

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

**REPORT OF THE
FINANCE COMMITTEE**

ON THE

**ANNUAL BUDGET ESTIMATES OF GHANA REVENUE
AUTHORITY FOR THE 2016 FINANCIAL YEAR**

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**REPORT OF THE FINANCE COMMITTEE ON THE ANNUAL BUDGET ESTIMATES
OF GHANA REVENUE AUTHORITY FOR THE 2016 FINANCIAL YEAR**

1.0 INTRODUCTION

The Budget Statement and Economic Policy of the Government of Ghana for the 2016 Financial Year was presented to the House on Friday 13th November, 2015. The Estimates of the Ghana Revenue Authority was *referred* to the Finance Committee for consideration and report in accordance with Article 179 of the Constitution and Standing Orders 140(5) and 169.

Pursuant to the referral, the Committee met and discussed the Estimates of the GRA with the Hon. Deputy Minister for Finance Mr. Cassiel Ato Baah Forson, the Commissioner-General of the Ghana Revenue Authority (GRA) Mr. George Blankson and officials from the Ministry of Finance and the Ghana Revenue Authority and hereby presents this report.

2.0 REFERENCE DOCUMENTS

In considering the Estimates of the Ghana Revenue Authority, the Committee referred to the following:

1. The 1992 Constitution of the Republic of Ghana;
2. Standing Orders of Parliament;
3. The Budget Statements and Economic Policies of the Government for the 2015 and 2016 Financial Years;

4. 2015/2016 Budget Estimates; and
5. Ghana Revenue Authority Act, 2009 (Act 791).

3.0 BACKGROUND

The Ghana Revenue Authority (GRA) was established by the Ghana Revenue Authority Act, 2009 (Act 791) as a single semi-autonomous public organisation to centralise, coordinate, integrate and replace the Internal Revenue Service (IRS), Customs, Excise and Preventive Service (CEPS) and the Value Added Tax Service (VATS) for the assessment, collection, accounting and administration of tax and customs revenue in Ghana. The objects of the Authority include:

- To provide a holistic approach to tax and customs administration;
- Reduce administrative and tax compliance cost and provide better service to taxpayers;
- Promote efficient collection of revenue and the equitable distribution of tax burden and ensure greater transparency and integrity;
- Ensure greater accountability to Government for the professional management of tax administration; and
- Provide a one-stop service for taxpayers for the submission of returns and payment of taxes.

In order to achieve the above objects, the Authority is required to assess and collect taxes, interest and penalties on taxes due to the Republic with optimum efficiency, and to promote tax compliance and tax education. The authority is further required to combat tax fraud and evasion and to cooperate with competent law enforcement and revenue agencies in other countries.

The vision of the Authority is “to be a world class revenue administration body recognised for professionalism, integrity and excellence”.

4.0 PERFORMANCE IN 2015

The major focus for the 2015 budget was enhancement of revenue mobilisation and continuation of the integration and modernization of the revenue Authority. To this end, the following activities were undertaken:

- a. In line with effort to increase domestic tax revenue mobilization, the GRA continued the special tax audit of companies and constituted a tax force to deal with recalcitrant taxpayers;
- b. The customs modernization continued;
- c. The codification of Tax Procedures and branding of GRA continued. The use of Geographical Information System (GIS) technology to identify potential taxpayers continued;
- d. Re-registration and re-issuing of Tax Identification Numbers for existing taxpayers continued
- e. Change management training and change management sensitization programmes continued; and
- f. The Single Window Concept commenced in September and full implementation will continue after its launch.

5.0 2015 BUDGET ALLOCATION AND EXPENDITURE RETURNS

The GRA was allocated an amount of **Six Hundred and Fifty-eight Million, Seven Hundred and Eighty-six Thousand, Six Hundred and Forty Ghana Cedis (GH¢658,786,640)** for the 2015 financial year. The allocation was in respect of the following:

		GH¢
Compensation for Employees	-	388,469,850
Goods and Services	-	164,805,130
Capital Expenditure	-	105,511,660
Total	-	<u>658,786,640</u>

As at 30th September, 2015 an amount of **GH¢446,101,740** has been spent and the expenditure was in respect of the following:

		GH¢
Compensation for employees	-	303,555,440
Goods and Services	-	110,880,130
Capital Expenditure	-	31,666,170
TOTAL	-	<u>446,101,740</u>

The detail breakdown of allocation and expenditure as at 30th September, 2015 is as follows:

Summary of 2015 expenditure returns of GRA

SN	Cost Center	2015 Approved Budget (GH¢)	Actual Expenditure as at September, 2015 (GH¢)	Variance (GH¢)
1	Compensation	388,469,850	303,555,440	84,914,410
2	Goods and Services	164,805,130	110,880,130	53,925,000
3	Capital Expenditure	105,511,660	31,666,170	73,845,490
	Total	658,786,640	446,101,740	212,684,900

6.0 OUTLOOK FOR 2016

In the 2016 financial year, the GRA intends to implement among others, the following activities:

- a. Intensify efforts to increase revenue through special tax audits of companies and intensify Rent Tax Task Force. Modernization of the Customs Unit of the GRA will also continue;
- b. Continue with the Codification of Tax procedures and branding of GRA through the use of Geographic Information System (GIS) technology to identify potential tax payers;
- c. An electronic monitoring system dubbed e-monitor will be deployed across regional and district collection points of a number of MDAs and interface the system with the Integrated Financial Management and Information System (IFMIS) as part of measures to improve NTR/IGF collections, accounting and reporting;
- d. Comprehensive and segmented taxpayer education will be carried out. The GRA will also widen the tax net through the ongoing reregistration and re-issuing of tax identification numbers for existing tax payers and the registration of new tax payers.
- e. The single window concept will be fully implemented to ensure reduced customs clearance time and enhance revenue mobilization

7.0 **2016 BUDGET ALLOCATION TO GRA**

For the implementation of its planned programmes and activities for the 2016 financial year, the Revenue Agencies have been allocated an amount of **Six Hundred and Five Million, Thirty-nine Thousand, Six Hundred and Fifty-eight Ghana Cedis (GH¢605,039,658.00)**. The allocation will be disbursed among the various cost centers as follows:

		GH¢
Compensation for Employees	-	479,050,803
Goods and Services	-	121,524,737
Capital Expenditure	-	<u>4,464,118</u>
Total	-	<u>605,039,658</u>

8.0 **OBSERVATIONS**

The Committee has carefully scrutinized the estimates of the Ghana Revenue Authority and made the following observations:

Revenue Performance

The Committee learnt that as of 30th September, 2015, the revenue collected by the Ghana Revenue Authority was GH¢15,974.66 million as against a target of GH¢15,758.56 million resulting in a positive deviation of 1.4%. This, the Committee noted was an improvement over GRAs performance over the same period in 2014.

The Committee also observed that the 2016 provisional end of year revenue target for GRA is projected at GH¢27,258.35 million as against the 2015 amended end of year projection of GH¢22,233.58 million, resulting in revenue growth rate of 22.6%. It was explained that the increase in revenue collection over the period was as a result of tax policy measures adopted by government in 2015 and the control mechanism adopted by the GRA to improve tax compliance and reduce evasion.

It was further added that the revenue target for 2016 was achievable provided all the policy measures outlined in the 2016 budget were fully implemented in addition to aggressive collection measures put in place by the Authority.

The Committee therefore calls on the Minister for Finance to ensure full implementation of the policy measures outlined in the 2016 Budget Statement to enable GRA meet its revenue target.

2016 Allocation to GRA

The Committee noted that the allocation is in line with the provisions in Section 21 (2) and (3) of the GRA Act, 2009 (Act 791) which allows GRA to maintain not more than 3% of its net revenue collected, GRA has been allocated a total budgetary amount of GH¢605,039,658 for the implementation of its 2016 planned programmes and activities.

The allocation, the Hon. Deputy Minister indicated, represents 2.219% of the revenue projection for the year.

The Committee however, noticed that the allocation to GRA represents a decrease of GH¢53,746,982 (8.2%) compared to the 2015 allocation. The detailed analysis of the 2015 and 2016 allocations is as follows:

Table 2: GRA 2016 Allocation as Against 2015 Allocation

S N	ITEM	2015 Allocation (GH¢)	2016 Allocation (GH¢)	Variance (GH¢)
1	Compensation for Employees	388,469,850	479,050,803	90,580,953
2	Goods and Services	164,805,130	121,524,737	(43,280,393)
3	Capital Expenditure	105,511,660	4,464,118	(101,047,542)
	Total	658,786,640	605,039,658	(53,746,982)

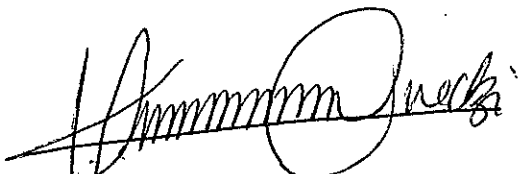
The Hon Deputy Minister explained that the reduction is due to a reduction in capital expenditure allocation as a result of moratorium placed on new projects in 2016. The Hon. Deputy Minister therefore encouraged GRA to reprioritise to ensure efficient utilisation of the allocations.

Though the Committee appreciates the fact that the allocation does not contravene the provisions of Section 21 (2) and (3) of the GRA Act, 2009 (Act 791), it is of the view that the 2016 allocations is inadequate considering the critical revenue mobilization programmes planned for the year. The Committee accordingly recommends to the Ministry of Finance, as a matter of priority, to allocate additional resources to the GRA possibly, through a supplementary budget to help finance the programmes and projects particularly, its capital expenditure.

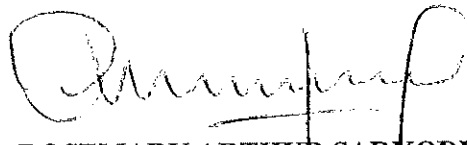
9.0 **CONCLUSION**

The Committee, having carefully examined the 2016 Annual Estimates of the **Ghana Revenue Authority**, recommends to the House to adopt its report and approve the sum of **Six Hundred and Five Million and Thirty-nine Thousand, Six Hundred and Fifty-eight Ghana Cedis (GH¢605,039,658)** to enable the Ghana Revenue Authority implement its planned programmes and activities for the 2016 financial year.

Respectfully submitted.



HON. JAMES KLUTSE AVEDZI
CHAIRMAN FINANCE COMMITTEE



ROSEMARY ARTHUR SARKODIE (MRS.)
CLERK, FINANCE COMMITTEE

December, 2015