 which seeks to increase the Excise Duty on tobacco products from the current one hundred fifty per centum of the ex-factory price to one hundred and seventy-five per centum of the ex-factory price is being introduced.

4.0 PURPOSE OF THE BILL

The Bill seeks to amend the First Schedule of the Excise Duty Act, 2014 (Act 878) to increase the Excise Duty on cigarettes and cigars from one hundred and fifty per centum of the ex-factory price to one hundred and seventy-five per centum of the ex-factory price.

5.0 PROVISIONS OF THE BILL

The Bill is a single Clause Bill which seeks to amend the First Schedule of Act 878 by the substitution for the ad-valerem rate of duty in the third column relating to tobacco products.

7.0 OBSERVATIONS

Rationale for the Bill

The Committee was informed during its deliberations that the Bill constitutes one of the policy measures outlined in the 2015 Budget Statement and Economic Policy of the Government. The primary objective is to increase prices of tobacco products to serve as a disincentive to reduce the consumption of tobacco products. It was explained that Ghana's Excise tax as a percentage of cigarette price is one of the lowest in the region and in an effort to reduce the consumption of tobacco and its related health hazards, there was the need to increase the excise duty on tobacco products to bring it in tandem with the average for Africa.

Urgency of the Bill

The committee in its deliberations considered the Bill to be of an urgent nature which must be taken through all the stages in a day in accordance with Article 106 (13) of the Constitution and Order 119 of the Standing Orders of the House. The Committee noted that the Bill is one of the revenue bills proposed in the 2015 Budget Statement which should have come into effect in January, 2015. The delay in the presentation of the Bill, the Committee observed is negatively affecting the tax revenue generation and further delays in the implementation could have adverse impact on revenue performance and the Ministry's ability to meet its 2015 revenue projections.

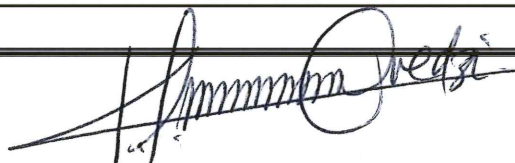
The Committee registers its displeasure about the undue delay in presenting the Bill to Parliament. The Committee cautions and also urges the Ministry to be proactive in tracking all revenue bills outlined in future Budget Statements to ensure timely presentation to Parliament.

8. CONCLUSION

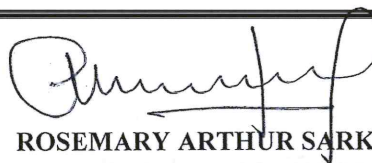
The Committee upon a thorough examination of the Bill recommends to the House to adopt its report and take the Excise Duty (Amendment) Bill, 2015 through all the stages

in accordance with Article 106 (13) of the Constitution and Order 119 of the Standing Orders of the House.

Respectfully Submitted



HON. JAMES KLUTSE AVEDZI
(CHAIRMAN, FINANCE COMMITTEE)



ROSEMARY ARTHUR SARKODIE (MRS)
(CLERK, FINANCE COMMITTEE)

July 2015