

IN THE FIRST MEETING OF THE SECOND  
SESSION OF THE THIRD  
PARLIAMENT

OF

THE FOURTH REPUBLIC OF GHANA

REPORT  
OF

THE COMMITTEE ON SUBSIDAIRY  
LEGISLATION ON THE INTERNAL REVENUE  
(AMENDMENT) REGULATIONS 2002, LI 1698

11<sup>TH</sup> MARCH 2002

## 1.0 INTRODUCTION

The Internal Revenue (Amendment) Regulations 2002, LI 1698, was laid before Parliament on Thursday, 14<sup>th</sup> February 2002 for consideration and report, pursuant to Articles 11(7) and 103 of the Constitution and Standing Order 166 (2) and (3).

## 2.0 REFERENCE DOCUMENTS

In considering the referral, the Committee availed itself of the following documents.

- i. Standing Orders of Parliament,
- ii. The 1992 Constitution of the Republic,
- iii. The Internal Revenue Act 2001, Act 592; and
- iv. The Internal Revenue Regulations 2001, LI 1675.

## 3.0 BACKGROUND

By the provisions of section 114 of the Internal Revenue Act 2000, Act 592, the Minister responsible for Finance may, by Legislative instrument, make regulations:

- (a) for matters authorized to be made or prescribed under this Act;

- (b) exempting any person, class of persons or income from tax;
- (c) amending a provision of the schedules to this Act or any monetary amount set out in this Act, amongst others.

LI 1698 seeks to amend some of the Regulations in the Internal Revenue Regulations, 2001 (LI 1675).

#### 4.0 DELIBERATIONS

In deliberating on the Instrument, the Committee had two sittings. The Committee also had the benefit of further information from officials of the under-listed institutions who attended upon it.

- i. Internal Revenue Service
- ii. Ghana Private Road Transport Union
- iii. Ghana Co-operative Transport Association

#### 5.0 OBSERVATION

The Committee observed with satisfaction that the Internal Revenue (Amendment) Regulations 2002, L.I 1698, seek among others, to improve upon the regulations relating to:

- i. Capitalisation of foreign exchange,
- ii. Rent Income from Residential and Commercial Premises,

- iii. Depreciable assets value of business entities
- iv. Tax installment payable by Members of associations, occupational groups and class of persons

5.1 The L.I 1698 provides for the realization of foreign exchange gains or losses and the circumstances under which such gains or losses should be recognized under the Act.

5.2 L.I 1698 also specifies the institutions that could withhold tax on rent incomes from residential and commercial premises.

#### 6.0 SPECIAL OBSERVATION

The Committee took particular note of the proposed increase in the tax to be collected from and payable by the type 1 class of persons as provided for in the new Regulations.

The Regulations propose 159% increase in tax payable by type I class of persons over the current rates provided under the Principal Regulation, LI 1675. The Committee however, observed that the 150% increase affects only operations of taxis and "trotros" with 35 seats and more.

The Committees in its interaction with the various transport unions revealed that, though some vehicle operators affected by the 150% increase have expressed dissatisfaction with the proposed increases, the GPRTU among others stakeholders who constitute the majority have accepted the increase.

The Committee was also of the considered view that the proposed 150% increase is within limits. This is particularly so in view of the fact that the rates have not been revised over the past 6 years.

## 7.0 RECOMMENDATIONS

The Committee recommends that, since the collection of the new rates affects all commercial vehicle operators countrywide, infrastructural development and improvement in the sector should also be countrywide.

The Committee is encouraged that the IRS and the GPRTU have together constituted a Committee to help improve the collection of these taxes.

It is therefore recommended that the two institutions work to avoid leakages and maximize the rate collection and also ensure that all monies collected are actually paid into Government coffers.

## 8.0 CONCLUSION

The Committee is satisfied with the new Regulations and accordingly recommends that this House allows the Internal Revenue (Amendment) Regulations 2002, L.I. 1698 to pass into law by the passage of time.

Date at Parliament House, Accra this 5<sup>th</sup> Day of March 2002.

Respectfully submitted.



AMOS BUERTEY  
CHAIRMAN  
SUBSIDIARY LEGISLATION



EBENEZER AHUMAH DJIETROR  
CLERK TO THE COMMITTEE  
ON  
SUBSIDIARY LEGISLATION