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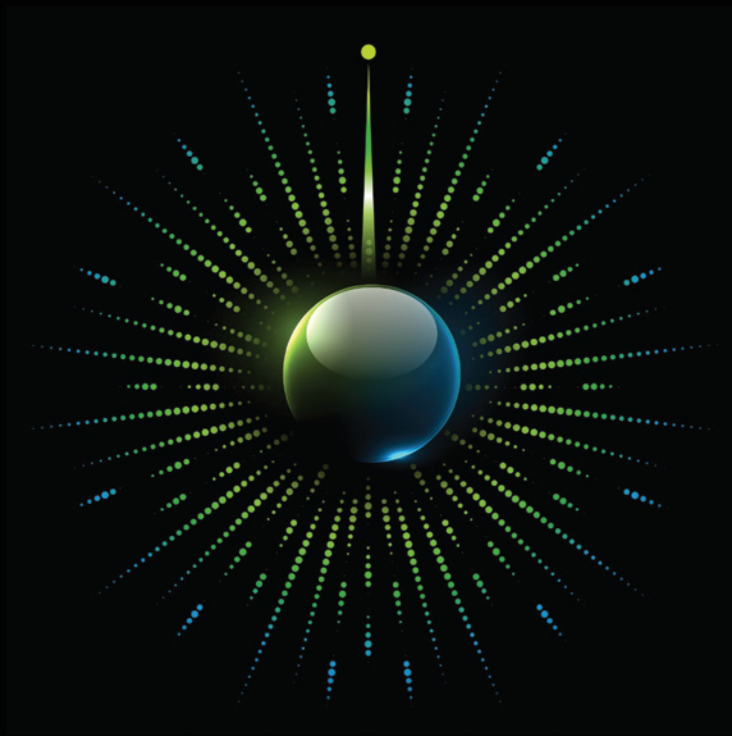
Tax Update

March 2022

Review of Benchmark Value Discount Policy



Ghana Revenue Authority announces new benchmark policy

The Benchmark Value Discount Policy was introduced in April 2019 by government in an attempt to make the Ghanaian ports competitive, reduce smuggling and increase government's revenue from the port. The policy provided a discount of 50% on the delivery or benchmark values of imports with the exceptions of vehicles. The delivery values for vehicles were reduced by 30%.

The Finance Minister, in the 2022 Budget Statement, indicated government's intention to review the policy in respect of all imports followed by a communication to remove the discount policy. The government however suspended moves to remove the discount policy to allow for extensive stakeholder engagement on the viability of the policy and its impact on both government revenue and the domestic manufacturing industry.

What is the Change?

Following consultation between government and relevant stakeholders, government has now announced a revision of the policy resulting in a reduction in the discount offered on the delivery values of imports. The discount offered for vehicles will now be 10% (from 30%) and 30% for all other goods (from 50%).

The change became effective on Tuesday, 01 March 2022. It is expected that all pre-manifest declarations processed and paid before the effective date will not be affected by the new policy even when the goods are yet to arrive in the country. Also, any Bill of Entry (BOE) processed and validated before the effective date, for which the tax bill is yet to be settled, will not be affected.

Deloitte's View

The discount is applied on the FOB values of goods (Home Delivery Values for vehicles) before freight and insurance are added to arrive at the customs value. Duty is then charged on the customs value. With the discount offered by the Government being reduced, importers will pay more duties at the ports and it is expected that this cost will be passed on to the final consumer. The revision of the policy may therefore lead to an increase in the prices of imported goods.

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