

MEMORANDUM TO PARLIAMENT

SUBMITTED BY

**THE MINISTER FOR FINANCE
(HON. KEN OFORI-ATTA)**

ON THE

**APPROVAL OF THE REQUEST FOR THE WAIVER OF IMPORT
DUTIES, IMPORT GETFUND LEVY, IMPORT NHIL, IMPORT VAT
AND EXIM LEVY FOR GRAND CHEM LIMITED UNDER THE ONE
DISTRICT ONE FACTORY (1D1F) PROGRAMME.**

31ST AUGUST, 2023

1.0. DECISION REQUIRED

1.1 Parliament is respectfully invited to consider and approve the waiver of Import Duties, Import VAT, Import GETFUND levy, Import NHIL and EXIM Levy on import of materials, plant, machinery and equipment and parts under the One District One Factory (1D1F) programme in favour of Grand Chem Limited.

1.2 At the Fourth Sitting of the Emergency Meeting held on Friday, 3rd May, 2019, Parliament approved by Resolution the request for the waiver of **import duties, Import GETFUND levy, Import NHIL, Import VAT and EXIM levy on plant, raw materials, machinery and equipment and parts as well as Corporate Income Tax** for five years of operation being tax incentives to support implementation of the One District One Factory (1D1F) Programme”.

1.3 Since its implementation, Parliament has granted tax waivers to thirty-seven (37) companies from 2019-2020. The total tax exemption granted for the period amounts to GHS589.98 million (equivalent of US\$103.51 million) of which GHS13.04 million and GHS 576.55 million were granted in 2019 and 2020 respectively. The exemptions were for agro processing, ceramics manufacturing, hardware manufacturing and vehicle assembling related production.

1.4 The Parliamentary Resolution required that 1D1F entities prepare and submit the Master List of their purchases for tax assessment and submission to Parliament for consideration and approval.

1.5 Accordingly, we submit for your consideration and approval the tax waiver request in line with the above Resolution for Grand Chem Limited.

2.0 BACKGROUND PROFILE OF GRAND CHEM LIMITED

2.1 Grand Chem was established in December 2006 with the aim to provide innovative packaging solutions to the packaging industries such as the production of printed rolls, pet preforms & pet bottles without compromising with quality.

2.2. The company is owned by Mr. Chandra Sekhar Changanti. The company is located on a five (5) acre land at Hebron near Nsawam in the Eastern region on which the offices, factory and warehouses are situated.

2.3. The company intends to expand its facility geared towards increasing its current production capacity of Films and PET Bottles from 8,000 tons to 25,000 tons per annum to meet the numerous unmet orders from both existing and prospective customers locally and internationally to offset the deficit.

3.4. The expansion will lead to the installation of an additional structure (prefabricated metals and concrete works), acquisition of machinery & equipment for production, the acquisition of raw materials and packaging materials.

3.5. The company intends to employ 500 persons from in addition to its current workforce of 400 (including factory hands, machine operators, drivers, office clerks, engineers, and technicians) for the factory over a period of 5 years as well provide 800 indirect jobs within the value chain.

4.0. FINANCING PLAN

The total project is estimated to cost US\$9million which will be financed by a mix of debt and equity ratio as follow.

SOURCES OF FUNDS

Working Expenses	Total Cost USD	Percentage of cost %
Equity Financing	1,000,000.00	11.11%
Debt Financing	8,000,000.00	88.89%
Total	9,000,000.00	100%

5.0. TAX ASSESSMENT/ FISCAL IMPACT

The Ghana Revenue Authority (GRA) has determined the quantum of taxes payable on machinery, equipment, and raw materials to be procured under the project. Gross taxes per the GRA computation amounted to the Ghana Cedi equivalent of US\$12,663,504.76. The breakdown is summarized as follows:

Summary of waiver- GRAND CHEM LIMITED

Tax Type	Tax to be assessed	Tax Waiver amount (\$)
Imports	Import Duty	2,714,419.65
	Import VAT	7,003,620.82
	NHIL/GET Fund	2,578,620.82
	EXIM Levy	366,488.26
TOTAL		12,663,504.76

2,578,620.82

6.0 CONCLUSION

6.1. The "One District, One Factory" programme, presents a unique opportunity to fundamentally change the economy of each District and to create significant number of decent jobs. The proposed incentives are expected to accelerate the realization of Government's vision of resource-based industrialization, job creation and value addition for improved livelihoods and equal opportunity for all.

6.2. Parliament is therefore, respectfully requested to consider and approve the tax waivers in line with Resolution OP/T/R/0438 dated 3rd May, 2019 on the 1D1F programme and Article 174 (2) of the 1992 Constitution for the above mentioned companies.



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KEN OFORI-ATTA
(MINISTER FOR FINANCE)

Attachment

1. Parliamentary Resolution
2. Tax Assessment



PARLIAMENTARY SERVICE

Parliament House - Accra (Ghana)

Telephone Nos. 0302 633 030
0302 664 530
0302 664 042

E-mail: clerk@parliament.gh
Website: www.parliament.gh

In case of reply the number and date of this letter should be quoted

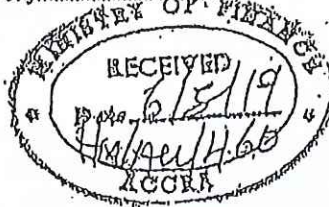
My Ref. No. OP/17/rel/0238

Your Ref. No.

3RD MAY 2019

THE HON. MINISTER,
MINISTRY OF FINANCE,
ACCRA.

Hon. Minister,



APPROVAL OF THE REQUEST FOR WAIVER OF IMPORT DUTIES, IMPORT VAT, GETFUND LEVY, IMPORT NHIL, AND EXIM LEVY ON PLANT, MACHINERY AND EQUIPMENT OR PARTS, AS WELL AS CORPORATE TAX FOR FIVE YEARS OF OPERATION BEING TAX INCENTIVES TO SUPPORT IMPLEMENTATION OF THE ONE DISTRICT ONE FACTORY (1D1F) PROGRAMME

Parliament at its Fourth Sitting of the Emergency Meeting held on Friday, 3rd May 2019, approved by resolution the Request for waiver of Import Duties, Import VAT, GETFund Levy, Import NHIL, and EXIM Levy on plant, machinery and equipment or parts, as well as Corporate Tax for five years of operation being tax incentives to support implementation of the One District One Factory (1D1F) Programme.

I am directed to forward to you the text of the Resolution as follows:

WHEREAS

1. By the provisions of Article 174 (2) of the Constitution, Parliament is empowered to confer power on any person or authority to waive or vary a tax imposed by an Act of Parliament;
2. The exercise of any power conferred on a person or authority to waive or vary a tax in favour of any person or authority is by the said provisions made subject to the prior approval of Parliament by resolution;
3. Parliament takes note of approval of the flagship Industrialisation programme of Government, known as One District One Factory (1D1F) Initiative, as outlined in the Budget Statement and Economic Policy of the Government of Ghana for the years 2017, 2018 and 2019 and the passing of related Appropriation Acts;
4. By the said 1D1F Initiative, Government seeks to provide fiscal and other incentives to interested persons to encourage them to register and establish businesses under the 1D1F Programme;

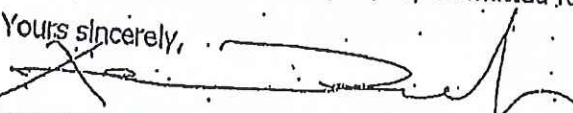
5. By the combined operation of the provisions of section 150(1) of the Customs Act, 2015 (Act 891), the Export and Import Act, 1995 (Act 503), the Export Trade, Agricultural and Industrial Fund Act, 2013 (Act 872), Value Added Tax Act, 2013 (Act 870), the Value Added Tax (Amendment) Act, 2015 (Act 890), the Value Added Tax (Amendment) Act, 2017 (Act 948), and other existing Laws and Regulations applicable to the collection of Customs Duties and other taxes on the importation of goods into Ghana, the Minister for Finance may exempt any statutory corporation, institution or individual from the payment of duties and taxes otherwise payable under the said Laws and Regulations or waive or vary the requirement of such statutory corporation, institution or individual to pay such duties and taxes;

6. At the request of the Government of Ghana acting through the Minister responsible for Finance, there has been laid before Parliament a request by the Minister responsible for Finance for the prior approval of Parliament, the exercise by the Minister of the power under the Laws and Regulations relating to fiscal and other incentives associated with the 1D1F Programme which include exemption of Corporate Taxes, Import Duties and Taxes on equipment, machinery and parts, Duties and Levies on raw materials and Withholding Taxes.

NOW THEREFORE, this Honourable House, having taken note of the earlier approval of the 1D1F Programme as outlined in the Budget Statements and Economic Policies of the Government of Ghana, hereby approves the tax incentives to support the implementation of the One District One Factory (1D1F) Programme for five years of operation, however, the amount of taxes and duties to be waived for each specific 1D1F-approved factory in exercise of the power conferred on the Minister responsible for Finance, shall be assessed on individual merit by the Ghana Revenue Authority and presented to Parliament for consideration and approval in accordance with Article 174(2) of the Constitution.

The Resolution is respectfully submitted for your appropriate action.

Yours sincerely,


ROBERT APODOLLA
(DEPUTY CLERK [LMD])
For Clerk to Parliament

Cc: Hon. Minister for Parliamentary Affairs.

Hon. Attorney-General and Minister for Justice.

Hon. Minister for Trade and Industry.

TAX ASSESSMENT FOR GRAND-CHEM LIMITED

Monday, July 24, 2023

S.NO.	DESCRIPTION	CIF (USD)	IMPORT VAT (%)	Duty Rate (%)	Import Duty	Import Vat	Import NHIL/GETFUND	EXIM	TOTAL
1	EVO 5-LAYER BLOWN FILM LINE	3,404,531	0	5	170,226.56	-	178,737.89	25,533.98	374,498.44
2	LAMINATION MACHINE	772,972	0	5	38,648.62	-	40,581.05	5,797.29	85,026.96
3	SLITTER REWINDER MACHINE	378,281	0	5	18,914.06	-	19,859.77	2,837.11	41,610.94
4	AUTOMATIC POUCH MAKING MACHINE	179,691	0	5	8,984.56	-	9,433.79	1,347.68	19,766.03
5	AUTOMATIC STAND-UP POUCH MAKING MACHINE	462,729	0	5	23,136.44	-	24,293.26	3,470.47	50,900.16
6	HDPE BLOW MACHINE	383,325	0	5	19,166.25	-	20,124.56	2,874.94	42,165.75
7	PET BLOW MACHINE	327,844	0	5	16,392.19	-	17,211.80	2,458.83	36,062.81
8	1000 KVA GENERATOR	113,484	0	5	5,674.22	-	5,957.93	851.13	12,483.28
9	1500 KVA UPS WITH BACKUP BATTERIES	151,313	0	5	7,565.63	-	7,943.91	1,134.84	16,644.38
10	HDPE GRANULES	7,565,625	15	5	378,281.25	1,251,165.23	397,195.31	56,742.19	2,083,383.98
11	LLDPE GRANULES	5,674,219	15	5	283,710.94	938,373.93	297,896.48	42,556.64	1,562,537.99
12	LDPE GRANULES	5,910,645	15	5	295,532.23	977,472.84	310,308.84	44,329.83	1,627,643.74
13	METALLOCENE GRANULES	4,728,516	15	5	236,425.78	781,978.27	248,247.07	35,463.87	1,302,114.99
14	PET RESIN	3,782,813	15	5	189,140.63	625,582.62	198,597.66	28,371.09	1,041,691.99
15	POLYSTERENE FILM	1,796,836	15	10	179,683.59	311,301.83	98,825.98	13,476.27	603,287.67
16	ISO PROPYL ALCOHOL	1,702,266	15	5	85,113.28	281,512.18	89,368.95	12,766.99	468,761.40
17	N. BUTANOL	1,891,406	15	5	94,570.31	312,791.31	99,298.83	14,185.55	520,846.00
18	PRINTING INK	3,782,813	15	10	378,281.25	655,372.27	208,054.69	28,371.09	1,270,079.30
19	MASTER BATCHES	2,521,875	15	5	126,093.75	417,055.08	132,398.44	18,914.06	694,461.33
20	TOULUNE	1,891,406	15	5	94,570.31	312,791.31	99,298.83	14,185.55	520,846.00
21	ETHYL ACETATE	340,453	15	5	17,022.66	56,302.44	17,873.79	2,553.40	93,752.28
22	ADHESIVES	472,852	15	10	47,285.16	81,921.53	26,006.84	3,546.39	158,759.91
23	PEB STRUCTURES:	629,208			-	-	31,460.39	4,719.06	36,179.45
23.1	COMPLETE + ROOF & WALL CLADDING	0	15	5	-	-	-	-	-
23.2	WIND DRIVEN VENTILATORS WITH ROOF CURBS	0	15	20	-	-	-	-	-
23.3	DOUBLE SLIDING DOORS	0	15	20	-	-	-	-	-
23.4	PERSONAL DOORS	0	15	20	-	-	-	-	-
23.5	RIDGE VENTILATORS	0	15	20	-	-	-	-	-
23.6	LOUVERS	0	15	20	-	-	-	-	-
23.7	PARTITION WAL WITH SANDWHICH PANEL	0	15	20	-	-	-	-	-
	TOTAL	48,865,100.85			2,714,419.65	7,003,620.82	2,578,976.03	366,488.26	12,663,504.76

GRAND CHEM REVENUE GATE
TOTAL TAX LIABILITY 12,663,504.76 USD

This is to certify that the assessment given is true and correct.

Signature: *[Signature]* Date: 24 JULY, 2023.
Officer's Name & Rank:- SAMUEL ANINIAGYEI
(PRINCIPAL REV. OFFICER)

