

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

REPORT OF THE FINANCE COMMITTEE ON THE CUSTOMS AND
EXCISE (PETROLEUM TAXES AND PETROLEUM RELATED
LEVIES)(AMENDMENT) BILL, 2008

1.0 INTRODUCTION

The Customs and Excise (Petroleum Taxes and Petroleum Related Levies)(Amendment) Bill was presented and read the *first time* in the House on Friday 23rd May, 2008. Mr. Speaker referred the Bill to the Finance Committee for consideration and report in accordance with Order no. 169 of the Standing Orders of the House.

The Committee was also tasked to determine whether the Bill is of urgent nature pursuant to Order no. 119 of 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. Anthony Akoto Osei, Deputy Minister of Finance and Economic Planning, Hon. Prof. George Gyan-Baffour, officials from the Customs, Excise and Preventive Service (CEPS) and the Ministry of Finance and Economic Planning and hereby presents this report.

2.0 PURPOSE OF THE BILL

The purpose of the Bill is to reduce the excise duty rates on certain petroleum products and to completely remove the excise duty on premix fuel to give effect to government's fiscal measures aimed at ameliorating the effects of escalating global commodity prices.

3.0 CONTENTS OF THE BILL

The Bill contains two (2) clauses.

Clause 1 seeks to amend the first Schedule to the Customs and Excise (Petroleum Taxes and Petroleum related levies) Act, 2005 (Act 658)

The principal enactment (Act 658) is being amended to reduce the petroleum tax per litre of the products to the following levels:

Petroleum products	Specific Excise Duty (Pesewas)
Gas Oil	6.2000
Kerosene	4.5375
Marine Gas Oil	3.9945
Premix Fuel	NIL

Clause 2 deals with the duration of the Act, when passed.

4.0 URGENCY

The Committee determined that the Bill is of urgent nature and must therefore be taken under a certificate of urgency. In this wise, the Committee recommends that the Bill be taken through all the stages of passage in one day in accordance with Order 119.

5.0 OBSERVATIONS

The Committee observed that when passed, the Act will remain in force and full effect until otherwise determined by an Act of Parliament.

As to how much revenue the country will lose as a result of this tax reduction measure, the Minister of State at the Ministry of Finance and Economic Planning Hon. Dr. Akoto Osei informed the Committee that the Country will lose a total of GH¢49 million from the passage of the Bill.

Members wanted to know why Liquefied Petroleum Gas (LPG) was not included in the Bill. The Minister of State explained that rather than being taxed, LPG is currently being subsidized and therefore its inclusion would have meant additional subsidy.

The Committee enquired to know how this revenue loss will affect the implementation of the programmes and policies contained in the 2008 budget. The Deputy Minister for Finance and Economic Planning, Hon. Prof. George Gyan-Baffour explained that the Government is cutting back on non-essential expenditures under item 4 to ensure that the Budget is able to accommodate the measure.

It was noted that specified excise duty on Gas Oil is being reduced from 9.1 pesewas to 6.2 pesewas; duty on Kerosene from 6.4875 to 4.5375 pesewas; duty on Marine Gas Oil from 6.4945 to 3.9945 pesewas whilst the current 5.1456 pesewas duty on premix fuel is being completely removed.

6.0 CONCLUSION

The Committee has carefully considered the Bill and found that it will help mitigate the effect of the spiraling global commodity prices on the Ghanaian consumer.

The Committee therefore recommends to the House to adopt this report and to pass the Customs and Excise (Petroleum Taxes and Petroleum Related Levies)(Amendment) Bill in accordance with article 174 of the 1992 Constitution and Standing Orders of the House

Respectfully submitted.


HON. ~~NII ADU DAKU MANTE~~

CHAIRMAN


LOUIS YIADOM BOAKYE

FOR CLERK, FINANCE COMMITTEE

23RD MAY, 2008