



Tax Justice Coalition - Ghana

Press Statement

For immediate release on the 6th July 2020

THE COVID-19 PANDEMIC: GOVERNMENT MUST ADOPT PROGRESSIVE MEASURES

The Tax Justice Coalition-Ghana has been following with immense interest the government's responses to the COVID-19 pandemic and its impact on Ghanaians. The Coalition commends the Government of Ghana for the rapid response to the pandemic and particularly the socio-economic interventions for households and the larger economy during the temporary lockdown period and beyond.

While the TJC recognises the difficulties, the Government faces in view of revenue losses and the competing demands for various social and economic services, it is worth noting that, Government interventions may have also been affected greatly by its inability to properly target interventions to needy groups or persons. The TJC believes Government can do better in the coming days even as the impact of the pandemic is not receding. The Coalition therefore recommends the following:

Social Interventions

That Government considers extending its social interventions such as utility reliefs for needy households, particularly targeting women, beyond the June 30, 2020 date. This may require proper targeting to achieve the desired outcomes. For example, for many lifeline consumers of electricity who live in compound households, they may not be able to enjoy the relief because their consumption levels do appear deceptively higher and cannot qualify for that relief if measures are not taken to target these groups in our communities.

In order to further alleviate the burden on the poor and vulnerable in our society, the Government, together with the African Union and international partners, should lobby for an extension of the IMF Debt Service Sustainability Initiative (DSSI) as well as the inclusion of private creditors. The government must ensure that the savings from the initiative goes to benefit these vulnerable groups.

It has come to the Coalition's notice that, the recently revised personal income tax reliefs which could have helped many low-income earners over the years have not adequately delivered for this purpose because there are many barriers to accessing the reliefs. TJC urges the GRA to further educate and prevail on employers to encourage their employees to file their tax returns so as to be able to take advantage of the policy.

Also, considering that certain sectors such as employees of private education establishments and the transport sector operators suffered directly as a result of government directives on the pandemic, it is fair that government reaches out to these groups with special packages to relief their burden as a result.

Government should further leverage the flagship Agric initiatives to target female household-heads particularly in Agriculture to boost their productivity and livelihoods during this period.



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Fiscal interventions

Considering the big financing gaps that resulted from the COVID pandemic, it is important that the government intensifies its efforts at mobilising domestic revenues to help fill the revenue gap. This should include: the reinstatement of the 'nuisance taxes'; taking steps to tax the expanding digital economy and property taxation; enforcing the laws on rent tax and capital gains tax as well as raising the corporate and marginal tax rates to at least 30%. Government must also tighten and enforce the tax laws with regards to benefits in kind for public servants, including accommodation, vehicle, driver and fuel usages as well as entertainment, end of service benefits, among others, which affect only a few well-off individuals in the country.

The TJC-Ghana commends the government's recent Digital Downstream Petroleum Products Measurement Project and encourages it to tackle more vigorously, corrupt officials and snub politicians who interfere with tax administration. The government must also use more digital technology in tax administration and curtail unwarranted tax concessions, exemptions and waivers which have often been a drain on the country's tax revenues. Particularly with the pandemic affecting Government revenues, it must be more stringent in curtailing many of these unwarranted giveaways. The COVID 19 pandemic provides an opportunity for government to implement these suggestions without the political backlash that they would have otherwise generated.

The Government's stimulus package has presented an opportunity to rope in more people and businesses who are showing up to register for the Taxpayer Identification Number (TIN), in order to benefit from the stimulus package. The Government should use the opportunity to follow up these potential tax payers for expansion of the tax net.

The TJC Ghana further urges Government to reverse its retrogressive action on the Petroleum Holding Funds (PHFs), where it amended the PRMA in order to access the Ghana Stabilisation and Ghana Heritage Funds on a permanent basis. The TJC Ghana believes that, if absolutely necessary, Government should rather seek to draw on the funds through a loan request to Parliament to be repaid instead, rather than the amendments made to the PRMA, making it a permanent feature which would have implications for the future.

Efficiency in expenditures should be the guiding principle for the Government at this difficult time. The TJC Ghana, therefore, calls for transparency and accountability and efficiency in how the COVID -19 funds are utilised. The TJC Ghana further calls on the government to shun political expediency and adopt a realistic targeting strategy for the granting of support to the poor and vulnerable and only do it when it is absolutely necessary.

Finally, while the TJC Ghana commends Government for its actions so far, it also hopes going forward, the government will take on board the numerous lessons the COVID-19 pandemic has elicited to help manage the national economy towards an equitable outcome for all.



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