

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

**REPORT OF THE COMMITTEE ON FINANCE
ON THE REQUEST FOR TAX
AND DUTY EXEMPTIONS FOR THE SPECIFIED ITEMS
UNDER THE ROAD REHABILITATION PROJECTS
-KUMASI-YEJI (GYATO ZONGO -YEJI ROAD) PHASE 4**

1.0 INTRODUCTION

The request for tax and duty exemptions for specified items as contained in the Contract Agreement for the execution of the Kumasi-Yeji (GyatoZongo-Yeji) road rehabilitation project was laid in Parliament in accordance with Article 174 of the Constitution on Tuesday 16th February, 1999 and referred to the Finance Committee for consideration and report.

The Committee met with the Deputy Minister of Roads and Transport Hon. Steve Akorli and his technical staff and reports as follows:

2.0 BACKGROUND INFORMATION

The above-named project is being executed by INTERBETON BV of Netherlands. It would be recalled that Parliament on 14th July, 1998 approved by a resolution a Loan Agreement of NLG 18.0 million from the ABN-AMRO Bank M.V of Netherlands to co-finance the above project in accordance with Article 181 of the Constitution and Section 7 of the Loan Act 1970 (Act 335).

According to clause 9.1 of the Loan Agreement, "all payments to be made by the Borrower under the Loan Agreement shall be made without any deduction or withholding whatsoever, it being the understanding of the parties hereto that no taxes, duties, fees or other charges whatsoever as applicable to the said payments".

Under the same clause, the Borrower, which is the Government of Ghana has expressly warranted that “no income tax or corporation tax levied or imposed by or in Ghana is applicable to payments” under the Loan Agreement.

In effect under the terms and conditions of the Loan Agreement the construction contract exempts the project from:

- (a) Taxing the contractors and sub-contractors’ profits
- (b) Income tax of expatriate staff
- (c) Taxes and duties on materials, equipment, plant and vehicles including spare parts, lubricants and fuel.

These exemptions find expression in clause 34 (23) and 59.9 of the Loan Agreement.

3.0 ESTIMATED TAX AND DUTIES TO BE PAID

The Committee was informed that tax, duties and other levies to be paid is estimated to total **¢12,352,610,949.00**.

4.0 LIST OF ITEMS TO BENEFIT FROM THE EXEMPTIONS

The itemised list of equipment, materials, fuel, lubricants and spare parts etc. and the quantum to be exempted are attached in Annexes I, II, III, IV, V.

5.0 OBSERVATIONS

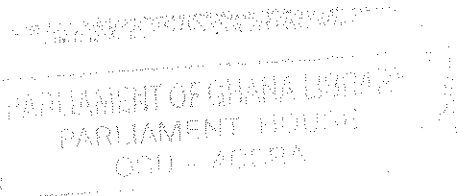
The Committee observed that if the exemptions are not granted and the contractor and sub-contractors as well as expatriate staff are made to pay the various taxes and other fiscal levies, the taxes paid would have to be reimbursed under the works contract. This finds expression in clause 9.1 (iii) of the Loan Agreement which clearly stated that the Borrower shall “indemnify the bank against

any such payment or liability together with any interest, penalties and expenses payable or incurred in connection therewith.”

It was also noted that if payment of the re-imbursment is delayed, interest would accrue. For delay payment, the contractor has the right to request for extension of time as stipulated in the works contract, the waivers if not granted would result in additional cost to the Government thereby putting a further strain on Government's expenditure.

6.0 RECOMMENDATION

The Committee wishes to recommend that for a speedy execution of the project and to avoid any increases in the cost of the works, the House approves the exemptions from tax and other fiscal levies prescribed in the Loan Agreement and the Contract Document in respect of materials, equipment and plant for the performance of the contract and also the contractor and sub-contractor's earning and that of their expatriate staff in accordance with Article 174 of the Constitution for the rehabilitation of Phase 4 of the (Gyato Zongo-Yeji) Road.



Respectfully submitted,

A handwritten signature in black ink, appearing to read 'S.G. Obimpeh', written over a horizontal line.

**HON. (CDRE) S.G. OBIMPEH (RTD)
CHAIRMAN**

A handwritten signature in black ink, appearing to read 'Asante Amoako-Atta', written over a horizontal line.

**ASANTE AMOAKO-ATTA
CLERK TO THE COMMITTEE**

26TH FEBRUARY, 1999

EQUIPMENT LIST GYATO ZONGO - YEJI ROAD REHABILITATION

09 09 1998
ATI/AJO

Item	Qty.	Description	Unit Price		Total Price	
			NLG	NLG	NLG	NLG
1	4	Tipper truck	200,000.00		800,000.00	
2	1	Rock body for Mercedes	40,000.00		40,000.00	
3	7	Horse	180,000.00		1,260,000.00	
4	1	Side Tipper	120,000.00		120,000.00	
5	10	Tipper Trailer	100,000.00		1,000,000.00	
6	4	Personnel Bus	75,000.00		300,000.00	
7	5	Pick Up	40,000.00		200,000.00	
8	4	Pick Up	36,000.00		144,000.00	
9	2	Landcruiser	60,000.00		120,000.00	
10	1	Crusher	800,000.00		800,000.00	
11	1	Chip spreader	165,000.00		165,000.00	
12	2	Bulldozer	420,000.00		840,000.00	
13	1	Excavator	320,000.00		320,000.00	
14	1	Drum Roller	130,000.00		130,000.00	
15	2	Vibrating Plate	12,000.00		24,000.00	
16	2	Water Pump	10,000.00		20,000.00	
17	1	Hammer Hydraulic	70,000.00		70,000.00	
18	1	Hammer Hydraulic	50,000.00		50,000.00	
19	2	Generator	52,000.00		104,000.00	
20	1	Screendeck	50,000.00		50,000.00	
21	1	Laser system for grader	70,000.00		70,000.00	
22	1	Road brush	20,000.00		20,000.00	
23	2	Spray beam	20,000.00		40,000.00	
24	1	Wheelloader	466,000.00		466,000.00	
25	Lot	Water supply for camp and basecourse			35,000.00	
26	Lot	Water supply for the road			80,000.00	
27	Lot	Communication			45,000.00	
28	1	Backhoe 438	130,000.00		130,000.00	

29	Lot	Tyres	3,200,000.00
30	Lot	Spare + Wear Parts	5,000,000.00
31	Lot	First Aid	20,000.00
32	Lot	Safety	-89,000.00
33	Lot	Electrical Materials & Cables	180,000.00
34	Lot	Camp Facilities	100,000.00
35	Lot	Workshop Equipment Materials	120,000.00

LIST OF MATERIAL

ITEM	DESCRIPTION	QUANTITY	AMOUNT/CEDIS
1	GHACEM CEMENT IN BULK CONCRETE RINGS MATERIALS FORMWORK/PRECAST CONCRETE PIPES/BLOCKS ETC.	8,500 TONS LOT LOT	1,615,000,000 1,200,000,000 85,000,000
2	WAHOME REINFORCING STEEL - REBAR	625 TONS	637,500,000
3	DURAPLAST PVC PIPES	LOT	185,000,000
4	FACOL ROADS THERMOPLASTIC ROADLINE MARKINGS PAINTS AND GLASS BEADS	LOT	1,477,894,902
5	OFFICE EQUIPMENT AND SUPPLIES	LOT	1,150,000,000
6	UEE EXPLOSIVES (GH) LTD RIOGEL 2 IN CASES CONNECTORS AMMONIUM NITRATE (POROUS PRILLS) DETONATING CORDS (CASES)	LOT LOT LOT LOT	63,375,500
7	MISCELLANEOUS STEEL GUARD RAILS	LOT	30,000,000



LIST OF SPAREPARTS

EQUIPMENT MAKE

VALUE (NLG)

EQUIPMENT MAKE	VALUE (NLG)
Atlas Copco Parts	6.663.08
Aveling Barford Roller Parts	3.453.01
Aveling Barford Roller Wear Parts	578.65
Barber Green Paver/Base Course Plant Parts	39.690.97
Barber Green Wear Parts	19.142.90
Baort	5.902.55
Bomag Parts	97.111.12
Burgtrailer Parts	2.344.67
Carten Bitumentrailer Parts	7.954.99
Caterpillar Parts	181.113.44
Caterpillar Wear Parts	32.450.43
Chevrolet Ambulance Parts	57.34
Cifa Concrete Mixer Parts	68.90
CMI Asphalt Plant Parts	53.609.11
Consumables - General	78.583.15
Welding Consumables	32.633.87
DAF Parts	1.132.999.87
Deutz Engine Parts	1.357.57
Duyvelaar Water Pumps Parts	2.334.60
Edbro Tipping Hoist Parts	11.348.78
Equipment Electrical Parts	5.590.13
Filters for all Equipment	31.845.29
Ford Tractor Parts	5.278.61
General Parts	872.23
Grove Crane Parts	17.709.00
Hiab Crane Parts	1.670.98
Hamm Roller Parts	19.654.76
Hatz Engine Parts	987.66
Hoses, Couplings & Adaptors	35.854.22
Hyva Parts	13.608.02
Ingersoll Rand Pave Parts	46.888.41
Isuzu Trooper Parts	8.685.01
Jost Parts	4.435.61
Komatsu Parts	5.325.87
Krupp Hydraulic Hammer Parts	3.893.32
Krupp Hydraulic Hammer Wear Parts	1.090.99
Leyland Tipper Truck Parts	178.555.76
Manitou Forklift Parts	673.21
Mercedes Benz Parts	293.000.00
Miller Welder Parts	609.82
Minerva Tipper Trailer	3.211.64
Nootboom Tipper Trailer Parts	69.007.02
Pegson Crusher Parts	33.338.15
Lister Petter Parts	105.98
Pegson Crusher Wear Parts	12.000.48
Phoenix Bitumen Spray Parts	2.311.14
Rockdrill Consumables	3.290.35
Sturdilux Road Brush	90.10
Sturdilux Wear Brush	456.53
Tecalanite Equipment Parts	559.54
Tools	21.998.17
Toyota Parts	993.598.24
Vansco Water Pump Parts	979.66
Vicon Spreader Unit Parts	6.750.50
Waeker Vibrator Parts	129.55
Wap Steam Cleaner Parts	5.893.77
Winget Mixer Parts	8.651.28
	3,548,000.00

ANNEX IV

INTERBETON B.V. GHANA

LIST OF SURVEY EQUIPMENT

DESCRIPTION	QUANTITY
SOKKISHA NO. DT4 84362	1
SOKKISHA NO. DT4 84363	1
SOKKISHA NO. DT4 84364	1
WILD TI F. NO. 339734	1
DISTOMAT EDM	
SOKKISHA NO. RED MINI2 D70171-9144	1
DISTOMAT BATTERIES	10
LEVEL INSTRUMENT	
SOKKISHA NO. C3E 10347 - 149648	1
SOKKISHA NO. C3E 10347 - 149661	1
SOKKISHA NO. C3E 10347 - 149012	1
SOKKISHA NO. C3E 10347 - 149676	1
SOKKISHA NO. B1 13345	1
SOKKISHA NO. B1 13349	1
WILD NO. N2 444363	1
WILD NO. P 91705	1
TRIPOD FOR INSTRUMENTS	
WILD	13
LEVELING STAFF	
WOODEN 3 M	4
WOODEN 4 M	1
ALUMINIUM 3 M	3
ALUMINIUM 4 M	2
MISCELLANEOUS	
TARGET PRISM FOR EDM DISTOMAT - SOKKISHA	3
OPTICAL SQUARE	6
CHISEL WITH ROUND POINT	5
SHIFTING SPANNER	5
SCREW DRIVER	10
MEASURING TAPE WITH HANDLE (30M)	10
REFILL - STEEL TAPE (30M)	4
BIG HAMMER	25
MEDIUM HAMMER	25
CARPENTER'S HAMMER	25
CUTLASS	25
BATTERY - MODEL BDC 12	10
WATER JAR	6
ALUMINIUM TARGET POLES FOR PRISMS	4
BATTERY CHARGER - CDC 14D (SOKKIA)	5
RANGING POLE HOLDER	4
RANGING POLES	53
STRING LINE FOR BASE-COURSE	3
SPADE	20
DISTANCE MEASURING WHEEL	1
SUNDRY SURVEY MATERIALS	LOT

LIST OF SHELL LUBRICANTS

DESCRIPTION	QUANTITY
DONAX TA AUTOMATIC TRANSMISSION FLUID	15,000 LITRES
OMALA 220 GEAR OIL (CRUSHER)	12,000 LITRES
RETINAX EPX2 TENERAL PURPOSE GREASE	18,000 KILOS
RIMULA 15 W-40 ENGINE OIL	175,000 LITRES
RIMULA X10W HYDRAULIC OIL	13,000 LITRES
RIMULA X50 TRANSMISSION OIL	9,000 LITRES
SPIRAX EP 140 GEAR OIL	21,000 LITRES
TELLUS OIL 68 HYDRAULIC OIL	80,000 LITRES
THERMIA B BITUMEN HEATING OIL	16,000 LITRES
DIESEL	18,500,000 LITRES
BITUMEN 60/70	12,510,000 LITRES
KEROSENE	450,000 LITRES

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