

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

REPORT OF THE FINANCE COMMITTEE ON THE 2008
ANNUAL ESTIMATES FOR THE REVENUE AGENCIES

1.0 INTRODUCTION

The 2008 Annual Estimates for the Revenue Agencies was laid in the House on Thursday, 15th November 2007 and referred to the Finance Committee for consideration and report in accordance with Article 179 of the Constitution and Standing Orders 140(5) and 169. This followed the presentation of the Budget Statement and Financial Policy of the Government for the year ending 31st December 2008 by the Minister for Finance and Economic Planning, Hon. Kwadwo Baah Wiredu.

The Committee met with the Minister of State at the Ministry of Finance & Economic Planning, Hon. Dr. Anthony Akoto Osei, and the Deputy Minister of Finance and Economic Planning, Hon. Professor George Gyan-Baffour to consider the 2007 Annual Estimates of the Revenue Agencies. Also in attendance were the Head of Revenue Agencies Governing Board, Commissioners of Value Added Tax Service (VATS), Customs, Excise and Preventive Service (CEPS), Internal Revenue Service (IRS) as well as officials from the Revenue Agencies and the Ministry of Finance and Economic Planning. The Committee reports as follows:

1.1 REFERENCE DOCUMENTS

- I. The 1992 Constitution of the Republic of Ghana
- II. The Standing Orders of the House
- III. The Budget Statement and Economic Policy of the Government for the 2008 Financial Year

2.0 BACKGROUND

The Revenue Agencies Governing Board (RAGB) was established by an Act of Parliament in 1998, (Act 558). It is a central governing body primarily charged to co-ordinate the activities of all the revenue Agencies in the Country.

The Agencies under the Board are the Internal Revenue Service (IRS), Customs, Excise and Preventive Service (CEPS), the Value Added Tax Service (VATS) and the secretariat of the Revenue Agencies Board.

The Revenue Agencies Governing Board started operations in August 2001 with the appointment of the Executive Secretary as the head of the institution.

2.1 OBJECTIVES

The objective of this institution is to ensure supervision and co-ordination of the activities of the Internal Revenue Service (IRS), Customs, Excise & Preventive (CEPS) and Value Added Tax Service (VATS) in the performance of their functions under the various statutes that govern their activities and operations.

3.0 REVENUE AGENCIES EXPENDITURE BUDGET FOR 2008

An amount of **GH¢113,013,634** has been allocated to the Revenue Agencies to be disbursed as follows:

PERSONNEL EMOLUMENTS	-	GH¢73,900,980
ADMINISTRATION	..	GH¢18,607,726
SERVICE	-	GH¢7,916,674
INVESTMENT	-	GH¢12,588,254
TOTAL	-	GH¢113,013,634

4.0 OBSERVATIONS

The Committee observed that some of the revenue enhancement measures undertaken in 2007 include:

- expanding the taxpayer base for income tax and VAT by registering more businesses, especially in the informal sector and step up enforcement.
- automating the operation of transit and warehousing regimes and facilitation of clearance of goods
- connecting destination inspection companies to GCMS
- pursuing electronic transmission of permits, licenses and other authorization to CEPS via the GCNet.
- enhancing staff performance through capacity building

The Committee was informed that total tax revenue outturn for 2007 is projected at **GH¢3,195,818,989**

The Committee also noted that 3% of the total collections by the Revenue Agencies has been ceded to them for their operations for the 2007 financial year.

The Minister of State at the Ministry of Finance and Economic Planning again informed the Committee that the total Tax revenue for 2008 from the revenue agencies is estimated at **GH¢3,973,834,329**

The Committee was further informed that in the year 2008, the *Revenue Agencies Governing Board* will expand the ongoing special tax audits of companies to cover medium and small scale businesses in the informal sector to help accelerate revenue generation.

The Customs, Excise and Preventive Service (CEPS) informed the Committee that in the 2008 financial year, it will set up transit monitoring units to prevent diversion of goods while resourcing the Preventive Department to become more effective in combating smuggling activities.

CEPS will also re-equip the Communications Department and the various laboratory offices at KIA and other stations.

In order to enhance the image of the Service and provide conducive working conditions for the staff, CEPS has embarked on the renovation and refurbishment of their offices and residential properties at the nations frontiers. This is expected to continue in 2008.

The *Internal Revenue Service (IRS)* will in 2008 pursue the computerization programme. The service will also broaden the tax base with the introduction of the Income Tax Verification stickers for owners of vehicles, expand further access to the GCNet, carry out

analysis, and share information gathered to enhance public relations and tax education.

In order to improve domestic revenue generation, the Committee noted that the *Value Added Tax (VAT) Service* will register and also facilitate trader/public education particularly on the VAT Flat Rate Scheme to enhance its effective and efficient implementation. The Service will also upgrade the VAT Information Processing System (VIPS), improve the general ICT environment as well as the implementation of the VAT Clearance Certificate (VCC) and the Cash Register Initiative.

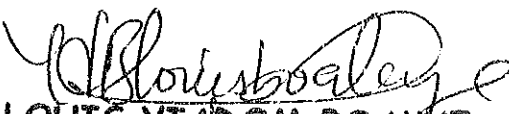
The Budget Statement and Economic Policy of the Government for the 2008 Financial Year indicates at page 363 that non-tax revenue for the year 2008 is estimated at GH¢430.2 million.

5.0 CONCLUSION

The Committee, after carefully examining the 2008 Annual Estimates for the Revenue Agencies and the Revenue Agencies Governing Board, respectfully recommends to the House to adopt the Committee's report and approve the sum of GH¢113,013,634 for the running of the Agencies and the Board for the 2008 Financial Year.

Respectfully submitted.


HON. NII ADU DAKU MANTE
CHAIRMAN


LOUIS YIADOM BOAKYE
FOR CLERK, FINANCE COMMITTEE
4TH DECEMBER, 2007.