

## On point

### Special Import Levy Bill

July 2013

The Government of Ghana in its attempt to increase revenue generation has introduced five (5) new Bills before Parliament for deliberation and approval.

The Special Import Levy Bill ("SILB") is one of the five (5) Bills, which has been approved by Parliament, and is awaiting Presidential assent for it to come into force.

The purpose of SILB is to impose special import levies on the importation of goods specified in the SILB at the point of importation.

Government intends to use revenue mobilised from the SILB to support shortfalls in the 2013 fiscal year budget.

#### Key Highlights of the SILB

The following are some major proposals in the SILB:

##### ✓ *Duration of the SILB*

The levy will be in force for the calendar years of 2013, 2014 and 2015

##### ✓ *Administration of the SILB*

The levy is required to be paid at the point of entry (importation) of the goods into the Customs territory of Ghana and would be computed on the Cost, Insurance and Freight ("CIF") value of the goods so imported.

The Ghana Revenue Authority ("GRA") is responsible for administration (i.e. the collection and recovery) of the SILB. It is expected that the Customs Division of the

GRA would be directly responsible for the collection.

The Funds collected from the SILB is required to be paid into the Consolidated Fund (i.e. Government Treasury) by the Commissioner General ("C-G") of the GRA.

##### ✓ *Goods affected by the SILB and applicable import levy rates*

Ref.	Description of Goods	Rate of Levy
1	Machinery and Equipment listed under Chapters 84 and 85 of the Harmonized System and Customs Tariff Schedules 2012 ("HS Code")	1% of CIF value
2	Fertilizers listed under Chapter 31 of the Harmonized System and Customs Tariff Schedules 2012 (e.g. Sodium and Ammonium nitrate, Potassic, Phosphatic etc)	1% of CIF value
3	All other goods except Petroleum Products listed under Headings 27.09 and 27.10 of Chapter 27 of the Harmonized system and Customs Tariff Schedules 2012	2% of CIF value

Our understanding from Parliamentary proceedings of 3 July 2013, Item Number 2 in the above schedule has been deleted and rather included as part of Item Number 3. This implies that a 2% Levy will now apply on fertilizers listed under Chapter 31 of the HS Code (as opposed to the initially proposed rate of 1%).

Examples of goods affected by the SILB include: outboard motors, agricultural machinery, dairy milking products, energy saving bulbs, book binding machines, cutlasses and some farming inputs (and fertilizers- the new addition).

#### ***What does this mean for businesses?***

A one percent (1%) increase in farming inputs, machinery and equipment is most likely going to lead to the increase in the cost of food production, leading to an increase in the prices of food .

The fishing industry and prices of fish would also not be spared as outboard motors are subject to the special import levy. The current posturing of Government officials and the utility regulators on a possible upward adjustment of electricity tariffs, when effected plus the imposition of import levies on energy saving bulbs will also affect the cost of running business and offices in the country including lighting homes and streets.

Considering the fact that an increase in food prices directly impacts the daily lives of all Ghanaians, the standard of living of the less privileged persons in society may even be more negatively impacted.

The cost of doing business will also increase for start-ups, emerging and established enterprises. The obvious consequence is that for those businesses engaged in supply of

products and services, the demand of which are inelastic the increased tax burden may ultimately be passed on to the consumers.



#### ***You need to know that...***

The SIBL has been approved by the Parliament of the Republic of Ghana. We are yet to confirm that the President has assented to this Bill and would inform you via email once we have the approval. However, it is important for taxpayers to begin planning for this tax changes by way of incorporating the impact in their forecasts/projections and pricing models.

#### ***How PwC can assist your business***

***PwC Ghana has built competencies in tax compliance and advisory services over the years; we can assist your business with compliance with the new taxes and levies once in force.***

***PwC also has the capacity to conduct training for your staff on both new and existing grey areas of tax compliance.***

Please contact the under listed persons if you wish to discuss any of the matters contained in this publication or if you require our professional tax advice on any transactions:

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