

**IN THE FIRST SESSION OF THE EIGHTH  
PARLIAMENT OF THE FOURTH REPUBLIC OF GHANA**

**REPORT OF THE**

**FINANCE COMMITTEE**

**ON THE**

**INCOME TAX (AMENDMENT) BILL, 2021**

**30<sup>TH</sup> MARCH, 2021**

Acc No : 2052

Class No : BK/IT(A)/21

## **1.0 INTRODUCTION**

The Income Tax (Amendment) Bill, 2021 was first presented to Parliament and read the first time on Friday, 26<sup>th</sup> March, 2021.

Rt. Hon. Speaker referred the Bill to the Finance Committee for consideration and report in accordance with the 1992 Constitution and the Standing Orders of Parliament.

The Committee met with the President's Representative at the Ministry of Finance, Hon. Charles Adu Boahene, the Senior Technical Adviser at the Ministry, Hon. Abena Osei Asare and a team of officials from the Ministry of Finance, the Ghana Revenue Authority (GRA) and the Attorney-General's Department.

### **1.1 Urgency of the Bill**

The Committee met and determined that the Bill is of an urgent nature and therefore certifies that it must be taken through all the stages of passage in one day in accordance with Article 106 (13) of the 1992 Constitution and Order 119 of the Standing Orders of Parliament.

## **2.0 DOCUMENTS REFERRED TO**

The Committee referred to the following documents in order to consider the Bill:

1. The 1992 Constitution;
2. The Income Tax Act, 2015 (Act 896);
3. The Standing Orders of Parliament.

## **3.0 OBJECT OF THE BILL**

The object of the Bill is to amend the Income Tax Act, 2015 (Act 896) to provide for a rebate for specified industrial sectors and to suspend quarterly instalment payments by self-employed persons using the tax stamp system and owners of commercial vehicles using the vehicle income tax stamp system for the second third and fourth quarters of 2021.

#### **4.0 STRUCTURE OF THE BILL**

The Bill contains a clause which amends the Sixth Schedule to Act 896 by providing for a rebate on selected sectors and suspending quarterly income tax instalment payments by a self-employed person listed in the Third Schedule to the Income Tax Regulations, 2016 (L.I. 2244) and an owner of specified class of vehicles provided in the Second Schedule to L.I. 2244. The suspension of the income tax instalment payments applies to the Second, Third and Fourth Quarters of 2021.

#### **5.0 OBSERVATIONS**

##### **5.1 Rationale for the Bill**

The Committee was informed that Government in 2020 outlined a number of initiatives to cushion the effect of the Coronavirus (COVID-19) pandemic on the populace. Some sectors of the economy and sections of the population, however, continue to suffer the devastating consequences of the pandemic.

Government is therefore rolling out additional reliefs for different sections of the population especially those who have been hit the hardest by the pandemic. One of such support is granting a tax rebate to support enterprises as well as suspending quarterly instalment payments of the Vehicle Income Tax for trotro and taxi drivers.

The Bill therefore seeks to amend the Sixth Schedule of the Income Tax Act, 2015 to provide a tax rebate of Thirty per cent (30%) on the Income Tax for companies in the Hospitality Industry, Education, Arts and Entertainment, as well as Travel and Tours. This is to provide some relief to these enterprises and support their cash flow.

The Bill further seeks to amend the Sixth Schedule of the Income Tax Act, 2015 to suspend the quarterly instalment payment of the vehicle income tax for the Second, Third and Fourth Quarters of 2021 for trotro and taxi drivers.

This is also part of measures to support the Transport Sector and reduce the cost of transportation.

## **5.2 Fiscal Impact of the Bill**

The Committee was informed that the rebate is estimated at Fifty-Five Million, Four hundred and Fifty Thousand Ghana Cedis (GH¢55,450,000) while the suspended instalment payments are estimated at Sixteen Million, Eight Hundred Thousand Ghana Cedis (GH¢16,800,000) for the year.

## **7.0 CONCLUSION**

After a careful consideration, the Committee is of the view that the Bill is in the right direction as it would provide some relief to businesses and transport operators (trotro drivers).

The Committee therefore recommends to the House to adopt its Report and pass the Income Tax (Amendment) Bill, 2021 in accordance with the 1992 Constitution and the Standing Orders of the House.

Respectfully submitted.



**HON. KWAKU KWARTENG  
CHAIRMAN, FINANCE COMMITTEE**



**EVELYN BREFO-BOATENG  
CLERK TO THE COMMITTEE**

30<sup>th</sup> March, 2021