

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

REPORT OF THE FINANCE COMMITTEE ON THE CUSTOMS
EXCISE (DUTIES AND OTHER TAXES) (AMENDMENT) BILL

1.0 INTRODUCTION

The Customs, Excise (Duties and Other Taxes)(Amendment) Bill was laid in the House on Friday 23rd May 2008 and referred to the Finance Committee for consideration and report in accordance with the 1992 Constitution and the Standing Orders of the House.

To consider the Bill, the Committee met with the Minister of State at the Ministry of Finance and Economic Planning, Hon. Dr. A. Akoto-Osei, the Deputy Minister for Finance and Economic Planning Hon. G. Gyan Baffour and officials from the Ministry of Finance and Economic Planning and the Customs, Excise & Preventive Service (CEPS) and reports as follows:

2.0 RATIONALE OF THE BILL

The object of this Bill is to ameliorate the effects of rising global commodity prices and its effect on the economy by removing the import duty on the following commodities;

1. Rice
2. Wheat
3. Vegetable Oil
4. Yellow Maize for Poultry.

3.0 CONTENT OF THE BILL

The bill contains two clauses as follows:

Clause 1 seeks to further amend the first Schedule of Customs, Excise (Duties and Other taxes) Act 1006, Act 512 as amended as follows:

The import duty on the goods specified in column 3 of the schedule below is hereby removed.

(i)	Rice	-	20%
(ii)	Wheat	-	10%
(iii)	Vegetable Oil	-	20%
(iv)	Yellow Maize for Poultry	-	20%

Clause 2 states the duration of the Act

4.0 URGENCY OF THE BILL

The committee considered and certified that the Bill is of an urgent nature. As a result the Committee recommends that the Bill is taken through all its stages in one day

4.0 OBSERVATIONS AND RECOMMENDATION

The Committee was informed that the Bill seeks to amend the first Schedule of the Customs, Excise (Duties and Other Taxes) (Amendment) Act 1996, Act 512 (column 3) so as to remove the import duty on some selected commodities.

The Committee was further informed currently these commodities attract the following import duty rates:

(i)	Rice	-	20%
(ii)	Wheat	-	10%
(iii)	Vegetable Oil	-	20%
(iv)	Yellow Maize for Poultry	-	20%

The Committee noted that the Bill seeks to zero-rate the import duty payable on these commodities.

The Committee observed that the Bill when passed would ensure that the prices of these selected products/commodities to not rise as fast as they currently do. The Committee was informed that for this year only the price of rice risen by almost 70%.

On the **Urgency** of the Bill, the Committee noted that after the President's Speech, there is speculation in the country as to the direction of prices and this can create chaos on the market. Therefore there was the need for Parliament to quickly consider the bill to help ameliorate the current price hikes in the economy and prevent confusion that can arise.

On the impact this would have on the national budget, the Minister of State at the Ministry informed the Committee that there would be a revenue loss of GH¢38 million. However Government is reviewing and reprioritizing the Budget of the Ministries, Departments and Agencies (MDAs) especially the development expenditure. MDAs have been asked to review their Item 4 so as to lessen its effect on the economy.

Members wanted to know how the changes in the taxes would impart on prevailing prices on the market. The Hon. Minister of State informed the Committee that most of these items are kept in Bonded Warehouses and duties are paid when they are taken from there to the market. Therefore with the changes in the duty rate it would immediately affect the next batch of these items going into the market therefore the changes in the prices would be felt almost immediately.

The Deputy Minister for Finance and Economic Planning informed the Committee that Government has also made available GH¢11 million subsidy for the agriculture sector. This would basically go to support local production of these items so that the local producers would not be disadvantaged.

The Committee further observed that the Bill would ameliorate the effect of rising global commodity prices and thereby improving the general well being of the people.

The Committee noted that Clause 2 is superfluous and thereby should be deleted.

Amendment proposed

The Committee proposes the following Amendment

Clause 1 – delete and insert the following:-

First Schedule of Act 512 as amended further amended

1. The Customs, Excise (Duties and Other Taxes) Act 1996, Act 512 as amended is further amended in the first schedule as follows:

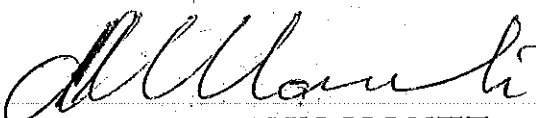
No.	HS Code	Description of Goods	Rate of Import Duty
1	1006	RICE	0
2	1001	WHEAT	0
3	1511	VEGETABLE OIL	0
4	1005	YELLOW MAIZE	0

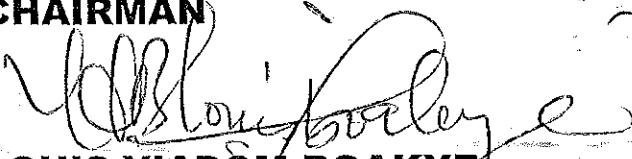
Clause 2 - delete

4.0 CONCLUSION

After carefully considering the Bill, the Committee believes that the Bill is in the right direction and hence recommends that the House to adopt its report and pass the Customs, Excise (Duties and Other taxes) (Amendment) Bill as amended.

Respectfully submitted.


HON. NII ADU DAKU MANTE
CHAIRMAN


LOUIS YIADOM BOAKYE
FOR CLERK, FINANCE COMMITTEE

23rd May 2008