

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

**REPORT OF THE
FINANCE COMMITTEE**

ON THE

**COMMUNICATION SERVICE TAX
(AMENDMENT) BILL**

2ND JULY, 2013



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Class H2 BPL/CST/13.

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SERVICE TAX (AMENDMENT) BILL**

1.0 INTRODUCTION

The Communications Service Tax (Amendment) Bill was presented to Parliament and read the first time by the Hon. Minister for Finance on Friday, 28th June, 2013 and referred 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 Rt. Hon. Speaker further directed the Committee to determine whether the Bill is of urgent nature to be taken through all the three stages of passage in a day in accordance with Article 106 (13) of the Constitution and Order 119 of the Standing Orders of the House.

Pursuant to the referral, the Committee met with the Hon. Minister for Finance, Mr. Seth Terkper, Deputy Ministers of Finance, Mr. George Kweku Ricketts-Hagan and Mr. Cassiel Ato Forson and Officials from the Ministry of Finance, Ghana Revenue Authority and Attorney General's Department and deliberated on the referral.

The Committee is grateful to the Hon. Minister, Deputy Ministers, and Officials from the Ministry of Finance, Ghana Revenue Authority and Attorney General's Department for attending upon it.

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.

- Communications Service Act , 2008 (Act 754)

3.0 BACKGROUND

Parliament in 2008 passed the Communication Service Act, 2008 (Act 754) to impose a six per cent (6%) charge on Communications Service Usage. The tax was an excise tax intended to raise additional revenue from Communication services, provided by mobile operators to their customers. The rate of 6% was arrived at in order to remove the surging nature of the tax with regards to interconnection services. Some provisions in the Act however, create compliance challenges in the telecommunications Companies in respect of the application of the tax to interconnection services. The proposed amendment therefore seeks to bring clarity to the various provisions so as to improve the administration of the tax.

4.0 PURPOSE OF THE BILL

The Bill seeks to amend some provisions in the Communications Service Tax Act, 2008 (Act 754) to clarify the scope and coverage of the Tax and to include interconnection services within the tax base.

5.0 PROVISIONS OF THE BILL

The Bill is divided into eight clauses.

Clause 1 amends section 1 of the Communications Service Act 2008 (Act 754) to impose a tax to be known as Communication Service Tax. The tax is to be levied on electronic communications service providers.

Clause 2 amends section 2 of Act 754 to provide for the tax to be paid together with the electronic communication service charge payable to the service provider by the user of the service. Where the service is received from a source outside Ghana the tax is to be paid by the user who received the service. The section also clarifies the period within which the tax becomes due.

“Communications service provider” in section is substituted for “service provider: in Clause 3.

Clause 4 amends section 8 of Act 754 to provide for the recovery as a tax from a person who issues a bill or invoice of amount shown as a tax.

Clause 5 amends section 11 of the same Act 754 to provide for the application of some provision of the Value Added Tax Act, 1998 (Act 546) with the necessary modifications to the management of the tax.

Clause 6 amends section 12 of Act 754 by restricting the provision to sections 54 and 55 of the Value Added Tax 1998 Act 546.

Clause 7 amends sections 14 by substitution for “communication service provider” of “service provider”.

Clause 8 amends section 16, the interpretation section of the Act to provide for new definitions.

6.0 **OBSERVATIONS**

Urgency of the Bill

The Committee in its deliberations considered the Bill to be of an urgent nature and must be taken through all the stages in one day in accordance with Article 106 (13) of the Constitution and Order 119 of the Standing Orders of the House.

Reason/Justification for the amendments

The Committee was informed that provisions in the Communications Service Act, 2008 (Act 775) was not specific on the point at which the tax should be collected. This situation the Committee learnt, posed many implementation challenges to the Ghana Revenue Authority and the Communications Service Providers. The proposed amendments therefore seek to bring clarity to aid smooth implementation.

The Committee advises the Ministry of Finance and the GRA to strengthen their monitoring activities to ensure that the revenue realised is fully accounted for and paid to the state.

7.0 AMENDMENTS

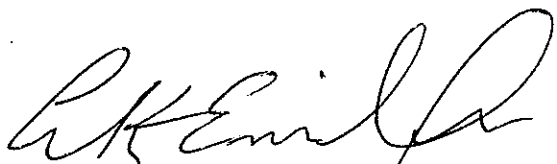
The Committee, after its deliberations proposed the following Amendments to the Bill:

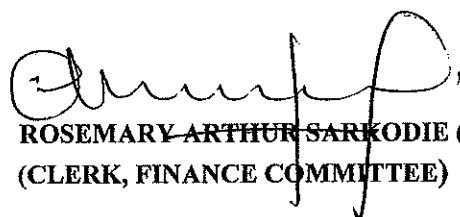
- i. **Clause 1 – Amendment proposed** - sub clause (1) *line 2* delete “Communication” and insert “Communications” and line 4, delete “communication” and insert “communications” and wherever it appears in the Bill, delete and substitute same.
- ii. **Clause 2 – Amendment proposed** - sub clause (3) *line 6* substitute “ Regulations” with “Regulation”

8. CONCLUSION

The Committee having carefully examined the Bill recommends to the House to adopt its report and take the Communications Service Tax (Amendment) Bill through all the stages in accordance with Article 106 (13) of the Constitution and Order 119 of the Standing Orders of the House.

Respectfully Submitted


HON. GABRIEL KODWO ESSILFIE
(VICE CHAIRMAN, FINANCE COMMITTEE)


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