

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

REPORT OF THE

FINANCE COMMITTEE

ON THE

**CUSTOMS (AMENDMENT) (NO.2)
BILL, 2017**

PARLIAMENT OF GHANA LIBRARY
PARLIAMENT HOUSE
OSU ACCRA

7TH DECEMBER, 2017



1.0 INTRODUCTION

The Customs (Amendment) (No.2) Bill, 2017 was first presented to Parliament and read the first time on Thursday, 30th November 2017. The 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, Ghana Revenue Authority and Attorney-General's Department.

2.0 DOCUMENTS REFERRED TO

The Committee referred to the following documents in order to consider the Bill:

1. 1992 Constitution
- ~~2. The Customs Act, 2015 (Act 891)~~
3. The Standing Orders of Parliament

3.0 OBJECT OF THE BILL

The Object of the Bill is to amend the Customs Act, 2015 (Act 891) to make further requirements for the warehousing of goods and to provide for related matters.

4.0 STRUCTURE OF THE BILL

The Bill has three clauses.

Clause 1 seeks to amend section 49 of Act 891 by the addition of letters of Credit as an item required for declaration.

Clause 2 seeks to amend section 73 of Act 891 to forbid the Commissioner-General from granting dispensation to an importer, owner or a person who intends to keep and maintain goods in a bonded warehouse if that importer, owner or person fails to submit Letters of Credit, guarantees or insurance cover with respect of the application.

Clause 3 seeks to amend section 108 of Act 891 to allow a person to provide security in the form of Letters of Credit for purposes of ensuring payment of duty and the discharge of any obligations arising under the customs laws.

5.0 OBSERVATIONS

5.1 Inclusion of Letters of Credit as a requirement

The Deputy Minister informed the Committee that the current warehousing arrangement is being abused. He said that there are instances where the Customs records would indicate that a number of items are in a particular bonded warehouse when in fact, the items are not there. He conceded that items placed in a bonded warehouse have insurance cover but indicated that over the years, customs is having challenges realising the insurance.

As a result, government is losing revenue. It is to remedy this situation and reduce the risk to revenue that government is seeking to include Letters of Credit as one of the requirements from participating financial institutions before goods are warehoused. Therefore duties payable on goods removed from the warehouse would be set-off against the Letters of Credit, bank guarantees or insurance cover.

5.2 Stakeholder's participation

The Deputy Minister indicated that stakeholders were involved during the preparation of the Bill. The GRA intends to continue with the education after the passage of the Bill.

5.3 Fiscal Impact of the Bill

The Deputy Minister stated that the bill only seeks to enforce compliance, hence a fiscal impact assessment is not required for the Bill.

6.0 RECOMMENDATIONS

The Committee proposes the following amendments

1. **Amendment Proposed** – Clause 1, paragraph (f) *add* at end as follows

“Bank guarantee or insurance cover”

This is to also include bank guarantee and insurance cover

2. **Amendment Proposed** – Clause 2, *delete* and insert the following

2. The principal enactment is amended in section 73 by the insertion after subsection (3), of

“(3A) (1) Despite subsection (3), the Commission-General shall not grant dispensation to an importer, owner or a person who intends to keep and maintain goods in a bonded warehouse, if that person fails to submit to the Commissioner-General Letters of Credit, bank guarantees or insurance cover from reputable financial institutions related to the application for dispensation.

(2) The Commissioner General may by notice in the Gazette and two daily newspapers of nationwide circulation publish the reputable

financial institutions required to provide Letters of Credit, bank guarantees or insurance cover.”

This is for clarity.

3. Amendment Proposed – Long title, line 2, *insert* “bonded” at beginning.

This is for clarity


7.0 CONCLUSION

After carefully considering the bill, the Committee is of the view that the Bill is in the right direction.

The Committee therefore recommends to the House to adopt its Report and pass the **Customs (Amendment) (No.2) Bill, 2017** into law in accordance with Article 106 of the 1992 Constitution and the Standing Orders of the House.

Respectfully Submitted.




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


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