

REPORT OF THE FINANCE COMMITTEE ON THE
VALUE ADDED TAX (AMENDMENT) BILL, 2018

1.0 INTRODUCTION

The Value Added Tax (Amendment) Bill, 2018 was presented to Parliament by and read the first time on 20th July, 2018 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 Order of the House.

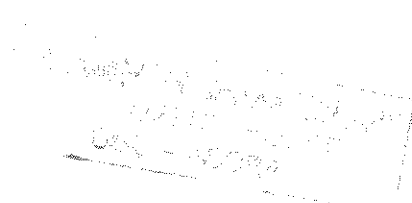
Pursuant to the referral, the Committee met with two Deputy Ministers of Finance, Hon. Kwaku Kwarteng and Hon. Charles Adu Boahene and officials from the Ministry of Finance and the Ghana Revenue Authority.

2.0 URGENCY OF THE BILL

In accordance with Order 119, the Committee has determined that the Bill is of an urgent nature and should therefore be taken through all the stages of passage in one day under a certificate of urgency.

3.0 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
- The Value Added Tax Act, 2013 (Act 870) as amended

4.0 PURPOSE OF THE BILL

The object of this Bill is to revise the Value Added Tax rate from Fifteen percent (15%) to Twelve and a half percent (12½%) of the taxable value of goods, services and imports.

5.0 PROVISION OF THE BILL

The Bill amends section 3 of the Value Added Tax Act, 2013(Act 870) to mandate a taxable person to account for tax payable under that section, at a rate of twelve and a half percent (12½%), calculated on the taxable supply of the goods or services or the value of the import.

6.0 OBSERVATIONS

6.1 Rationale for the Reduction

The current Value Added Tax rate is fifteen percent (15%) of which two and a half percentage (2½%) points are assigned to the Ghana Education Trust Fund. As part of the new tax measures aimed at strengthening revenue collection, Government has decided to decouple the Ghana Education Trust Fund portion from the general Value Added Tax and make it a straight levy. As a result of this, there is the need to amend the current VAT law to reflect it. It is this amendment that is currently before the House.

6.2 Fiscal Impact of the Amendment

The estimated impact on VAT revenue as a result of the realignment in Value Added Tax is Two Hundred and Eighty Five Million Cedis (GH¢285,000,000) for the period August to December 2018.

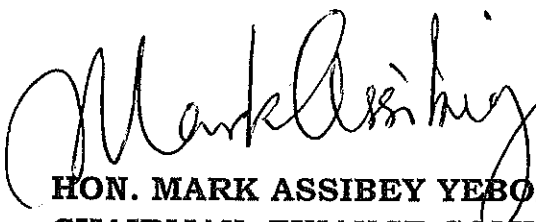
7.0 CONCLUSION

The Committee, upon a thorough examination of the Bill is of the view that the new measures put in place by Government would assist in raising the needed revenue.

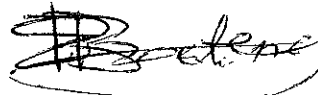
The Committee accordingly recommends to the House to adopt its report and approve the Value Added Tax (Amendment) Bill in accordance with article 106 (13) of the 1992 Constitution and the Standing Orders of the House.

The Committee also recommends to the House to take the Bill through all the stages of passage in one day in accordance with article 106 (13) of the 1992 Constitution and Order 199 of the Standing Orders of the House.

Respectfully submitted



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



**EVELYN BREFO-BOATENG (MS)
CLERK TO THE COMMITTEE**