

CUTS CONCERN ABOUT THE OVER-EXPOSURE OF THE POOR TO INDIRECT TAXES

CUTS Accra in collaboration with OXFAM in Ghana held a Focus Group Discussion on Wednesday 7th, February 2018 to discuss how fiscal policy through tax revenue can aid in closing the inequality gap in Ghana.

The discussions was aimed at addressing the over exposure of the poor to indirect taxes, how the metropolitan, municipal and district assemblies (MMDAs) can maximize revenue from property taxes and to find lasting solution government can adopt to help it increase spending in the education, health and sanitation sectors of the economy to address inequality.

In an address to open the Discussions, Mr Appiah Kusi Adomako, Centre Co-ordinator, CUTS International, Accra, noted that Ghana relied heavily (55%) on indirect taxes such as Value Added Tax (VAT) or Customs and Excise duties . Mr Adomako described this form of taxation as regressive because the poor spent a larger percentage of their meagre incomes on these goods.

He said overreliance on VAT could also make tax systems more regressive in their gender impacts, as women and the poor usually bore greater responsibility for caring for their families and, therefore, spent a greater proportion of their income on goods and services.

A financial consultant, Yaw Ohemeng Kyei said, Ghana has not done well in raising revenue from property taxes due to the overreliance by the Metropolitan, Municipal and District Assemblies (MMDAs) on the District Assemblies Common Fund (DACF) as well as the inherent challenges in collecting the taxes from property owners. He said as the country embarked on “Ghana Beyond Aid” policy, one area that the government and MMDAs could explore to fund education, healthcare, roads and other basic social services is property taxes.

Dr. Felicia E. Pufua, a representative from OXFAM in Ghana raised concerns about the government’s failure to address tax evasion and tax holidays given some multi nationals companies operating in Ghana.

Mr. Isaac Yaw Obeng, a research associate at CUTS called for the removal of special petroleum levy, payment of corporate tax by churches and a halt to the tax holidays enjoyed by foreign multinational companies.

He called for the need to close loopholes, address corruption, and have efficient monitoring systems in place to enhance domestic revenue mobilization. While the government has made great strides in exempting local food stuff in their raw state, removing VAT from specific pharmaceutical products and agricultural machinery is the way to go.

The Forum also stressed the need for the Ghana Revenue Authority to invest in data systems in order to stop fraudulent and corrupt practices in tax collection. In the opinion of the Forum, loopholes in tax collection could be sealed with effective monitoring and the application of more efficient ways of tax collection.

The Focus Group Discussion identified the lack of capacity on the part of the District Assemblies to efficiently collect taxes, adding, however, that the introduction of electronic payments and digital address systems could boost tax collection. The forum called for a standard form of assessment of properties to facilitate the payment of property rate, adding that rather

than lodge property rate into the consolidated Fund, the tax should be used to deliver social services.

About CUTS

CUTS Ghana is a research and advocacy policy think tank which works in the areas of consumer protection and education economic regulation, trade and development, regional integration, competition policy and law, etc.

*For more information about CUTS, and competition policy and law related issues, please contact, **CUTS International (Ghana)**, P O BOX AN 6156, 30 Oroko Avenue (Near Accra Central View Hotel and ATTC Kokomlele), Accra, Mobile + 233-24-392-0926 | Office: +233-30-224-5652 | Email: apa@cuts.org, accra@cuts.org, Website: <http://www.cuts-international.org/ARC/accra>*