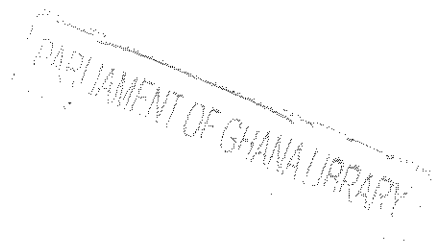


**IN THE FOURTH SESSION OF THE SEVENTH PARLIAMENT
OF THE FOURTH REPUBLIC OF GHANA**



**REPORT OF THE FINANCE COMMITTEE ON
THE REVENUE ADMINISTRATION
(AMENDMENT) BILL, 2020**

1.0 INTRODUCTION

The **Revenue Administration (Amendment) Bill, 2020** was *presented and read the first time* in the House on Thursday 30th April 2020 by the Honourable Deputy Minister for Finance, Mrs. Abena Osei-Asare on behalf of the Minister responsible for Finance. The Bill was subsequently *referred* to the Finance Committee for consideration and report in accordance with Article 103 of the 1992 Constitution and the Standing Orders of the House.

The Committee met and considered the Bill with a Deputy Minister for Finance, Hon. Kwaku Agyeman Kwarteng and a team of officials from the Ministry of Finance (MoF) and the Ghana Revenue Authority (GRA).

The Committee is grateful to the Hon. Deputy Minister for Finance and the officials from the Ministry of Finance and GRA for attending upon the Committee.

1.1 URGENCY OF THE BILL

The Committee determined and hereby certifies that the Bill is of an urgent nature and may 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 the House.

2.0 REFERENCES

The Committee referred to and was guided by the following documents *inter alia* during its deliberations on the Bill:

- The 1992 Constitution of the Republic of Ghana
- The Standing Orders of the Parliament of Ghana
- Interpretation Act, 2009 (Act 792)
- The Revenue Administration Act, 2016 (Act 915)

3.0 BACKGROUND INFORMATION

In the 2018 Budget and Economic Policy Statement, the Government of Ghana proposed to implement some compliance measures to improve revenue administration in Ghana.

In pursuance of this objective, Government proposed the introduction of an Alternative Dispute Resolution (ADR) mechanism to resolve tax disputes. Alternative Dispute Resolution (ADR) is widely accepted as the best and more cost-effective approach to resolving tax disputes and is prelude to litigation in the law courts.

Furthermore, Government views voluntary compliance as the best form of tax compliance as it places a lighter administration burden on Government. Taxpayers very often fail to register with the revenue authorities, submit returns, make misstatements in documents or omit relevant information from documents they submit to the authorities. These acts of commission and omission often result in underreporting of information or understatement of taxes and attract interests and penalties. The burden however is on the revenue authorities to identify such infractions upon which the defaulting taxpayers will be penalized. There is thus the need to put in place a mechanism for voluntary disclosures of such infractions by the taxpayers without the fear of incurring penalties.

Finally, there is the need to extend the requirement of Tax Clearance Certificates (TCCs) to cover sub-contractors of government contracts to ensure this category of taxpayers fulfil their tax obligation.

4.0 OBJECT OF THE BILL

The **Revenue Administration (Amendment) Bill, 2020** seeks to amend the Revenue Administration Act, 2016 (Act 915) to establish an Independent Tax Appeals Board to hear and determine appeals against tax decisions made by the Commissioner-General, allow for the payment of a shortfall in tax liability resulting from omissions or misstatements without payment of a penalty, and require subcontractors of Government contracts to submit Tax Clearance Certificates (TCCs).

5.0 CONTENTS OF THE BILL

The Revenue Administration (Amendment) Bill, 2020 contains a total of four (4) Clauses.

Clause 1 of the Bill amends Section 44 of Act 915 by providing for a person who is dissatisfied with a decision of the Commissioner-General to appeal against the decision to the Independent Tax Appeals Board with a further right of appeal to the law Court if the taxpayer is still dissatisfied with the decision of the Independent Tax Appeals Board.

Clause 2 amends Section 74 of Act 915 by substituting subsection (2) of Section 74 to provide for the circumstances under which a penalty is not to be imposed on a person who does not register with the revenue authorities or who submits

inaccurate returns or information relating to that person's tax liability to the revenue authorities.

Clause 3 amends the First Schedule to Act 915 by substituting Part II of the First Schedule which provides for the list of persons from whom a Tax Clearance Certificate (TCC) is required.

Clause 4 introduces a Fourth Schedule to Act 915 which provides extensively for the matters on the Independent Tax Appeals Board. The schedule provides for, among other things, the establishment, composition and functions of the Independent Tax Appeals Board.

6.0 OBSERVATIONS

6.1 Investor Confidence

The Committee observed that the establishment of the Independent Tax Appeals Board to hear tax matters prior to adjudication in the law Courts is expected to instill confidence in investors and reduce the time spent on litigation for both taxpayers and the Ghana Revenue Authority.

6.2 Encouraging Voluntary Disclosures

The Committee noted that currently, taxpayers who fail to register with the revenue authorities, submit returns, make misstatements in document or omit relevant information from documents they submit to the authorities can only be penalized when identified by the revenue authorities.

This imposes a costly burden on revenue administration. The voluntary disclosure procedure included in this Bill will therefore relieve taxpayers who voluntarily make disclosures of these infringements of the tax laws and make it easy for the revenue authority to collect the revenue. It will also encourage more taxpayers to come forward and register with the authorities without the fear of being mulcted in penalties.

It is further expected that the passage of the Bill will lead to an increase in the number of corrected returns filed with the revenue authorities.

6.3 Fiscal Impact

The Committee was informed that the establishment of the Independent Tax Appeals Board is estimated to cost Government an amount of Two Million, Five Hundred Thousand Ghana Cedis (GH¢2,500,000.00) for the first year.

The loss of revenue from penalties for non-submission of returns is also estimated at Two Million, Three Hundred and Forty Thousand Ghana Cedis (GH¢2,340,000.00).

Despite the revenue losses, the Ghana Revenue Authority (GRA) anticipates that the amnesty measures contained in the Bill will result in the registration or voluntary compliance of one thousand taxpayers.

7.0 AMENDMENTS PROPOSED

The Committee respectfully proposes the following amendments to the Bill:

- i. **Clause 2 – Amendment Proposed** – paragraph (c), lines 1, 2, 3 and 4, *delete* and *insert* the following
“(c) by the substitution for subsection (5) of
(5) A person who, in relation to
(a) the importation or exportation of goods,
(b) trade in services or intangible property, or
(d) any tax law”
- ii. **Clause 3 – Amendment Proposed** – Table, Row 1, 2nd Column, last line, after “Excise”, insert “Duty”.
- iii. **Clause 4 – Amendment Proposed** – Paragraph 3, subparagraph (1) line 1, at end, delete “of”.
- iv. **Clause 4 – Amendment Proposed** – Paragraph 3, subparagraph (1)(a) line 2, after “is” insert “preferably”.
- v. **Clause 4 – Amendment Proposed** – Paragraph 3, subparagraph (1)(b) line 2, before “Chief” delete “a”.
- vi. **Clause 4 – Amendment Proposed** – Paragraph 4, subparagraph (3), delete.
- vii. **Clause 4 – Amendment Proposed** – Paragraph 6, subparagraph (a), delete “or (3)”
- viii. **Clause 4 – Amendment Proposed** – Paragraph 5, subparagraph (4), delete and insert the following
“Where the chairperson is not a member of the panel constituted in subparagraph (3), the chairperson shall

designate one of the members of the panel to preside at sittings of the panel”

- ix. **Clause 4 – Amendment Proposed** – Paragraph 9, subparagraph (1)(a), delete “the Minister” and insert “Parliament”
- x. **Clause 4 – Amendment Proposed** – Paragraph 9, subparagraph (1)(b), delete and insert the following: “Donations, gifts and grants approved by the Minister”.
- xi. **Clause 4 – Amendment Proposed** – Paragraph 10, subparagraph (2)(b), line 3, after “Board” delete “,” and insert “that”.
- xii. **Clause 4 – Amendment Proposed** – Paragraph 10, subparagraph (2)(f) line 2, delete “additional” and insert “adjusted”.
- xiii. **Clause 4 – Amendment Proposed** – Paragraph 10, subparagraph (2)(g) line 4, delete “additional assessment” and insert “adjustment”.
- xiv. **Clause 4 – Amendment Proposed** – Paragraph 11, subparagraph (1) line 1, delete “advise” and insert “notify”.
- xv. **Clause 4 – Amendment Proposed** – Paragraph 11, subparagraph (3) line 2, before “tax” insert “a”.
- xvi. **Clause 4 – Amendment Proposed** – Paragraph 11, subparagraph (4) line 2, delete “on that behalf”.
- xvii. **Clause 4 – Amendment Proposed** – Paragraph 13, subparagraph (3), after “Board”, delete “shall” and insert “may”.

xviii. **Clause 4 – Amendment Proposed** – Paragraph 13, subparagraph (4), insert a new Headnote before subparagraph 4 as follows:

“Effect of an Appeal”

xix. **Clause 4 – Amendment Proposed** – Paragraph 13, subparagraph (4), delete and insert the following:

“(4) Unless the Court otherwise orders, an appeal to the Court shall not operate as a stay of execution of an order of the Appeals Board”

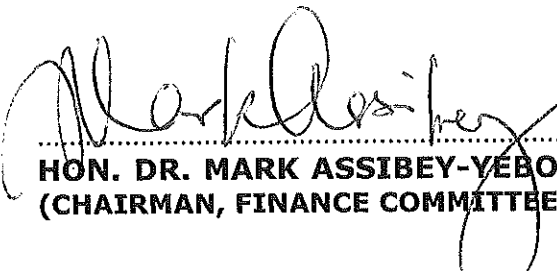
xx. **Clause 4 – Amendment Proposed** – Paragraph 13, subparagraph (5), line 1, after “fails”, insert “to comply with an order of the Appeals Board”

xxi. **Clause 4 – Amendment Proposed** – Paragraph 14, line 4, delete “exercise or purported”

8.0 RECOMMENDATION AND CONCLUSION

The Committee recommends to the House to adopt this Report and pass the **Revenue Administration (Amendment) Bill, 2020** into law, subject to the amendments proposed.

Respectfully Submitted.


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


.....
MS. EVELYN BREFO-BOATENG
(CLERK, FINANCE COMMITTEE)

4TH JUNE 2020