

## EXCISE DUTY (AMENDMENT) BILL, 2022

### MEMORANDUM

The object of the Excise Duty (Amendment) Bill, 2022 is to amend the Excise Duty Act, 2014 (Act 878) to revise the excise tax rates for cigarettes and other tobacco products to conform with the Economic Community of West African States (ECOWAS) Protocols and raise revenue to mitigate the harmful effects of these excisable products; increase the excise duty in respect of wine, malt drinks and spirits; and impose excise duty on sweetened beverages and electronic cigarettes and electronic liquids to increase revenue.

The ECOWAS Directive on the harmonisation of excise duties on tobacco products directs that the excise duty on tobacco products must include an ad valorem duty and a specific duty. Specifically, the ad valorem rate is required to be fifty percent or more while the specific tax is required to be the minimum equivalent of zero point zero two United States Dollars (US \$ 0.02) per stick in the case of cigarette, cigar and cigarillo and the cedi equivalent of twenty United States Dollars (US \$20) per net kilogramme for all other tobacco products. The Bill seeks to amend Act 878 to implement this Directive in line with Ghana being a member of ECOWAS.

There has been an increase in the use of electronic cigarettes and other smoking devices over the last decade. Currently, these products do not attract excise duty. Excise duty will be imposed on these products as the nicotine and other chemicals used as additives are also harmful.

Apart from mineral waters and malt drinks, all other sweetened beverages, including processed fruit juices do not attract excise duty. The Bill amends Act 878 to impose excise duties on these products and increase the excise duty on mineral waters and malt drinks.

Spirits have a higher alcohol content compared to beer. However, the excise duty on spirits is lower than that of beer. To address this, the excise duty on spirits is being raised above that of beer in accordance with good practice on the imposition of excise duties. Consequentially, the excise duty on wines has been reviewed upwards.

For ease of reference and the record, the descriptions of the various products are being revised to conform to the World Customs Organisation Harmonised Commodity Description and Coding System.



The Bill amends Act 878 by substituting the First Schedule with a new Schedule. The rationale for the amendment is to revise the excise tax rates for cigarettes and other tobacco products to align with the ECOWAS Protocols and impose new excise tax rates on sweetened beverages.

The passage of the Bill will yield approximately four hundred and fifty-five million Ghana Cedis.



KEN OFORI-ATTA

*Minister responsible for Finance*

Date: 14<sup>TH</sup> DECEMBER, 2022



EXCISE DUTY (AMENDMENT) BILL, 2022

ARRANGEMENT OF SECTIONS

*Section*

First Schedule to Act 878 amended



# EXCISE DUTY (AMENDMENT) BILL, 2022

A

BILL

ENTITLED

## EXCISE DUTY (AMENDMENT) ACT, 2022

**AN ACT** to amend the Excise Duty Act, 2014 (Act 878) to increase the excise duty in respect of cigarettes and tobacco products, wine, malt drinks and spirits and to impose excise duty on sweetened beverages, including fruit juices and on electronic cigarette liquids, electronic cigarettes and electronic smoking devices.

PASSED by Parliament and assented to by the President:

### First Schedule to Act 878 amended

The Excise Duty Act, 2014 (Act 878) is amended by the substitution for the First Schedule, of

#### "FIRST SCHEDULE (sections 1, 5 and 37)

#### GOODS LIABLE TO EXCISE DUTY

Tariff No.	Commodity Description	Rate of Duty
1.	(a) Waters, including mineral waters of all description whether or not containing added sugar, or other sweetening matter or flavoured, and other non-alcoholic beverages falling under heading 22.01 and 22.02 of the Harmonised System and Custom Tariff Schedules, 2017:	
	(i) mineral water	20 per centum of the ex-factory price
	(ii) aerated water	20 per centum of the ex-factory price





	(iii) non-alcoholic beer	20 per centum of the ex-factory price
	(iv) energy drinks	20 per centum of the ex-factory price
	(v) other non-alcoholic drinks	20 per centum of the ex-factory price
	(b) Distilled, bottled water	17.5 per centum of the ex-factory price
	(c) Sachet water	0 per centum
	(d) Fruits juices (including grape and vegetable juices, unfermented and not containing added spirits whether or not containing added sugar or other sweetening matter falling under heading 20.09 of the Harmonised System and Custom Tariff Schedules, 2017:	20 per centum of the ex-factory price
2.	<b>Malt drink: Percentage use of local raw material</b>	
	(a) Less than 50 per centum of local raw material	20 per centum of the ex-factory price
	(b) 50 per centum to 70 per centum of local raw material	12.5 per centum of the ex-factory price.
	(c) Above 70 per centum of local raw material	10 per centum of the ex-factory price
3.	<b>Beer, stout other than indigenous beer: Percentage use of local raw material</b>	
	(a) Less than 50 per centum of local raw material	47.5 per centum of the ex-factory price
	(b) 50 per centum to 70 per centum of local raw material	32.5 per centum of the ex-factory price
	(c) Above 70 per centum of local raw material	10 per centum of the ex-factory price



4.	Cider beer	20 per centum of the ex-factory price
5.	Wines including sparkling wine	45 per centum of the ex-factory price
6.	<b>Spirits including "Akpateshie":</b>	
	(a) Distilled or rectified	50 per centum of the ex-factory price
	(b) Blended or compounded	50 per centum of the ex-factory price
	(c) Other:	
	(i) For use solely in laboratories or in the compounding of drugs	0 per centum
	(ii) Denatured to the satisfaction of the Commissioner-General	10 per centum of the ex-factory price
	(iii) "Akpateshie"	20 per centum of the ex-factory price
7.	<b>Tobacco Products:</b>	
	(a) Cigarette	50 per centum of the ex-factory price and a specific duty of 28 pesewas per stick
	(b) Cigars	50 per centum of the ex-factory price and a specific duty of 28 pesewas per stick
	(c) Negrohead	GH¢280 per kilogramme
	(d) Snuff and other tobacco	GH¢280 per kilogramme
	(e) Electronic cigarette liquids falling under heading 24.03 of the Harmonised System and Custom Tariff Schedules, 2022	50 per centum of the ex-factory price and a specific duty of 50 pesewas per millilitre
	(f) Electronic cigarettes and similar personal electric vaporising devices falling under heading 85.43 of the Harmonised System and Custom Tariff Schedules, 2017:	
	(i) Electronic cigarettes	50 per centum of the ex-factory price



	(ii) Electronic smoking devices	50 per centum of the ex-factory price
8.	Plastic and Plastic products listed under Chapters 39 and 63 of the Harmonised System and Custom Tariff Schedules, 2012	10 per centum of the ex-factory price
9.	Other Products:	
	(a) Textiles	0 per centum
	(b) Pharmaceuticals	0 per centum

1. The excise duty indicated in the third column in relation to the goods listed under Commodity Description for Tariff Number 8 shall be

- (a) computed on the Cost, Insurance and Freight (CIF) value of the goods listed in the second column; and
- (b) paid at the point of entry.

2. Not less than fifty percent of the revenue accruing under Tariff Number 8 shall be paid into a Fund designated as "Plastic Waste Recycling Fund".

3. For the avoidance of doubt, excise duty is computed on the Cost, Insurance and Freight at the point of entry."

PARLIAMENT OF GHANA LIBRARY