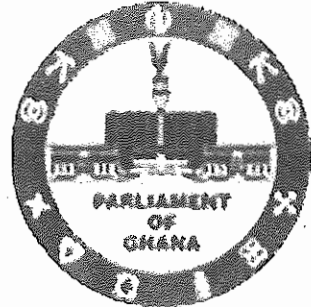


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**IN THE FOURTH SESSION OF THE SEVENTH PARLIAMENT OF THE FOURTH
REPUBLIC OF GHANA**



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REPORT OF THE JOINT COMMITTEE

ON

**FINANCE AND TRADE, INDUSTRY
AND TOURISM**

ON THE

CUSTOMS (AMENDMENT) BILL, 2020

Acc No: 2011 G
Class No: BR/CCA/20

FEBRUARY 2020

1.0 INTRODUCTION

The **Customs (Amendment) Bill, 2020** was *presented* to Parliament by the Hon. Deputy Minister for Finance, Mrs. Abena Osei-Asare on behalf of the Minister responsible for Finance and *read the first time* in the House on Tuesday 25th February 2020

The Bill was subsequently *referred* to a Joint Committee on Finance and Trade, Industry and Tourism for consideration and report in accordance with Article 174 of the Constitution, 1992 and Orders 159 and 169 and of the Standing Orders of the Parliament of Ghana.

A Deputy Minister for Finance, Hon. Kwaku Agyeman Kwarteng and officials from the Ministries of Finance and Trade and Industry, the Ghana Revenue Authority (GRA), the Attorney General's (AG's) Department and the Automobile Dealers Union of Ghana (ADUG) attended upon and assisted the Joint Committee in its deliberations on the Bill.

The Committee is grateful to the above-mentioned Hon. Deputy Minister and the officials from the Ministries of Finance and Trade and Industry, GRA, AG's Department and ADUG for attending upon the Committee.

2.0 REFERENCES

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

- a. The 1992 Constitution of the Republic of Ghana.
- b. The Standing Orders of the Parliament of Ghana.

c. Customs Act, 2015 (Act 891) as amended.

d. Interpretation Act, 2009 (Act 792)

e. The Ghana Automotive Development Policy

2.1 URGENCY OF THE BILL

The Committee determined and hereby certifies that the Bill is of an urgent nature and therefore may be taken through all the stages of passage in one day in accordance with Clause 13 of Article 106 of the 1992 Constitution and Order 119 of the Standing Orders of the House.

3.0 BACKGROUND

The Government of Ghana in August 2019 launched the Ghana Automotive Manufacturing Development Programme to promote the manufacture of automobiles for both the domestic market and the West African sub-region.

The Programme is part of the efforts by Government to develop some strategic anchor industries that will promote economic development in the country.

Government also proposes to establish import duty exemptions regime for the security agencies and officers of the security agencies.

4.0 PURPOSE OF THE BILL

The Bill seeks to amend the Customs Act, 2015 (Act 891) to provide incentives for automotive manufacturers and assemblers registered under the Ghana Automotive Manufacturing Development Programme (GAMDP), prohibit the importation of salvaged motor vehicles and specified motor vehicles over ten years of age into the country, increase the import duty on specific motor vehicles and provide import duty exemptions for the security agencies and officers of the security agencies.

5.0 CONTENTS OF THE BILL

The **Customs (Amendment) Bill, 2020** contains seven (7) clauses.

Clause 1 amends section 55 of Act 891 by granting a rebate on the import duty on fully built units imported by automotive manufacturers and assemblers registered under the programme.

Clause 2 amends section 58 of Act 891 to prohibit the importation of salvaged motor vehicles and specified motor vehicle over ten years of age into the country.

Clause 3 amends section 61 of Act 891 to provide for the submission of a homologation documentation or certificate of conformance provided by the Standards Authority as an additional requirement that a local dealer in the importation of a motor vehicle permitted under Act 891 is required to furnish the Commissioner-General with.

Clause 4 amends section 151 of Act 891 to provide definitions for "completely knocked down kit", "enhanced semi-knocked down kit", "salvaged motor vehicle" and "semi-knocked down kit".

Clause 5 empowers the Minister responsible for Finance to issue an Executive Instrument specifying the date on which the import duty imposed on motor vehicles indicated under headings 870.03 to 87.04 of Chapter 87 of Section VXII of the First Schedule to Act 891 is required to come into force. The Minister is further empowered to issue an Executive Instrument specifying the date on which a motor vehicle over ten years of age may not be imported into the country.

Clause 6 amends Chapter 87 of section XVII of the First Schedule to Act 891 by the substitution for the stated import duty of thirty-five percent for the motor vehicles specified.

Clause 7 amends Part A of the Third Schedule to Act 891 by including the security agencies and officers of the security agencies as part of the institutions and persons granted exemptions on imports.

The Clause further amends Part B of the Third Schedule to Act 891 by including machinery, plant, equipment, replacement parts for equipment and kits for production trials imported by automotive manufacturers and assemblers registered under the Programme, as part of the items granted exemption from the payment of import duties and Value Added Tax.

6.0 OBSERVATIONS

6.1 Incentives for Auto Manufacturers

The Committee observed that Cabinet has already approved the *Ghana Automotive Development Policy (GADP)* in which various incentives have been provided for automotive manufacturers and assemblers registered under the *Ghana Automotive Manufacturing Development Programme*. The provisions of this Bill thus form part of the broad incentives contained in the approved GADP.

6.2 Fiscal Impact

As to how much revenue will be impacted by the passage of the Bill, the Committee was informed that the review in policy as contained in the Bill would lead to an estimated revenue loss of approximately ***Eight Hundred and Two Million, Two***

Hundred and Fifty-One Thousand, Seven Hundred and Eighty-Five Ghana Cedis (GH¢802,251,785.00) for the first three years.

This is however expected to be partially offset by the additional revenue from customs duties on vehicles not covered by the programme.

6.3 Ban on importation of Certain Vehicles

The Committee observed that upon the passage of the Bill into law, specified motor vehicles over ten years of age shall be eventually prohibited from being imported into the country.

Also, the importation of salvaged vehicles shall be banned regardless of the age, type or description of such vehicles.

As to what constitutes a salvage vehicle, it was explained to the Committee that a salvage vehicle for the purpose of the Ghana Automotive Manufacturing Development Programme is a motor vehicle which has been wrecked, destroyed, or physically damaged by collision, fire, water or other occurrence and does not have a clean title.

6.4 Importation of Fully Built Units

The Committee noted that vehicle manufacturers or assemblers registered under the Ghana Automotive Manufacturing Development Programme (GAMDP) shall be permitted to import *Fully Built Units (FBUs)* of vehicles into the country at rebate of Customs Duty.

It was explained to the Committee that the rationale for the rebate is to enable the manufacturers and assemblers to attain certain critical volumes to make their investments worthwhile, especially at the early stages of the industry. The rebate policy is to be reviewed during or after three (3) years of the GAMDP.

6.5 Commencement of Operations

The Committee sought to know when actual manufacturing and/or assembling of motor vehicles will commence in the country.

To this the Committee was informed that the Ministry of Trade and Industry is in advance discussions with the interested manufacturers and that the indicative time of commencement of actual operations in Ghana are as follows:

Volkswagen	-	First Quarter 2020
Toyota	-	August 2020
Suzuki	-	Before end of 2020
Nissan	-	Second Quarter 2020
Renault	-	Discussions ongoing
Kia and Hyundai	-	Discussions ongoing

The Committee was further informed of the Ministry of Trade and Industry's optimism that in about three years' time, Ghana would become the third largest motor vehicle manufacturing country in Africa, behind only South Africa and Morocco.

6.6 Exemptions for Security Agencies

The Committee noted that as part of the provisions of the Bill, the Government intends to include security agencies and officers of the security agencies as part of the institutions and persons granted exemptions on imports. This is to forestall the situation where critical imported equipment and accoutrement of the security agencies staying at the parts for long periods awaiting tax waiver processes.

The exemption will also provide incentives and rewards to personnel of the security agencies who go on various assignments and peacekeeping operations in the security interest of the country.

7.0 AMENDMENTS PROPOSED

The Committee respectfully recommends the following amendments to the Bill:

- i. **Clause 1 – Amendment Proposed** – In paragraph (b) of subclause (8), line 3, at end *add* “that may contain local components”
- ii. **Clause 2 – Amendment Proposed** – In the opening phrase, line 1, *delete* “insertion after” and insert “substitution for”.
- iii.
- iv. **Clause 2 – Amendment Proposed** – Subclause (1), paragraph (c) subparagraph (i), line 3, *delete* “heading” and insert “HS heading”.

Clause 4 – Amendment Proposed – Paragraph (a), *Delete* and insert the following:

“(a) by the insertion after the definition for “Commissioner-General”, of

“completely knocked down kit” includes the

- (a) parts or components of a motor vehicle imported or locally manufactured to be assembled locally into a fully built unit;
- (b) floor panel, body sides and roof panel of a motor vehicle that are supplied separately and assembled locally; and
- (c) body shell and all other parts of a motor vehicle that are welded, fitted, electronically coated and painted locally;”.

Clause 4 – Amendment Proposed – Paragraph (b), *Delete* and *insert* the following:

“(b) by the insertion after the definition for “electronic signature”, of

“enhanced semi-knocked down kit” includes

- (a) a partially assembled vehicle that is shipped in a kit form for assembly in the destination country;
- (b) the floor panel, body sides and roof panel of a motor vehicle that are not knocked down but shipped as a whole; and
- (c) the imported vehicle cabin or vehicle body that is not trimmed;”.

Clause 4– Amendment Proposed – Paragraph (d) *delete* and *insert* the following:

“(d) by the insertion after the definition for “selling commission”, of

“semi-knocked down kit” includes

- (a) a partially assembled vehicle that is shipped in a kit form for assembly in the destination country;
- (b) the floor panel, body sides and roof panels that are not knocked down but shipped as a whole; and
- (c) the imported vehicle cabin or vehicle body that is partially trimmed;”.

v. **Clause 5 – Amendment Proposed –** Subclause (1), line 2, *delete* “headings” and insert “HS headings”.

vi. **Clause 5– Amendment Proposed –** Subclause (2), line 2, *delete* “three” and *insert* “six”.

vii. **Clause 5– Amendment Proposed –** subclause (2), paragraph (b), line 2, *delete* “at affordable prices” and *insert* “in accordance with the investment plans of the automotive manufacturers and assemblers registered under the Ghana Automotive Manufacturing Development Programme”.

viii. **Clause 5– Amendment Proposed –** Subclause (3), line 3, *delete* “may” and *insert* “shall”.

ix. **Clause 5 - Amendment Proposed –** Add a new subclause as follows:

"(5) The prohibition against the importation of salvaged motor vehicles into the country under paragraph (b) of subsection (1) of section 58 shall come into force, three months after the date of the coming into force of this Act."

- x. **Long Title - Amendment Proposed** – Line 1, *delete* "the" after "for".


8.0 CONCLUSION

The Committee after carefully examining the Bill, finds that its passage would provide incentives to attract automotive manufacturers and assemblers to Ghana under the Ghana Automotive Manufacturing Development Programme. It will also enhance the clearing of imported vehicles and other accoutrement for the Security Agencies.

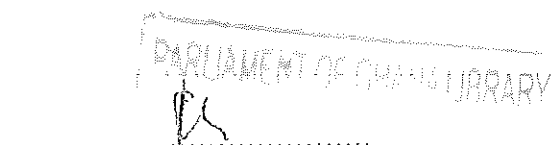
The Committee therefore recommends to the House to adopt this report and pass the **Customs (Amendment) Bill, 2020** into law, *subject to the amendments proposed*, in accordance with Article 106(13) of the 1992 Constitution of the Republic of Ghana and Order 119 of the Standing Orders of the House.

Respectfully Submitted.


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


.....
HON. ATO PANFORD
VICE CHAIRMAN, C'TTEE ON TRADE,
INDUSTRY & TOURSIM


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

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.....
MR. SAMUEL ADDEI
CLERK, C'TTEE ON TRADE,
INDUSTRY & TOURSIM

27TH FEBRUARY, 2020