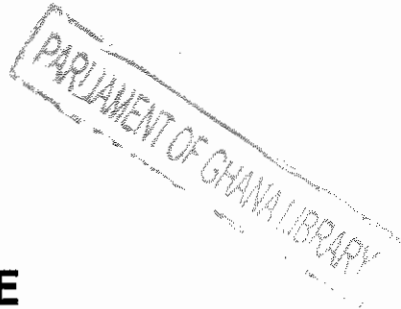


IN THE SECOND SESSION OF THE SEVENTH PARLIAMENT OF THE
FOURTH REPUBLIC OF GHANA



**REPORT OF THE
FINANCE COMMITTEE**

ON THE

**2019 ANNUAL EXPENDITURE
ESTIMATES**

FOR THE

**GHANA REVENUE
AUTHORITY (GRA)**

DECEMBER 2018

Acc No 800 C₃
Class No BE/GRA/19

1.0 INTRODUCTION

The *2019 Annual Budget Estimates for the Ghana Revenue Authority (GRA)* were laid in the House on Thursday 15th November, 2018 and referred to the *Finance Committee* for consideration and report in accordance with article 179 of the Constitution and order 140 (4) of the Standing Orders of the House. This followed the presentation of the Budget Statement and Economic Policy of the Government for the 2019 Financial Year by the Minister for Finance, Hon. Ken Ofori-Atta.

The Hon. Deputy Ministers for Finance, Mrs. Abena Osei-Asare, Mr. Charles Adu Boahen and Mr. Kwaku Kwarteng as well as the Commissioner-General of the Ghana Revenue Authority (GRA) Mr. Kofi Nti and other officials from the Ministry of Finance and GRA attended upon and assisted the Committee in its deliberations on the Estimates.

The Committee expresses its gratitude to the Hon. Deputy Ministers, the Commissioner-General and the officials from the Ministry of Finance and GRA for attending upon the Committee.

2.0 REFERENCE DOCUMENTS

In considering the estimates, the Committee referred to and was guided by the following documents:

- i. The 1992 Constitution of the Republic of Ghana
- ii. Standing Orders of the House
- iii. The Budget Statement and Economic Policy of the Government of Ghana for the 2019 Financial Year
- iv. Public Financial Management Act, 2016 (Act 921)

3.0 BACKGROUND

The Ghana Revenue Authority (GRA) exists to mobilize revenue for national development in an efficient, fair, effective and transparent manner. The Authority achieves this through:

- a. Professional and friendly client services
- b. Promotion of voluntary compliance
- c. Application of modern technology
- d. Effective border protection, and
- e. Well-trained, disciplined and highly motivated staff

4.0 OBJECTIVES AND FUNCTIONS

The goal of the Authority is to maximize revenue in a cost effective manner. The Authority seeks to achieve this objective through:

- i. Widening the tax net through the identification and registration of new eligible taxpayers (TIN Registration)
- ii. Improving the Single Window concept in customs administration to aid compliance and service delivery
- iii. Vigorous implementation of the Excise Tax Stamp regime
- iv. Improving service delivery by leveraging internet technology to provide online services to tax payers
- v. Improving reconciliation and reporting
- vi. Strengthening processes and procedures for the Container Tracking Notes (CTN) regime
- vii. Developing a function based organizational structure to ensure optimal use of resources.

5.0 2018 BUDGET OUTTURN AS AT END OCTOBER, 2018

| ITEM | 2018 BUDGET GH¢'Million | JANUARY – OCTOBER 2018 ACTUAL EXPENDITURE GH¢'Million | VARIANCE GH¢'Million | % UTILISATION |
|---------------------------|-------------------------------|---|-------------------------|------------------|
| Compensation of Employees | 637.65 | 545.24 | 92.41 | 85.51 |
| Goods and Services | 263.22 | 204.01 | 59.21 | 77.51 |
| CAPEX | 73.93 | 47.40 | 26.53 | 64.12 |

| | | | | |
|------------------------|---------------|---------------|---------------|--------------|
| GRAND TOTAL | 974.80 | 796.65 | 178.15 | 81.72 |
|------------------------|---------------|---------------|---------------|--------------|

Table 1: Source – Ghana Revenue Authority

5.1 PERFORMANCE FOR 2018

For the period January to September 2018, the Ghana Revenue Authority collected revenue amounting to GH¢25,995.40 Million as against a target of GH¢28,224.28 Million, resulting in a negative deviation of GH¢2,228.88 Million (7.9%).

On the expenditure side, the Authority spent an amount of GH¢739.88 Million as against the budgeted amount of GH¢749.84 Million; thus showing a positive variance of 9.96 Million (1.3%) for the same period.

6.0 THE 2019 ANNUAL ESTIMATES FOR THE GHANA REVENUE AUTHORITY

A total amount of **GH¢1,206.24 Million** has been allocated to the Ghana Revenue Authority (GRA) for the 2019 financial year. The breakdown of the allocation is as follows:

| Item | 2019 Estimates GH¢'Million | % of Total for 2019 |
|---|-------------------------------|---------------------|
| COMPENSATION OF EMPLOYEES | 803.03 | 66 |
| GOODS AND SERVICES | 249.39 | 21 |
| CAPITAL EXPENDITURE | 141.31 | 12 |
| 3 RD STRATEGIC PLAN IMPLEMENTATION COSTS | 12.51 | 1 |
| TOTAL | 1,206.24 | 100 |

Table 2: Source: Ghana Revenue Authority

6.1 ALLOCATIONS TO DIVISIONS OF THE AUTHORITY

The amounts stated below represent allocations to the Commissioner General's Offices and the various Divisions of the Authority:

| | |
|---|--------------------------------|
| Commissioner-General's Offices | GH¢83,173,092.35 |
| Support Services Division | GH¢310,089,123.30 |
| Domestic Tax Revenue Division | GH¢365,433,769.50 |
| Customs Division | <u>GH¢435,037,274.85</u> |
| Sub-Total | GH¢1,193,733,260 |
| 3 rd Strategic Plan Implementation | GH¢12,510,006 |
| TOTAL | <u>GH¢1,206,243,266</u> |

7.0 OBSERVATIONS AND RECOMMENDATIONS

7.1 Enhancement of Revenue Mobilization

The GRA in 2018 introduced/continued some operational activities to enhance revenue collection. These include the granting of tax amnesty to recalcitrant taxpayers to encourage voluntary tax compliance, re-registration and re-issuing of Taxpayer Identification Numbers (TINs) for existing taxpayers, introduction of the Container Tracking Notes (CTN) regime and the intensification of the operations of the Revenue Task Force.

7.2 EPOS and iTaps

In the year 2019, the Authority will implement the use of the Electronic Point of Sales Device (EPOS) by taxpayers and ensure the development and use of the Integrated Tax Preparation Software (iTaps) by taxpayers. This will offer a full complement of Tax Returns Preparation and Tax Certificates Verification for individuals and corporate entities.

7.3 Roll Out of the G.R.E.A.T. Initiative

The Authority will in 2019 pursue a roll-out of the Commissioner-General's initiative dubbed the *Ghana Revenue Enhancement and Transformation (G.R.E.A.T.)*. This initiative aims at changing GRA's system by simplifying revenue

process and introducing innovations to enhance revenue mobilization to meet growing expenditure.

There are three pillars in this transformational process. These include improving and simplifying GRA systems in accordance with international best practices, investing heavily in the training of GRA staff to build their capacity, and building a mindset of constant improvement through sourcing for ideas to change and improve the GRA.

7.4 Transit Goods

The Authority in 2019 aims to improve compliance and enforcement of revenue laws relating to transit goods. The Authority will also review the existing tracking systems (Satellite Tracking Unit (STU) and e-Track) whilst installing more CCTV cameras at strategic places and clearance terminals to monitor examination and movement of goods.

7.5 Expanded Use of Auxiliary Staff

The GRA proposes to widen the tax net using data matching through expanded deployment of National Service Personnel (NSPs) and NABCo personnel in the Revenue Ghana Module.

7.6 TIN Registration

The Committee observed that the GRA intends to continue the pursuit of registration and issuance of Taxpayer Identification Numbers (TINs) to individuals and businesses. By the close of the year 2019, the Authority projects to have registered and issued TINs to three million (3,000,000) taxpayers.

As to how the GRA could collaborate with the National Identification Authority (NIA) to make use of the National ID system for taxpayer identification purposes, the Commissioner-General of GRA informed the Committee that GRA had executed an MOU with the NIA to enable persons without TIN to use their National ID Numbers as their TIN.

7.7 Revenue Projection for 2019

Total tax revenue projected for the year 2019 is GH¢45,270,182,441 as against the 2018 revised budget of GH¢38,589,145,188.

The 2019 expenditure budget of the Ghana Revenue Authority will be funded from the statutory revenue retention to be derived from a projected revenue target of GH¢45,270,182,441. At an expenditure budget of **GH¢1,206,243,266**, the retention level granted for the year 2019 comes to approximately 2.66% of tax revenue.

The Committee notes that this is an improvement over the 2.44% granted in 2018 and is also within the statutory retention ceiling of 3% of tax revenue.

7.8 Capital Projects

As part of retooling the Authority and giving it the necessary facelift, the GRA in 2019 would embark on the construction of a New Office Complex at Airport in Accra near the Ministry of Foreign Affairs. Other *land and building* enhancement activities would include the supply and installation of two (2) passenger lifts for the GRA Headquarters, supply and installation of one (1) passenger lift for the Classroom Block at the GRA Academy at Kpetoe in the Volta Region, renovation of the EBIS Towers at Nungua in Accra and the construction of a new External Gate for the GRA Headquarters. These capital expenditure activities are aimed at enhancing the image of the Authority, improving the working environment and boosting the morale of staff of the Authority for optimum revenue mobilization.

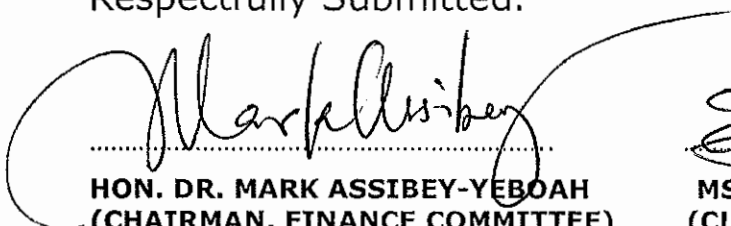
8.0 CONCLUSION

The Committee has critically examined the 2019 Annual Estimates for the Ghana Revenue Authority and found the programmes and activities for which the sums have been

allocated to be necessary for the effective and efficient collection of revenue for the development of the country.

The Committee therefore respectfully recommends to the House to adopt this report and approve the sum of **One Billion, Two Hundred and Six Million, Two Hundred and Forty-Three Thousand, Two Hundred and Sixty-Six Ghana Cedis (GHc1,206,243,266)** for the implementation of the programmes and activities of the **Ghana Revenue Authority (GRA)** for the 2019 financial year.

Respectfully Submitted.



HON. DR. MARK ASSIBEY-YEBOAH
(CHAIRMAN, FINANCE COMMITTEE)



MS. EVELYN BREFO-BOATENG
(CLERK, FINANCE COMMITTEE)

5TH DECEMBER, 2018