

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

**REPORT OF THE
FINANCE COMMITTEE**

ON THE

VALUE ADDED TAX BILL, 2013

16TH SEPTEMBER, 2013

PARLIAMENT OF GHANA
LIBRARY

PARLIAMENT OF GHANA LIBRARY

Acc No 1522 C4
Class No BR/VAT/13

TABLE OF CONTENTS

1.	Introduction.....	1
2.	References.....	1
3.	Background.....	2
4.	Purpose of the Bill.....	2
5.	Divisions of the Bill.....	2
5.1	Clauses 1 to 3.....	2
5.2	Clauses 4 and 5.....	3
5.3	Clauses 6 to 9.....	3
5.4	Clauses 10 to 12.....	3
5.5	Clauses 13 to 18.....	3
5.6	Clauses 19 to 22.....	3
5.7	Clauses 23 to 25.....	3
5.8	Clause 26.....	3
5.9	Clauses 27 to 31.....	3
5.10	Clauses 32 to 34.....	3
5.11	Clauses 35 to 37.....	3
5.12	Clauses 38 to 40.....	4
5.13	Clauses 41 to 45.....	4
6.	Observations.....	4
7.	Amendments.....	5
7.1	Clause 1 – Amendments proposed.....	5
7.2	Clause 2 – Amendments proposed.....	5
7.3	Clause 4 – Amendments proposed.....	5
7.4	Clause 5 – Amendment proposed.....	6
7.5	Clause 6 – Amendments proposed.....	6
7.6	Clause 8 – Amendments proposed.....	10
7.7	Clause 9 – Amendments proposed.....	10
7.8	Clause 10 – Amendments proposed.....	10
7.9	Clause 13 – Amendment proposed.....	15
7.10	Clause 14 – Amendments proposed.....	15

7.11	Clause 17 – Amendment proposed.....	15
7.12	Clause 19 – Amendments proposed.....	15
7.13	Clause 20 – Amendments proposed.....	15
7.14	Clause 22 – Amendments proposed.....	16
7.15	Clause 23 – Amendments proposed.....	16
7.16	Clause 25 – Amendments proposed.....	16
7.17	Clause 26 – Amendment proposed.....	17
7.18	Clause 28 – Amendments proposed.....	17
7.19	Clause 30 – Amendments proposed.....	17
7.20	Clause 33 – Amendments proposed.....	17
7.21	Clause 36 – Amendments proposed.....	17
7.22	Clause 37 – Amendments proposed.....	17
7.23	Clause 38 – Amendments proposed.....	18
7.24	Clause 40 – Amendments proposed.....	18
7.25	Clause 43 – Amendments proposed.....	18
7.26	Clause 44 – Amendments proposed.....	18
7.27	First Schedule – Amendments proposed.....	19
7.28	Second Schedule – Amendments proposed.....	20
7.29	Third Schedule – Amendment proposed.....	21
7.30	Fourth Schedule – Amendments proposed.....	21
8.	Conclusion.....	22

**IN THE FIRST SESSION OF THE SIXTH PARLIAMENT OF THE FOURTH
REPUBLIC**

REPORT OF THE FINANCE COMMITTEE ON THE VALUE ADDED TAX BILL, 2013

1.0 INTRODUCTION

The Value Added Tax Bill, 2013 was presented to Parliament by the Hon. Majority Leader and Minister in-charge of Government Business, Dr. Benjamin Kunbuor on behalf of the Minister of Finance and read for the first time on Friday, 19th July, 2013. The Rt. Hon. Speaker referred the Bill to the Finance Committee for consideration and report in accordance with Article 174(1) of the 1992 Constitution and Order 169 of the Standing Orders of the Parliament of Ghana.

The Committee was assisted in its deliberations by the Hon. Minister of Finance, Mr. Seth E. Terkper, Hon. Deputy Ministers of Finance, Mr. Kweku Ricketts- Hagan and Mr. Cassiel Ato Forson, the Commissioner-General of the Ghana Revenue Authority (GRA) and Officials from the Ministry of Finance, Attorney-General's Department and GRA. The Committee is grateful to the Hon. Minister, Deputy Ministers and Officials from the Ministry of Finance, Attorney-General's Department and the GRA for the assistance.

2.0 REFERENCE

The Committee referred to the following additional documents during its deliberations:

- The 1992 Constitution of Ghana.
- The Standing Orders of the Parliament of Ghana.
- Value Added Tax Act, 1998 (Act 546)
- Value Added Tax (Amendment) Act, 2013 (Act 860)
- Ghana Revenue Authority Act, 2009 (Act 791)
- Internal Revenue Act, 2000, (Act 592)
- Harmonized Systems and Customs Tariff Schedule

3.0 BACKGROUND

As part of the on-going reforms involving integration and modernisation of revenue administration in Ghana, it has become necessary to pool together, harmonise and consolidate the administrative provisions in the tax legislations of the erstwhile Revenue Agencies into a single Revenue Administration Act. The initiative is intended to make the laws more user-friendly and also to iron out the differences in compliance requirements relating to similar operational activities of the different tax types.

To this end, the administrative provisions in the Value Added Tax Act, 1998 (Act 546) which deals with the submission of returns and record keeping, the recovery of tax due, objections and appeals, offences and penalties and directives and powers of the Commissioner-General have been deleted for inclusion in the legislation on revenue Administration. However, the Administrative provisions which are peculiar to Value Added Tax Administration have been retained in the Bill. Existing provisions in Value Added Tax Act which have been retained have been improved upon to enhance efficiency and facilitate compliance.

4.0 PURPOSE OF THE BILL

The Bill seeks to revise and consolidate the law relating to Value Added Tax by moving all the administrative provisions in the Value Added Tax Act, 1998 (Act 546) into a single Revenue Administration Act and to improve upon existing provisions of Act 546 to enhance efficiency and facilitate compliance.

5.0 DIVISIONS OF THE BILL

The Value Added Tax Bill is divided into eleven (11) parts with forty-five (45) Clauses and Six (6) Schedules.

Clauses 1 to 3 retain the provisions in Act 546 for the imposition of tax and liability to pay the tax, and the tax rate. Additional provisions have been made for the tax rate to be chargeable on goods supply by bodies and organizations that obtained a relief or exemption from the tax in the acquisition of goods.

Clauses 4 and 5 deal with taxable person and taxable activity. The concept of taxable activity is introduced in Clause 5 for greater clarity on what constitutes a taxable supply for VAT purposes.

Clauses 6 to 9 set the business threshold for registration and eliminate the special VAT Flat Rate Scheme. The Clauses further provides for voluntary registration for persons with annual turnover of below the required threshold.

Clauses 10 to 12 deal with the supply of goods and services. Clearer rules have been provided for the treatment of repossession of goods under a credit or lay-away agreement for purposes of the tax and also to bring the business activities of auctioneers within the scope of the VAT.

Clauses 13 to 18 deals with taxable supplies, imports and persons entitled to tax reliefs.

Clauses 19 to 22 deal with time and place of supply and tax invoice.

Clauses 23 to 25 provides for taxable value and adjustments.

Clause 26 makes provision that enables a taxable person to be allowed a credit on account of bad debts as well as the details on debit notes and credit notes.

Clauses 27 to 31 deal with calculation of tax payable and refunds.

Clauses 32 to 34 deal with tax returns and assessment. Additional rules have been provided on import of services to facilitate compliance.

Clauses 35 to 37 deal with recovery of tax due, interest and other liabilities. The Clause empowers the Commissioner-General to recover tax together with any interest or penalty due, from a recipient of supply who as a result of fraudulent action or misrepresentation, receives taxable goods or services as exempt or zero-rated supplies from a supplier. The clause also authorizes an account from which tax refund and overpayments can be made.

Clauses 38 to 40 provide for imposition of pecuniary penalties by the Commissioner-General for offences specific to the administration of the VAT including failure to register and failure to issue VAT invoice for supplies.

Clauses 41 to 45 deal with miscellaneous provisions which include tax-inclusive pricing, persons acting in a representative capacity and the appointment of a representative. Other miscellaneous matters covering interpretations, repeals, savings and transitional provisions are also provided for.

The **First Schedule** deals with exempt supplies. **Second schedule** deals with zero rated supplies and the **Third Schedule** deals with relief supplies.

The **Fourth Schedule** provides for tax credit note and tax debit note.

The **Fifth Schedule** is on apportionment of tax and the **Sixth Schedule** provides for transitional provisions to guide the transitional period between the date this Act commences and the commencement of the proposed Revenue Administration Act.

6.0 OBSERVATIONS

Rationale for the Bill

The Committee was informed that efficiency was the main driving force behind the new bill. It was explained that to integrate and modernize revenue administration in the country, the administrative provisions in the tax legislations of the erstwhile Revenue Agencies are being harmonised and consolidated to simplify and make it user-friendly. This, as a result makes it imperative to revise and consolidate the charging provisions in the laws specifically relating to value added tax.

New Provisions

The Committee observed that in addition to the harmonization of the existing provisions, new provisions have been made in the Bill to cater for items which were left out in Act 546. Particular mentioned was made of "Taxable activity" that has been provided for under clause five (5) of the Bill. The provision among others specifically defines and

mentions activities that are taxable under Value Added Tax. This, according to the GRA brings clarity and removed ambiguity in the administration of the tax.

Rules of reliefs

The Committee was informed that “exemptions” distort the efficiency of any tax system and there is the need to reduce the incidence of exemptions to the bear less minimum. To give effect to this therefore, the rules for “reliefs or exemptions” according to the experts, have been tightened in the bill.

Expansion/Broadening of the Tax base

The Committee learnt that the tax base of the tax has been broadened to cover activities/institutions which were previously not covered. Example includes Real Estate and Financial Services. The Committee however, noted that the core activities of the financial institutions will not be taxed.

7.0 AMENDMENTS

The Committee undertook a clause by clause examination of the Bill and proposes the following amendments for the consideration of the House:

1. Clause 1 - Amendments proposed-

- a) Sub-clause 1 (a) , line 2,; delete “and” and insert “or”
- b) Sub-clause 2 line 2; delete “and” and insert “or”
- c) Sub-clause 3 line 1, after “importation” insert “of goods”

2. Clause 2 – Amendments proposed –

- a) Sub-clause 1 (a), line 1, delete “a” before “taxable” and insert “the”
- b) Sub-clause 2, line 3; delete all words after “tax”

3. Clause 4 – Amendments proposed –

- a) Sub-clause 1, line 1, insert quotation mark before and after “taxable person” and delete “is” and insert “means”.
- b) Sub-clause (2), line 3; delete “6” and insert “8”

4. Clause 5 – Amendment proposed –

- (a) Sub-clause 2, after subparagraph “h” inserts a new subparagraph as follows:
“(i) export of non-traditional products”.

5. Clause 6 – Amendment proposed –

- (a) Sub-clauses (7- 24); delete and insert the following:

“Period for becoming a taxable person

7. A person who is not registered, but who is required to apply for registration under this Act, is a taxable person from the beginning of the tax period immediately following the tax period in which the duty to apply for registration arose.”

“Notice of registration

8. (1) Subject to subsection (2), the Commissioner-General shall within thirty days after the receipt of an application for registration under this section give notice to the applicant for registration of the decision to register or not to register the person.
- (2) Where the Commissioner-General fails to serve notice, the Commissioner-General is deemed to have made a decision to register the applicant except where the Commissioner-General is satisfied that the person is not eligible to apply for registration.
- (3) For the purposes of this, where within the thirty days specified under subsection (1), the Commissioner-General requests additional information from the applicant in order to determine if the applicant is eligible to apply for registration, the thirty-day period shall be suspended and the Commissioner-General shall have not less than fourteen days after the Commissioner-General receives the required information in the form prescribed by the Commissioner-General to give the notice under subsection (1).”

“Certificate of registration

9. (1) The Commissioner-General shall issue to each person registered for Value Added Tax, a certificate of registration.

(2) A registered person shall exhibit the certificate of registration

(a) at the principal place of business of the person;

(b) at every other location at which the person engages in a taxable activity.”

“Notice of cancellation in respect of turnover

10. The Commissioner-General may in writing notify a person that that person has, within the time specified in the notice, made taxable supplies

(a) in excess of turnover threshold, or

(b) below the turnover threshold,

specified in section 6 is registerable as a taxable person or not registerable, and the Commissioner-General shall act accordingly by registering or cancelling the registration of the person.

‘Exceptions regarding thresholds

11. (1) Despite the threshold rule in section 6

(a) a promoter of public entertainment,

(b) an auctioneer, or

(c) a national, regional, local or other authority or body, which carries on any taxable activity

shall apply for registration.

(2) For the purposes of subsection (1)

(a) the national, regional, local or other authority or body shall apply for registration within thirty days after the date the national, regional, local or other authority or body commences a taxable activity;

(b) an auctioneer shall apply for registration within thirty days after the date on which that person becomes an auctioneer; or

(c) a promoter of public entertainment, shall apply for registration at least forty-eight hours before the commencement of the public entertainment if, within any period of twelve or less months that includes the date of the public entertainment to which the application relates, the total value of taxable supplies of the promoter is reasonably expected to exceed ten thousand Ghana Cedis.’

“Designation of taxable persons in respect of groups and distinct divisions

12(1) A group of taxable persons may, with the approval of the Commissioner – General, be treated for the purposes of the tax as one designated taxable person.

(2) Each member of the group referred to in subsection (1) shall be jointly and severally liable for any liability or contravention under this Act and the Regulations.

(3) A taxable person whose taxable activity is structured into distinct divisions may apply to the Commissioner-General to register one or more of its divisions for the tax.”

“Application for voluntary registration

13.(1) A person who is not required to be registered may apply voluntarily to be registered by the Commissioner-General.

(2) The Commissioner-General shall not register a person who applies to register under subsection (1) as a taxable person, if the Commissioner-General

(a) is satisfied that the person has no fixed place of abode or business;

(b) has reasonable ground to believe that that person

(i) will not keep proper accounting records related to any business activity carried on by that person;

(ii) will not submit regular and reliable tax returns as required by or under this Act; or

(iii) is not fit and proper person to be registered.”

“Compulsory registration

14. Where a person required to register under this Act fails to apply for registration, the Commissioner-General may register the person from the date determined by the Commissioner-General.”

“Sanctions for failure to register

15. A person who fails to apply for registration is liable to a penalty of not more than two times the amount of tax on taxable supplies payable from the time the person is required to apply for registration until the person files an application for registration with the Commissioner-General.”

“Unregistered, non-resident persons who provide telecommunication services or electronic commerce

16.(1) Unregistered, non-resident persons who provide telecommunication services or electronic commerce to persons for use or enjoyment in the country, other than through a Value Added Tax registered agent, must register if that person makes taxable supplies exceeding the threshold under subsection (1) or (2) of section 6.

(2) For the purposes of subsection (1),

(a) ‘telecommunications services’ are services that relate to the transmission, emission or reception of signals, writing, images and sounds of information of any nature by wire, radio, optical or other electromagnetic systems, including the provision of access, transmission, emission or reception;

(b) ‘electronic commerce’ covers business transactions that take place through the electronic transmission of data over communications networks like the internet; and

(c) ‘supply of telecommunication services and electronic commerce’ include

(i) website supply;

- (ii) web-hosting;
- (iii) distance maintenance of programmes and equipment;
- (iv) images, text and information and making databases available;
- (v) images, text and information and making databases available;
- (vi) music and games, games of chance and ambling games;
- (vii) political, cultural artistic, sporting, scientific, and entertainment broadcasts and events; and
- (viii) distance teaching.”

6. Clause 8 – Amendments proposed –

- a) Head note – Delete and insert “Notice of Change in business”
- b) Sub-clause (1)(a), delete and insert the following
 - “(a) if that person
 - (i) ceases to operate;
 - (ii) sells; or
 - (iii) relocates
 the business engaged in the taxable activity”
- c) Sub-clause (1) (b), line 1, delete “material”.
- d) Sub-clause (1) (c) (iii), line 1, delete all words before “taxable” and insert “in the”.
- e) Sub-clause (2) line 1, delete “of” and insert “after”.
- f) Sub-clause (3) line 3, delete “of” and insert “after”.
- g) Sub-clause (3) line 4, delete “a” and insert “the”

7. Clause 9 – Amendments proposed –

- a) Sub-clause (1) line 1, delete “may” and insert “shall”.
- b) Sub-clause (5) line 4, delete “while” and insert “as”.
- c) Sub-clause (7) line 4, delete all words after “register”.

8. Clause 10 – Amendment proposed – delete and insert the following:

Supply of goods or services

“Supply of goods or services

10.(1) Except as otherwise provided in this Act and the Regulations,

(a) ‘supply of goods’ means an arrangement under which the owner of goods parts with possession of the goods by way of sale, barter, lease, transfer, exchange, gift or similar disposition;

(b) ‘supply of services’ means supply which is not a supply of goods or money, and in the nature of

(i) the performance of services for another person;

(ii) the making available of a facility or advantage; or

(iii) tolerating a situation or refraining from doing an activity.

(2) For purposes of subsection (1)(a), supply of goods does not include the supply of money.

(3) The disposal of

(a) a taxable activity, or

(b) part of a taxable activity that is capable of being operated separately as a going concern,

is a supply of goods made in the course or furtherance of the taxable activity.

(4) For the purposes of subsection (3), a taxable activity or part of a taxable activity that is capable of being operated separately is disposed of as a going concern where

(a) the goods and services necessary for the continued operation of that taxable activity or that part of the taxable activity are supplied to the transferee; and

(b) the transferor carries on, or is carrying on, that taxable activity or that part of a taxable activity up to the time of its transfer to the transferee.

(5) A supply of goods for goods or services is a supply of goods.

(6) A supply of services for goods is a supply of services.

(7) Subject to sections 14 and 15, the application by a taxable person of goods or services acquired for use in a taxable activity to a different use, which includes the provision of goods or services to an employee for personal use, is a supply of those goods or services by the taxable in the course or furtherance of that taxable activity.”

“*Special supply*

“Repossession of goods as supply of goods

11(1) Where goods are repossessed under a credit agreement, the repossession is a supply of the goods by the debtor under the credit agreement to the person exercising the right of repossession and, where the debtor is a registered person, the supply is made in the course or furtherance of the taxable activity of the debtor, unless the goods did not form part of the assets held or used by the debtor in connection with that activity.”

“Lay-away agreement and betting as supply of services

12 (1) Where a lay-away agreement terminates or is cancelled and seller retains an amount paid by the purchaser or recovers an amount the purchaser owes under the agreement , the cancellation or termination is a supply of services by the seller in respect of the agreement.

(2) The placing of a bet by a person with another person operating a game of chance is a supply of services by that other person operating the game of chance to the person.”

“Separate supply

13(1) where a supply of goods or services consists of both a supply that is charged with tax at a positive rate and

- (a) A supply of goods with tax at a zero rate; or
- (b) An exempt supply,

each part of the supply of goods or service is treated as a separate supply of goods or service if each part is reasonably capable of being supplied separately.”

“Activities that do not constitute supply of goods or services

14(1) A supply of services by an employee to an employer by reason of that employee’s employment is not a supply of services for Value Added Tax purposes.

2) The transfer of goods to a person acting in a representative capacity to the transferor is not a supply of goods.”

“Effect of denial of input tax

15 Exempt otherwise provided in this Act, where a taxable person supplies goods or service and a deduction for input tax paid on the acquisition of the goods or service was denied, the supply of the goods or services by the taxable person is a supply of goods or services otherwise than in the course or furtherance of a taxable activity.”

“Payment of deposit and receipt of claim as supply of goods or services

16. (1) The payment of a sum of money as a deposit, other than on a returnable container, is treated as a supply when the deposit is forfeited.

(2) For the purposes of section 10 to 20, a deposit is an amount of money or property received from a prospective purchaser to secure performance of the agreement that is the subject of the deposit, to be applied to the purchase price or returned if the depositor performs, and ordinarily is forfeited if the purchaser defaults.

(3) Where a taxable person receives a payment of a claim or is otherwise indemnified under a non-life insurance contract for a loss incurred in connection with the conduct of a taxable activity, the receipt of the payment or indemnity is a supply of services by the taxable person in the course or furtherance of a taxable activity, but only if the supply of that non-life insurance contract was taxable

under section 1, other than a supply charged to the tax at a zero rate under subsection (3).”

“Supply of power and others as supply of goods

17. The supply of any form of power, heat, refrigeration or ventilation is a supply of goods”

“Disposition of taxable activity

18. (1) Subject to subsection (2) , where

(a) the supply was charged with tax at the rate of zero percent in terms of the Second Schedule; and

(b) the goods and services comprising a taxable activity were acquired by the recipient wholly or partly for a purpose other than for consumption, use, or supply in the course of making taxable supplies,

the acquisition of the taxable activity is a supply by the recipient in the course or furtherance of a taxable activity carried on by the recipient to the extent that the goods and services comprising, use, or supply in the course of making taxable supplies.

(2) Subsection (1) does not apply where that part of the taxable activity referred to in paragraph (b) of subsection (1) is less than ten percent of the total taxable activity acquired”

“Regulations to prescribe for the supply of goods and supply of services

19.(1) For purposes of this section, the Minister may by legislative instrument, make Regulations to prescribe rules to determine whether a transaction constitutes

(a) a supply of goods; or

(b) a supply of services.

(2) Subject to section 20, where a right to receive goods or services for a monetary value stated on a token, voucher, gift certificate, or stamp, other than a postage stamp authorised under the Postal and Courier Service Regulatory Commission Act, 2001 (Act 649) is granted for a consideration in money, issue of

the token, voucher, gift certificate, or stamp is not supply, except to the extent, if any, that the consideration exceeds that monetary value”.

“Phone cards and prepayment as supply of services

20. The issuance of a phone card, prepayment on a cellular phone, or similar scheme of advance payment for the supply of goods or the rendering of services is a supply of services for Value Added Tax purposes.”

9. Clause 13 – Amendment proposed –

a) line 3; delete ‘a’ before ‘part’ and line 4; delete comma after “of”

10. Clause 14 – Amendments proposed –

a) Head note; delete and insert “Payment of tax on importation of goods or services”

b) Sub-clause (1), line 1; after ‘Regulations’ insert “under this Act”

11. Clause 17 – Amendment proposed –

line 3; delete ‘the Harmonised System and’

12. Clause 19 – Amendments proposed –

a) Sub-clause (5) (b), line 5, after “date” insert “on which payment is due or received, or that the invoice is issued whichever date is earlier “

b) Sub-clause (5) (c) and (d); delete

c) Sub-clause (8), line (2), delete “ancillary” and insert ‘incidental’

d) Sub-clause (13); re-number as sub-clause (14)

e) Sub-clause (14); re-number as sub-clause (13)

13. Clause 21 – Amendments proposed –

a) Sub-clause (9), line 4; after “is” insert “in addition to the penalty provided in section 38”

- b) Sub-clause (9), line 4 insert “of” after “amount”
- c) Sub-clause (9), line 4; delete “exceeding five hundred Ghana Cedis” and insert “more than five hundred currency points”

14. Clause 22 – Amendments proposed –

- a) Sub-clause (4)(b), line 1; delete “or” and after “accountant” add “or other professionals”
- b) Sub-clause (9); delete and insert “(9) The place of supply of a right to services is the same as the place for the supply of the services made by the supplier of the right to the recipient of the right whether or not the right is exercised. (10) For the purposes of subsection (9), a right to services includes any right, option or priority with respect to the supply of services and an interest derived from a right to services.”
- c) Sub-clause (12) delete ‘card’ after ‘top up’.

15. Clause 23 – Amendments proposed –

- a) Sub-clause (1)(a), line 3; delete “other than” and insert “excluding”
- b) Sub-clause (1)(b), line 1; delete “money” and insert “monetary”
- c) Sub-clause (3), line 3; delete “amount that, in the opinion of” and insert “value determined by”
- d) Sub-clause (3), line 4; after “supply” insert “or a similar supply” and full stop after “supply”
- e) Sub-clause (3), line 4; delete all words after “supply”

16. Clause 25 – Amendments proposed –

- a) Sub-clause (8), line 1; delete “commits an offence where that person” and insert “who”
- b) Sub-clause (8); delete full stop and insert after sub-clause (b) “is in addition to the penalty in section 38, liable to a penalty of three times that amount of tax involved or two hundred and fifty currency points, whichever is greater”.
- c) Sub-clause (9); delete

17. Clause 26 – Amendment proposed –

- a) Head note, delete and insert “Adjustment on account of bad debts”

18. Clause 28 – Amendments proposed –

- a) Sub-clause (7), line 2 and 3; delete “any person in”
- b) Sub-clause (7), line 4; insert “by any person” after “nature”.

19. Clause 30 – Amendments proposed –

- a) Sub-clause (5) line 3; delete “Commissioner General” and insert “Commissioner-General”
- b) Re-number sub-clause 10 as sub-clause (8) and arrange accordingly
- c) Sub-clause (9) line 1; delete “any documents required to be submitted with” and line 3; delete all words after “documents”
- d) Insert sub-clause (12) as follows:
“(12) The Commissioner-General may specify the manner in which documents under subsection (11) may be submitted”
- e) Delete sub-clause (13).

20. Clause 33 – Amendments proposed –

- a) Sub-clause (1) line 2; delete “ (3)” and insert “(1)(c)”
- b) Sub-clause (3) line 2; before “two”, insert “the Gazette and”

21. Clause 36 – Amendments proposed –

- a) Sub-clause (2) (a); after “tax” insert “interest and penalty”.
- b) Sub-clause (5) line 1 insert “(1) and” after “subsection”

22. Clause 37 – Amendment proposed –

- a) Sub-clause (1), line 1; after “Minister” delete “may” and insert “shall”

23. Clause 38 – Amendment proposed –

- a) line 1; delete “fails to issue” and insert ‘issues a false, uses a false taxpayer identification or fails to issue’

24. Clause 40 – Amendment proposed –

- a) Sub-clause 1, paragraphs (d) and (e) delete “sections” and insert “section”
- b) Sub-clause 1, paragraphs (d) and (e) delete “or” and insert “and”.

25. Clause 43 – Amendment proposed

- a) Line 1-2; delete “if the Commissioner-General considers it necessary to do so”

26. Clause 44 – Amendments proposed – Definition for

- a) “auctioneer” – line 2; delete “includes” and insert “involves” and after “as” delete “an auctioneer”
- b) “betting” – line 2; delete “doubtful ” and insert “uncertain”
- c) Definition for “consideration”, paragraph (a), line 1; insert “in” after “or”
- d) Insert new definition after “credit agreement” as follows ““currency point” has the same meaning as provided for in section 165(4) of the Internal Revenue Service Act, 2000 (Act 592)”

- e) Insert definition for “employment as follows:

“employment means

a contract of service whether express or implied and if express, whether in writing or oral and includes:

- a) The position of an individual in the employment of another person; or
- b) The holding of or acting in any office or position entitling the holder to a fixed ascertainable remuneration other than an office or a position as a director of a company or a manager of a body of persons or as a partner in a partnership”.

- f) Definition for “finance lease”, paragraph (a), line 2; delete “or” after “semi colon”
- g) Definition for “gaming” delete “has a meaning similar to” and insert “means”
- h) Insert a definition for “haulage” as follows:
“haulage means
the act, process or business of transporting goods for others or oneself by road, rail, water or air”.
- i) Definition for “import”, line 2, after sub-paragraph (ii) of paragraph (b); delete “semi colon” after “country”
- j) “lottery” – line 2; delete “lottery” and insert “lot”
- k) Insert a new definition after definition for ‘non-resident’, “non-traditional export” means export other than
 - (a) cocoa beans,
 - (b) lumber and logs,
 - (c) unprocessed gold or other minerals,
 - (d) electricity and
 - (e) petroleum, crude oil or natural gas”
- l) “output tax” – line 2, after “1” and before “in”, insert “and other sections of the Act” and delete all words after “supply” in line 2.
- m) “penalty unit” – line 1, after “in” and before “the” insert “section 27 of”.
- n) Definition for “related person”, sub-paragraph (ii) of paragraph (e), line 4; insert “and” after “(c)” and delete “and (e)”
- o) “return” – line 1, delete all words after “due” and before “or” and in line 2, delete “section 30” and insert “this Act”
- p) Definition for “Value Added Tax”; delete “or VAT”
- q) Insert after the definition of Value Added Tax, the following:
““VAT” means Value Added Tax”

27. First Schedule – Amendment proposed –

- a) Item 1, line 1; insert “except otherwise provided”

- b) Item 2
 - i) delete definition for "financial services" and insert the following: "financial services means the provision of insurance; issue, transfer, receipt of, or dealing with money whether in domestic or foreign currency or any note or order of payment of money; provision of credit; or operation of a bank account of a similar institution"
 - ii) insert a definition for "haulage" as follows"
 - iii) insert the definition for "medical supplies" after the definition of "medical services"

"medical supplies" means equipment and accessories for the supply of medical services as determined by the Minister responsible for Health and approved by Parliament;"
- c) Item 3 (g); delete "(excluding ornamental fish)" and insert "other than ornamental fish"
- d) Item 5, line 1; delete "the" after "in" and insert "this"
- e) Item 13, insert "and medical supplies" after "services"
- f) Item 15, line 2; delete "and air"
- g) Item 16(a), after "agriculture" insert "veterinary practice"
- h) Item 18(d), insert full stop after "bridges" and delete line 2
- i) Item 20, delete "disabled persons" and insert "persons with disability"

28. Second Schedule – Amendment proposed –

- a) Item 1,
 - i) insert a new definition for "conveyance" to read "conveyance means a ship, aircraft or a vehicle"
 - ii) definition for "Free zone", line 3; insert "free" after "or"
- b) Item 2; insert a new paragraph as follows:

"(8) (1) A supply of goods shall not be considered to be exported from this country, unless

- (a) immediately before being put on board the conveyance for export, the goods are produce to the Commissioner of Customs for examination;
 - (b) on demand by the Commissioner of Customs, the exporter provides samples of the goods as the Commissioner may require for testing or in any other purpose;
 - (c) the person in charge of the conveyance for the export or any other person that the person in charge may authorize for the purpose, certifies on the document on which the goods are entered that the goods have been received on board; and
 - (d) particulars of the goods are included in the cargo manifest of the conveyance
- (2) A supply of goods shall not be considered to be exempted from this country if the supply has been or will be re-imported to this country by the suppliers”

c) delete item 4 after “SUPPLY OF SERVICES”

29. Third Schedule – Amendment proposed –

- a) Item 7 (ii), line 3, after “periods” insert “if any”

30. Fourth Schedule – Amendment proposed –

- a) Delete the fourth Schedule and insert the following:

“FOURTH SCHEDULE

(Sections 25(4), 25 (6))

TAX CREDIT NOTE AND TAX DEBIT NOTE

Except as the Commissioner-General may otherwise allow, a tax credit note required by subsection (6) of section 25 or a tax debit note required by subsection (4) Of section 25, must contain at least the following particulars:

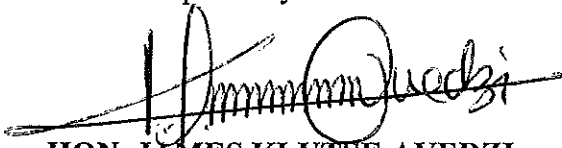
- (a) the words “tax credit note” or where appropriate “tax debit note” in a prominent place;
- (b) a sequential identifying number;

- (c) the name, address and taxpayer identification number of the registered person making the supply;
- (d) the name, address and taxpayer identification number of the recipient of the supply;
- (e) the date on which the tax credit or the tax debit was issued;
- (f) the identifying number and date of issue of the tax invoice relating to the supply;
- (g) the value of the supply shown on the applicable tax invoice, the adjusted value of the supply, or the correct amount of the value of the supply, the difference between those two amounts, and the tax charged that relates to that difference;
- (h) a brief explanation of why the tax credit note is being issued; and
- (i) information sufficient to identifying the taxable supply to which the tax credit note relates.”

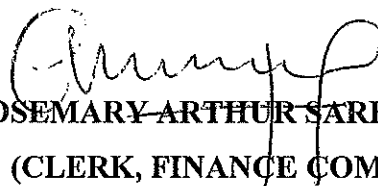
8.0 CONCLUSION

The Committee having thoroughly examined the Bill recommends to the House to adopt its report and take the Value Added Tax Bill through all stages and passed subject to the proposed amendments.

Respectfully submitted.



**HON. JAMES KLUTSE AVEDZI
(CHAIRMAN, FINANCE COMMITTEE)**



**ROSEMARY ARTHUR SARKODIE (MRS)
(CLERK, FINANCE COMMITTEE)**

