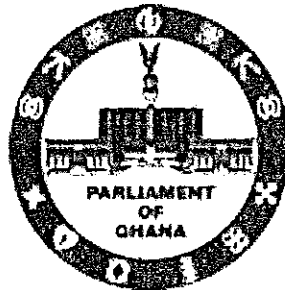


IN THE THIRD SESSION OF THE EIGHTH PARLIAMENT OF THE FOURTH  
REPUBLIC OF GHANA



PARLIAMENT OF GHANA  
PARLIAMENTS HOUSE  
1981 - ACCRA

REPORT OF THE FINANCE COMMITTEE ON THE REQUEST FOR WAIVER OF  
IMPORT DUTY, IMPORT GETFUND LEVY, IMPORT NHIL, IMPORT VAT, EXIM  
LEVY, SPECIAL IMPORT LEVY, COVID-19 RECOVERY LEVY AND DOMESTIC  
VAT AMOUNTING TO THE GHANA CEDI EQUIVALENT OF EIGHTEEN MILLION,  
FIVE HUNDRED AND FOURTEEN THOUSAND, SIX HUNDRED AND FIFTY UNITED  
STATES DOLLARS, EIGHTY-NINE CENTS (US\$18,514,650.89 [MADE UP OF  
US\$16,297,210.00 ON IMPORTS AND US\$2,217,440.89 ON DOMESTIC  
PURCHASES) ON MATERIALS/GOODS AND EQUIPMENT REQUIRED TO BE  
PROCURED FOR THE ESTABLISHMENT OF THE UNIVERSITY OF ENVIRONMENT  
AND SUSTAINABLE DEVELOPMENT (USD), BUNSO CAMPUS PROJECT BY  
MESSRS. KOLON-DB JOINT VENTURE.

1.0. INTRODUCTION

The Request for waiver of Import Duty, Import GETFund Levy, Import NHIL, Import VAT, EXIM Levy, Special Import Levy, COVID-19 Recovery Levy and Domestic VAT amounting to the Ghana Cedi equivalent of Eighteen Million, Five Hundred and Fourteen Thousand, Six Hundred and Fifty United States Dollars, Eighty-Nine Cents (US\$18,514,650.89

[made up of US\$16,297,210.00 on imports and US\$2,217,440.89 on domestic purchases) on materials/goods and equipment required to be procured for the Establishment of the University of Environment and Sustainable Development (UESD), Bunso Campus Project by Messrs. Kolon-DB Joint Venture was presented to the House on Wednesday 30<sup>th</sup> November, 2022 by the Hon. Majority Leader and Minister for Parliamentary Affairs, Mr. Kyei-Mensah-Bonsu for and on behalf of the Minister for Finance in accordance with Article 174 (2) of the Constitution. Pursuant to Orders 169 of the Standing Orders of the House, the request was referred to the Finance Committee and the Leadership of the Committee on Education for consideration and report. The Committee subsequently met and discussed the request with the Hon. Deputy Ministers for Finance and Education, Mrs. Abena Osei Asare and Mrs. Gifty Twunm-Ampofo, Officials from the Ministries of Finance, Education and the Ghana Revenue Authority.

The Committee hereby submits this report to the House pursuant to Order 161(1) of the Standing Orders of Parliament. The Committee is grateful to the Hon. Deputy Ministers and Officials for attending upon it and assisting in the deliberations.

## **2.0. REFERENCE DOCUMENTS**

The Committee referred to and was guided by the following documents amongst others during its deliberations:

- The 1992 Constitution of the Republic of Ghana;
- The Standing Orders of the Parliament of Ghana;
- The Public Financial Management Act, 2016 (Act 921); and
- Exemptions Act, 2022 (Act 1083).

### 3.0. BACKGROUND

In recognition of the role of sustainable environmental practices to achieving sustainable development and a sustainable future, which are the cornerstones of Ghana's development, the Government of Ghana has requested the Government of the Republic of Korea to provide financial support for the establishment of the University of Environment and Sustainable Development at Bunso, in the Eastern Region, under the Economic Development Cooperation Fund. The agreement is also aimed at achieving the Government's policy to establish a Public University in each region of the country. The proposed intervention is part of ongoing efforts by the Ministry of Education to increase access to education and improve technical and vocational education and training under the Education, Sector Development Plan (ESDP) (TVET).

Despite government's commitment to enhance educational sector in the country, inadequate funding has been a big challenge. Government of Ghana therefore entered into a Loan Agreement with the Export-Import Bank of Korea for an amount in Korean Won not exceeding the equivalent of US\$90Million to finance the Development of the University of Environment and Sustainable Development, Bunso Campus project.

As part of the agreement, the Government of Ghana is requested to waive all applicable taxes on equipment and materials to be procured for the execution of the project. In fulfilment of this obligation, the Ministry of education upon an assessment by the Ghana Revenue Authority (GRA) is requesting Parliament to approve the waiver of special import Levy and COVID-19 health Recovery

Levy, and domestic VAT amounting to the Ghana Cedi equivalent of eighteen Million, five hundred and fourteen thousand, six hundred and fifty and eighty-nine Cents (US\$18,514,650.89) on imports and local purchases of materials, equipment and services/works to be procured.

#### **4.0. APPROVAL OF THE LOAN FACILITY**

Hon. Members may recall that, Parliament at its Thirty-Seventh Sitting of the Second Meeting held on Monday, 16<sup>th</sup> July, 2018 approved by resolution, the Loan Agreement between the Government of Ghana and the Export-Import Bank of Korea for an amount in Korean Won not exceeding the cedi equivalent of US\$90Million to finance the Construction Equipping and of the University of Environment and Sustainable Development at Bunso, in the Eastern Region under the Economic Development Cooperation Fund (EDC).

#### **5.0. REQUIRED WAIVER**

To ensure the execution of the project and in line with the Export-Import Bank of Korea Loan Agreement, the Ministry of Finance is seeking Parliamentary approval to exempt taxes up to the Ghana Cedi equivalent of US\$18,514,650.89 made up of US\$**16,297,210.00** on imports and US\$2,217,440.89 on local purchases of materials, equipment and services/works to be procured for the construction and equipping of the University of Environment and Sustainable Development at Bunso, in the Eastern Region under the Economic Development Cooperation Fund (EDC) by Messrs. Kolon-DB Joint Venture. The Ghana Revenue Authority(GRA), has assessed the quantum of Customs Duties and Taxes payable on the materials/goods and equipment to be imported under the project

made up of Import Duties, Import VAT, NHIL/GETFund, Exim Levy, Special Import Levy and Covid-19 Health Recovery Levy at a cedi equivalent of US\$16,297,210.00 and a cedi equivalent of US\$2,217,440.89 with respect to Domestic VAT on materials and equipment to be procured locally. The total exemption been requested is the cedi equivalent of US\$18,514,650.89 which is shown in the table below:

Tax type	Tax assessed	Tax waiver amount (US\$)	Total Waiver Request (US\$)
<b>Imports (A)</b>	Import Duty	6,662,342.00	
	NHIL/GETFund	2,244,133.00	
	Import VAT	5,890,850.00	
	EXIM Levy	286,652.00	
	Special Import Levy	764,406.00	
	Covid-19 levy	448,827.00	
<b>Sub-Total (A)</b>			<b>16,297,210.00</b>
<b>Domestic VAT (B)</b>		2,217,440.89	
<b>Sub-total B</b>			<b>2,217,440.89</b>
<b>Grand Total (A+B)</b>		<b>18,514,650.89</b>	<b>18,514,650.89</b>

## 6.0. OBSERVATIONS

The Committee having carefully scrutinized the request, made the following observations:

### 6.1. Status of Loan in the Era of Debt Restructuring

Addressing concerns of the Committee on the status of the Loan Agreement between the Government of Ghana and the Export-Import Bank of Korea for an amount in Korean Won not exceeding the cedi equivalent of US\$90Million to finance the Construction Equipping and of the University of Environment and Sustainable

Development at Bunso in the Eastern Region under the Economic Development Cooperation Fund (EDC), the Hon Deputy Minister of Finance informed the Committee that disbursement of the facility is not affected by the ongoing debt restructuring program. The EXIM Bank of Korea continue to disbursed the facility in accordance with the facility agreement. She indicated that disbursement stalled following the failure of government to meet some of its obligations including the grant of tax waiver on all project material and equipment and the delay in the payment of outstanding counterpart funding. The Government has since paid the outstanding counterpart funding of US\$2.3 million. What is left is the approval of the tax waiver my Parliament for disbursement to resume.

6.2. **Assessment of Tax Liabilities and the Waiver Required**

The Committee noted that, in an effort to meet the tax obligations under the Contract Agreement and to allow for the smooth implementation of the project, the government intends to grant tax reliefs on equipment and materials to be imported and procured locally for the execution of the project. The Committee noted that, if the exemptions are not granted, government is required under the terms of the contract agreement to pay the cost of taxes as counterpart founding for the project. The Committee was informed that the grant of the exemption is to ensure the smooth implementation of the project and to avoid an upfront payment by government to the contractor. The Committee was further informed that disbursement of the facility has stalled due to the delay in the grant of the waiver.

To accelerate project implementation and to allow for the smooth disbursement of the facility, the Ministry of Finance through the Ghana Revenue Authority has assessed the applicable taxes, duties and levies on equipment, materials, services and woks to be imported for the two projects and have recommended the waiver of a total tax liability of up to the Cedi equivalent of cedi equivalent of US\$18,514,650.89 made up of US\$16,297,210.00 on imports and a cedi equivalent of US\$2,217,440.89 with respect to Domestic VAT on materials and equipment to be procured locally.

The Committee having examined the request is convinced that all the items listed in the request are directly required for the execution of the project.

### **6.3. Covid-19 Recovery Levy**

The Committee noted that Ministry of Finance seeks to exempt the Contractor from the payment of Covid-19 Levy amounting to the Ghana Cedi equivalent of US\$448,827.00 on equipment and materials to be imported for the implementation of the project. The Committee noted that the Covid-19 Health Recovery Levy was imposed as a special levy on the supply of goods and services and imports to raise revenue to support Covid-19 expenditures and to support the country's post-covid recovery efforts. The Levy also aims to mobilize domestic revenue to embark on some projects and to support healthcare delivery to mitigate the impact of additional health spending that far exceeds the annual budget for health as a result of the impact of Covid-19 pandemic. Therefore, there is the need to ensure that all entities contribute resources for this purpose.

In view of the above, the Committee is unable to recommend the waiver of Covid-19 Recovery Levy on the projects.

To this end, the Committee recommends the waiver of the sum of Cedis equivalent of US\$18,065,823.89 on project plant, machinery, materials and equipment to be procured for construction and equipping of the University of Environment and Sustainable Development at Bunso, in the Eastern Region. Summary of the revised waiver recommended for approval is as follows:

**Total Exemption Recommended by the Committee**

Tax type	Tax assessed	Tax waiver amount (US\$)	Total Waiver Request (US\$)
<b>Imports (A)</b>	Import Duty	6,662,342.00	
	NHIL/GETFund	2,244,133.00	
	Import VAT	5,890,850.00	
	EXIM Levy	286,652.00	
	Special Import Levy	764,406.00	
<b>Sub-Total (A)</b>			<b>15,848,383.00</b>
<b>Domestic VAT (B)</b>		2,217,440.89	
<b>Sub-total B</b>			<b>2,217,440.89</b>
<b>Grand Total (A+B)</b>		18,065,823.89	18,065,823.89

## 7.0. CONCLUSION AND RECOMMENDATION

The Committee having carefully examined the referral is of the view that the implementation of the project would contribute significantly towards improving access and quality of technical and Vocational Education and Training (TVET) in Ghana.



The Committee therefore recommends to the House to adopt its report and approve by Resolution the request for waiver of Import Duty, Import GETFund Levy, Import NHIL, Import VAT, EXIM Levy, Special Import Levy and Domestic VAT amounting to the Ghana Cedi equivalent of Eighteen Million and Sixty-Five Thousand, Eight Hundred and Twenty-Three United States Dollars, Eighty-Nine Cents (US\$18,065,823.89 [made up of US\$15,848,383.00 on imports and US\$2,217,440.89 on domestic purchases) on materials/goods and equipment required to be procured for the establishment of the University of Environment and Sustainable Development (UESD), Bunso Campus project by Messrs. Kolon-DB Joint Venture in accordance with Article 174 (2) of the 1992 Constitution and Order 169 of the Standing Orders of the Parliament of Ghana.

Respectfully Submitted



.....  
HON. KWAKU A. KWARTENG  
(CHAIRMAN, FINANCE COMMITTEE)



.....  
JOANA A. S. ADJEI (MRS.)  
(CLERK TO THE COMMITTEE)

22nd February 2023

PARLIAMENT OF GHANA LIBRARY  
PARLIAMENT HOUSE  
KUMASI

