

On point

Customs and Excise (Duties & Other Taxes) (Amendment) Bill

Introduction of Excise Duty on a Sliding Scale

In this 14th edition of our "On Point" publication, we take a look at the Customs and Excise amendment bill which is aimed at imposing excise duty on a sliding scale on brewery companies and the anticipated benefit once the bill is passed into law and assented to by the President of Ghana

14th Edition - November
2012

The purpose of revising excise duty rates

In order to give effect to government's decision made in the 2012 national budget to grant reduced excise tax on a sliding scale to companies which use local raw materials as substitutes in the production of excisable goods, a bill titled "*CUSTOMS AND EXCISE (DUTIES AND OTHER TAXES) (AMENDMENT) BILL*" ("Bill") has been laid before Parliament for it to be passed into Law.

The bill when passed into law will amend the Fifth Schedule of Customs and Excise (Duties and Other Taxes) Act, 1996 ("Act 512") by replacing the ad-valorem duty rates in contained in the third column on goods listed in the 2nd column with respect to Tariff number 2 and 4.3. The Bill effectively seeks to amend the excise duty rates of beer and stout and malt drinks and below are the proposed excise duty rates:

Beer and Stout

In respect of Beer, stout other than indigenous beer, the percentage use of the local raw material and the proposed excise duty rates based on ex-factory price will be as follows:

Tariff Description	Rate of Duty
0% of local materials	47.5% of ex-factory price
30% of local materials	30% of ex-factory price
50% of local materials	20% of ex-factory price
70% of local materials	10% of ex-factory price



Malt Drink

The percentage use of the local raw material and the proposed excise duty rate based on the ex-factory price in respect of Malt Drink will be as follows:

Tariff Description	Rate of Duty
0% of local materials	17.5% of ex-factory price
30% of local materials	12.5% of ex-factory price
50% of local materials	7.5% of ex-factory price
70% of local materials	2.5% of ex-factory price

Anticipated benefits for breweries and the country

The anticipated benefit for breweries using local raw materials in the production of:

1. excisable beers and stout is a reduction in the excise duty rate of up to 37.5% of the ex-factory price. Even for breweries that are able to utilise at least 70% of local input in the manufacturing or production of its beers and stout, will only be subject to 10% excise duty rate.
2. excisable malt drinks is a reduction in the excise duty rate of up to 15% of the ex-factory price. Also, breweries that are able to utilise at least 70% of local input in the manufacturing or production of its malt drinks, will only be subject to 2.5% excise duty rate.

The above proposed excise duty rates are also expected to correspondingly result in reduction in the wholesale and retail prices of these excisable goods.

It is anticipated that the proposed reductions will also progressively expand the local production of raw materials including sorghum and cassava which are the major raw materials used in the brewery industry. This would increase demand and provide a ready market and a steady income for the farmers. It would also reduce demand for foreign currencies by the breweries which require foreign currencies in huge amounts for the importation of their raw materials.

Ultimately, this policy is expected to lead to the expansion of the production base of the breweries through the new capital injection to meet new production requirement, to open up new employment avenues and to bring up new products and increase in excise revenue to the government.

PwC can help you?

At PwC we provide industry focused Assurance, Tax and Advisory services to our clients.

Our tax services include, Corporate Tax Compliance Services, Tax Advisory Services, VAT and Withholding Tax Compliance Services, Company Secretarial Services. With the tax amendments that have been made, we can accurately assist you to implement as well as advise you on the impact that these amendments may have on your company's operations.

Available publications

Copies of the following publications are available to be sent to you upon request:

1. 2011 Ghana Tax Facts and Figures
2. 2012 Ghana Budget Highlights
3. Top Ten Tax issues in Ghana's Oil and Gas Sector
4. Oil and Gas Matters Newsletter
5. Quick Guide to Setting up in Ghana.
6. On point publications on:
 - i. transfer pricing
 - ii. recent tax amendments
 - iii. pensions focus – part one
 - iv. pensions focus- part two
 - v. pensions focus-part three
 - vi. technical guidance on upstream petroleum sector
 - vii. 2012 tax amendments

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