

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

**REPORT OF THE FINANCE COMMITTEE ON
THE INCOME TAX (AMENDMENT) BILL, 2018**

1.0 INTRODUCTION

The **Income Tax (Amendment) Bill, 2018** was presented to Parliament and read the first time on Friday 20th July, 2018. The Bill was subsequently *referred* to the Finance Committee for consideration and report in accordance with the 1992 Constitution and Order 169 of the Standing Orders of the House.

A Deputy Minister for Finance, Hon. Kwaku Kwarteng and officials from the Ministry of Finance and the Ghana Revenue Authority (GRA) attended upon and assisted the Committee in its deliberations on the Bill.

The Committee is grateful to the Hon. Deputy Minister and the officials from the Ministry of Finance and the GRA for attending upon the Committee.

2.0 REFERENCES

The Committee referred to the following documents inter alia during its deliberations on the Bill:

- a. The Constitution of the Republic of Ghana, 1992.
- b. The Standing Orders of the Parliament of Ghana.
- c. The Income Tax Act, 2015 (Act 896)

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- d. Interpretation Act, 2009 (Act 792)
- e. Ghana Revenue Authority Act, 2009 (Act 791)

3.0 BACKGROUND

Ghana currently has a five (5) band graduated income tax for individuals.

Government seeks to introduce an additional band to make the rates more equitable in line with best practice.

3.1 URGENCY OF THE BILL

In accordance with article 106(13) of the 1992 Constitution and Order 119 of the Standing Orders of the House, the Committee determined and hereby certifies that the Bill is of an urgent nature and may therefore be taken through all its stages of passage in one day.

4.0 PURPOSE OF THE BILL

The objective of this Bill is to amend the First Schedule of the Income Tax Act, 2015 (Act 896) to revise the rates of income tax for individuals and to provide for related matters.

5.0 CONTENTS OF THE BILL

The Bill contains just one (1) clause

The Clause amends subparagraph (1) of paragraph 1 of the First Schedule to the Act by the substitution of the table specified in the First Schedule. It further amends subparagraph (2) of paragraph 1 of the First Schedule to the Act by increasing the rate of income tax from twenty percent (20%) to twenty-five percent (25%).

6.0 OBSERVATIONS

6.1 Expected Revenue

The Committee noted that the estimated additional revenue from the passage of the Bill into law is **One Hundred and Seventy-One Million Ghana Cedis (GH¢171,000.000.00)** for the period August to December 2018.

6.2 Persons Amenable to the Tax

The Committee noted that persons who will be affected by the passage of the Bill are individuals who earn more than **Ten Thousand Ghana Cedi per month (GH¢10,000.00/month)** or more than **One Hundred and Twenty Ghana Cedis per annum (GH¢120,000.00/year)**.

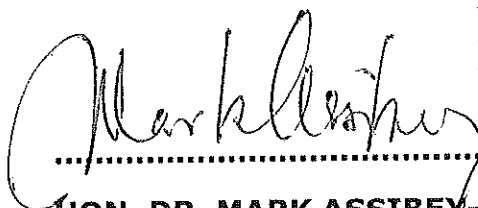
The 35% tax rate will only apply to the excess income above the stipulated GH¢120,000 per annum.

8.0 CONCLUSION

The Committee finds that the passage of the Bill into law will provide an enhanced revenue from Personal Income Tax for accelerated development of the country.

The Committee therefore recommends to the House to adopt this report and pass the **Income Tax (Amendment) Bill, 2018** into law in accordance with Article 106(13) of the 1992 Constitution and Order 119 of the Standing Orders of the House.

Respectfully Submitted.


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


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

23RD JULY, 2018