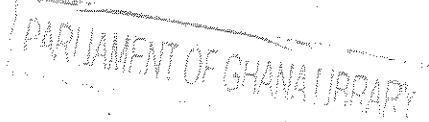


IN THE FOURTH SESSION OF THE SEVENTH PARLIAMENT OF THE FOURTH
REPUBLIC OF GHANA



REPORT OF THE FINANCE COMMITTEE ON THE COMMUNICATIONS
SERVICE TAX (AMENDMENT) BILL, 2020

1.0 INTRODUCTION

The Communications Service Tax (Amendment) Bill, 2020 was first presented to Parliament and read the first time on Tuesday, 11th August, 2020.

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 a Deputy Minister for Finance, Hon. Kwaku Kwarteng and a team of officials from the Ministry of Finance 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 Communications Service Tax Act, 2008 (Act 754);
3. The Communications Service Tax (Amendment) Act, 2019 (Act 998); and
4. The Standing Orders of Parliament.

3.0 OBJECT OF THE BILL

The object of the Bill is to amend the Communications Service Tax Act, 2008 (Act 754) to provide for a reduction in the tax rate from **Nine (9) percent to Five (5) percent**.

4.0 STRUCTURE OF THE BILL

The Bill contains two clauses.

Clause 1 of the Bill provides for a reduction in the tax rate from **Nine (9) percent to Five (5) percent**.

Clause 2 provides for the commencement of the Bill.

5.0 OBSERVATIONS

5.1 Rationale for the Bill

The Committee was informed that as a result of the restrictions and the protocols introduced to combat COVID-19 pandemic, a number of innovations for communications have been introduced. These innovations have resulted in an increase in the use of electronic communications services. A number of persons are now required to work from home whilst businesses and monetary transactions are also being conducted electronically.

Digitalisation is also a major Government policy that is to catalyse economic activities and promote growth as part of the development agenda and help achieve the "Ghana beyond Aid" vision.

The Bill therefore seeks to reduce the electronic service tax rate from **Nine (9) percent to Five (5) percent**. This is to provide some relief to households and

businesses who now rely on electronic communication services such as data and airtime.

5.2 Fiscal Impact of the Bill

The Committee was informed that the change in the tax rate will result in a reduction in revenue from the tax of about GH¢90.1 Million.

5.3 Commencement Date

The Committee observed that the commencement date proposed in the Bill is 15th September, 2020 and expressed the view that the date be moved forward to 1st September, 2020 in order to enable Ghanaians enjoy the full benefits of the reduction.

In its response, the Ministry indicated that during the implementation of the Communications Service Tax (Amendment) Act, 2019 (Act 998), which increased the tax rate from 6% to 9%, telecommunications companies complained about the insufficiency of time to reconfigure their systems. The current proposal is to give the telcos sufficient time to reconfigure their systems to ensure smooth implementation of the reduced tax.

5.4 Support to National Youth Employment Agency

The Committee observed that Section 5 of the Communications Service Tax Act, 2008 (Act 754) as amended by the Communications Service Tax (Amendment) Act, 2019 (Act 998) provides that at least Twenty (20) percent of Six (6) percentage points of the tax shall be used to finance the national youth employment programme.

Following the proposed reduction of the tax rate, there is the need to amend Section 5 of Act 754 to reflect the current reduction in the tax rate.

6.0 RECOMMENDATIONS

The Committee, having carefully scrutinized the Bill, proposes the following amendments for the consideration of the House:

Amendments

- i. **Short Title – Amendment proposed** –*delete* “Communication” and *insert* “Communications”

- ii. **New Clause – Amendment proposed** – Add the following new Clause

“Section 5 of Act 754 amended

The principal enactment is amended by the substitution for section 5 of;

National youth employment support

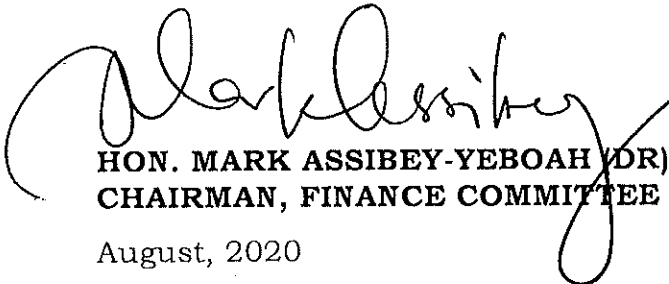
5. At least twenty percent of the revenue generated from the tax shall be used to finance the national youth employment programme.”

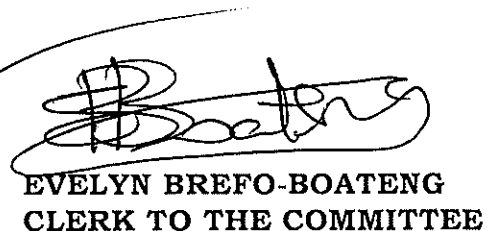
7.0 CONCLUSION

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 households and businesses.

The Committee therefore recommends to the House to adopt its Report and pass the Communications Service Tax (Amendment) Bill, 2020 in accordance with the 1992 Constitution and the Standing Orders of the House.

Respectfully submitted.


HON. MARK ASSIBEY-YEBOAH (DR)
CHAIRMAN, FINANCE COMMITTEE
August, 2020


EVELYN BREFO-BOATENG
CLERK TO THE COMMITTEE