

**IN THE SECOND MEETING OF THE FIRST SESSION OF THE FOURTH
PARLIAMENT OF THE FOURTH REPUBLIC**

**REPORT OF THE COMMITTEE ON SUBSIDIARY LEGISLATION ON
THE INCOME TAX RATES REGULATIONS, 2005 L.I. 1810**

1.0 INTRODUCTION

The Income Rates Regulation, 2005 L.I. 1810 was laid in Parliament on Thursday 17th March 2005 and subsequently referred to the Committee on Subsidiary Legislation for consideration and report pursuant to Article 11 (7) of the Constitution and standing Order 166 (2) and (3) of the House.

2.0 DELIBERATIONS

In considering the referral the Committee held a total of two sittings and reports as follows:

3.0 REFERENCE DOCUMENTS

The Committee had recourse to the under-listed documents during its deliberations on the Instrument:

- The 1992 Constitution
- The Standing Orders of Parliament

- Internal Revenue Act, 2000 Act 592

4.0 BACKGROUND

The Income Tax Rates Regulations, 2005, L.I. 1810 was issued pursuant to Section 114 of the Internal Revenue Act, 2000 (Act 592) which empowers the Minister of Finance to make Regulations among others for:

- Exempting any person, class of person or income from tax.
- Amending a provision of the schedules to this Act or any monetary amount set out in the Act;
- The better carrying into effect of the provisions of this Act

The object of the Internal Revenue Act was to among others consolidate all the Laws relating to revenue collection including Income Tax and related purposes.

5.0 OBJECT OF INSTRUMENT

The object of the Instrument is to review upward the chargeable income threshold and the rate of taxes payable thereon with the view to reducing generally the tax burden on the tax payer and in particular ensuring equity in the tax system.

6.0 OBSERVATIONS

- 6.1 The Committee observed with satisfaction that the L.I. 1810 seeks to raise the current minimum taxable income threshold from one million five hundred

thousand cedis (¢1,500,000.00) to one million eight hundred thousand cedis (¢1,800,000.00) per annum with the ultimate aim of increasing tax relief to all eligible persons . By this provision, only persons earning above one million eight hundred thousand cedis (¢1,800,000.00) per annum are amenable to payment of income tax. On the other hand persons earning more than one million eight hundred thousand cedis (¢1,800,000.00) per annum would be required to pay tax on the income in excess of the non taxable amount.

7.0 RECOMMENDATION AND CONCLUSION

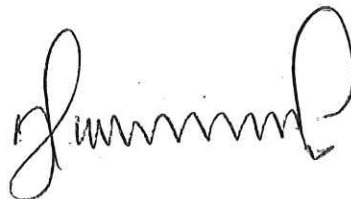
The Committee has examined closely the object and provisions of the Instrument and is of the considered view that they are inconformity with the Constitution, the parent Act and the procedural requirements specified Standing Order 166 of Parliament.

Accordingly, the Committee recommends that this House allow the Income Tax Rates Regulations, 2005, L.I 1810 to come into force with the effluxion of time.

Respectfully Submitted.



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HON. FRANCIS AGBOTSE
CHAIRMAN, COMMITTEE ON
SUBSIDIARY LEGISLATION



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EBENEZER AHUMAH DJIETROR
CLERK, COMMITTEE ON
SUBSIDIARY LEGISLATION