



2022 Mid-Year Budget Review

Highlights

August 2022



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01

Foreword



Foreword



Anthony Sarpong
Senior Partner

The country is currently facing a challenging socio-economic situation amidst an increasingly difficult global environment.

At the reading of the 2022 budget, the government set out macroeconomic targets designed to ensure an economic drive towards a path of debt sustainability and increased growth. This drive dwindled as a result of factors including the global impact of the COVID pandemic and the Russia – Ukraine war. Domestically, the government revenue generation agenda was also hit by the deferred passage of proposed revenue measures leading to heightened investor concerns, credit rating downgrades, closed access to the international capital markets, as well as rising domestic borrowing costs.

There is currently severe pressure on the Cedi, causing its significant depreciation against major foreign currencies coupled with increases in food prices, fuel, transport fares, cost of borrowing for businesses and households. Inflation as at the end of June 2022 was 29.8 percent as compared to 9.0 percent in June 2021. The cedi has depreciated against the US dollar by 16.86 percent between January and end-June 2022; compared to 4.1% at the end of 2021.

These have contributed to rising cost of living and labour agitations. The overall real GDP growth for the first quarter of 2022 was 3.3 percent, compared to 3.6 percent recorded in the same period in 2021. Non-oil GDP for the first quarter of 2022 grew by 3.7 percent compared with the first quarter 2021 growth of 5.3 percent.

Government's cut in discretionary spending contributed to a marginal decline in expenditure for the half year compared to the same period in 2021. Government's continued commitment to this coupled with overall fiscal discipline will propel their achievement of the revised overall budget deficit for the year.

Government of Ghana has instituted some revenue measures to enhance economic stability, debt sustainability and continue to chart the Ghana Beyond Aid agenda. These policies include the below:

- Enhancing VAT Mobilisation by digitalising the collection of VAT revenues (e-VAT) to minimise VAT mobilisation gaps and assist government achieve its' tax-to-GDP target of 20% within the medium term.
- Introducing upfront payment of VAT on importers not registered for VAT effective 1st October 2022.

- Extending the waiver of interests and penalties to give opportunity to non-registered taxpayers to take advantage of the waiver scheme and offer operational records of these taxpayers to government.
- Revitalising non-tax revenue mobilisation by introducing an end-to-end digitalised process for property rate mobilisation. This is geared towards enhancing the mobilisation of non-tax revenues to assist government achieve its' medium term targeted non-tax-to-GDP ratio of 4%.
- Minimising government's tax expenditures through tax exemptions. The long expected Tax Exemptions Bill has been passed awaiting Presidential assent and once implemented, it will ensure a more harmonised approach to granting tax exemptions and eliminate associated administrative gaps.

As government has made conscientious efforts in approaching the International Monetary Fund (IMF) to revive the economy to pre-COVID era and regain investor confidence, we wish to admonish government to stick to fiscal discipline in line with the Fiscal Responsibility Act. Government should also boost its digitalisation drive in revenue mobilisation to highly automate the process and obtain optimised tax and non-tax revenues.

02

Executive Summary



Executive Summary ^(1/3)

Mid Year Results

5.6%

Fiscal Deficit as at June 2022

29.8%

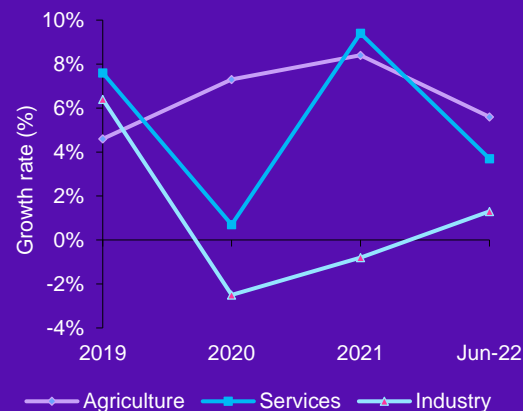
Inflation as at June 2022

19.0%

Monetary Policy Rate as at May 2022

Real Sector Performance

As at June 2022, the Agriculture sector recorded the highest growth of 5.6%, followed by the Services sector with 3.7% while the Industry saw growth of 1.3%.



Proportions of Interest Payments to Revenue & Expenditure for H1 2022

54%

of Total Revenue

33%

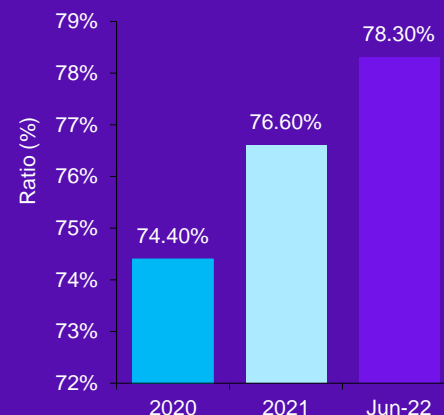
of Total Expenditure

85%:15%

Proportion of Tax to Non Tax Revenue for H1 for 2022

As at H1 2022, Debt to GDP ratio was 78.3% as compared to 76.6% as at December 2021 and 74.4% as at December 2020.

Debt to GDP Ratio



3.3%

GDP Growth Rate as at June 2022

Fiscal Developments for H1 2022



GHC 37.8bn

Total Revenue & Grants



GHC 61.9bn

Total Expenditure

Total Expenditure as at H1 2022 is now 164% of Total Revenue & Grants

Executive Summary (2/3)

Revised 2022 Targets

6.6%

Revised Fiscal Deficit
target for 2022
(% of GDP)

28.5%

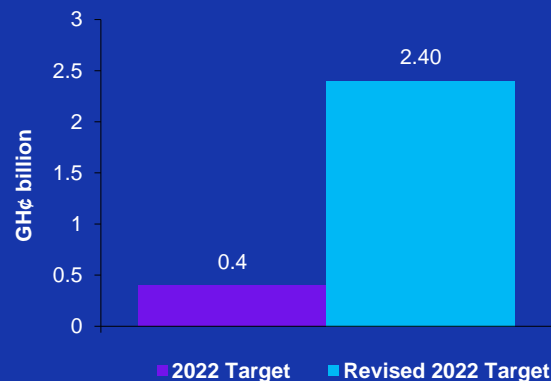
Revised Inflation target for
2022

> 3 months

Revised import cover target for
2022

Revised Primary Surplus Targets

The revised primary balance is a surplus of GH¢2,461 million (0.4% of revised GDP), up from the 2022 Budget estimate of a surplus of GH¢435 million (0.1% of GDP), as shown below:



Revised proportions of Interest Payments to Revenue & Expenditure for 2022

43%

of Total Revenue

30%

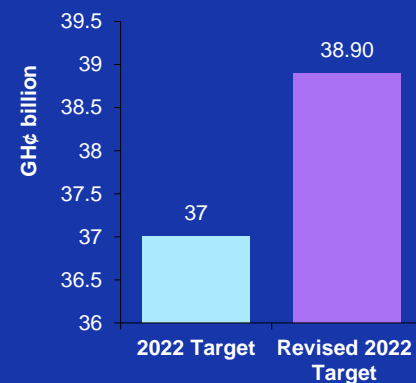
of Total Expenditure

88%:12%

Revised proportion of Tax to Non Tax
Revenue for H1 for 2022

Revised Fiscal Deficit target

The revisions in Government's fiscal operations results in a fiscal deficit (on cash basis) of GH¢38,900 million (6.6% of Revised GDP) up from the originally approved 2022 Budget deficit target of GH¢37,012 million (7.4% of GDP).



3.7%

Revised Economic
Growth target for
2022

Revised Fiscal Targets for 2022



GH¢ 96.8bn
Total Revenue & Grants



GH¢ 135.7bn
Total Expenditure

Executive Summary ^(3/3)

Tax Revenue Initiatives



Extension of the exemption of Capital Gains Tax (CGT) on securities listed on the Ghana Stock Exchange (GSE) for additional five (5) years to deepen trading activities on the capital market



Extension of Waiver of Penalties and Interests up to December 2022 to ease cashflow burdens on taxpayers and capitalize on widening the tax net.



Introduction of Upfront VAT on registrable importers not in GRA VAT Database to enhance GoG's tax compliance drive within the informal sector.



Extension of the existing Suspension of Quarterly Income Tax Instalment Payment till end of 2022 to minimise the tax burdens on self employed persons, and certain class of commercial vehicle owners.



Rolling Out of an Electronic Invoicing System (e-VAT) to assist the GRA in its VAT assessment and compliance reviews.



Passing of the Tax Exemption Bill effective July 2022 to ensure uniformity in granting of tax exemptions.



Full Implementation of the amended thresholds under the presumptive tax scheme Effective from 2022 Q4. to widen the self-employed tax net, assisting GoG to achieve its tax revenue mobilization targets of 20% tax-to-GDP ratio by 2024.

Non - Tax Revenue Initiatives



Implementation of a Unified Common Platform for Property Rate Administration to ensure optimal efficiency and effectiveness in property rate administration in the country.



Re-introducing of Road Tolls after completion of the Accra-Tema Motorway Expansion Project as a means of recovering costs, paying lenders and offering returns to equity partners to the expansion project.



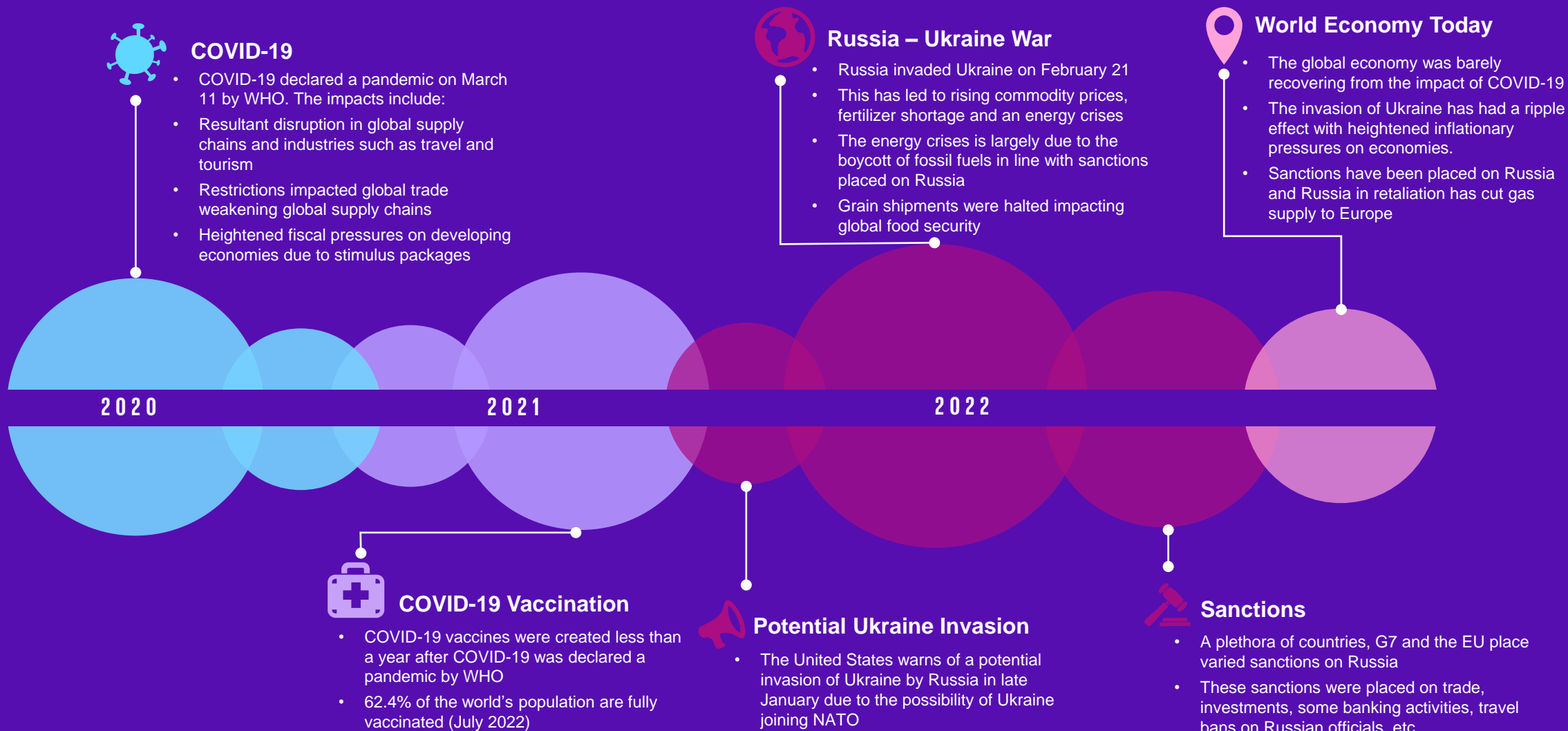
Passing of Fees and Charges Amendment Bill to facilitate the revision of public sector fees and make public sector institutions price competitive.

03

Global Economic Review



A series of unprecedented events ...



Source: WHO website, S&P Global, PIIE website, Our World in Data website



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Global Economic Developments & Outlook

Global growth continues to decline and inflationary pressures are on the rise. The global GDP growth rate is projected to reduce from 6.1% in 2021 to 3.2% in 2022 and further slow to 2.9% in 2023

NORTH AMERICA

- US Fed rate has been increased 3 times this year. The most recent increase of 0.75% in June this year was the largest in 3 decades.
- US inflation in June 2022 was 9.1% - the highest in nearly 40 years.
- Oil has soared in 2022, reaching a 14-year high of \$139 per barrel.
- Growth in the United States is projected to be 2.3% and 1% in 2022 and 2023 respectively. This negative revision is due to significant fall in consumer spending as a result of the deterioration of household purchasing power

EUROPE

- Russia is retaliating EU sanctions by cutting supply of gas to the continent. Russia has cut flows through the Nord Stream 1 pipeline.
- The European Central Bank has raised interest rates for the first time in 11 years by 0.5% as inflation reaches 8.6% in the Eurozone.
- European gas prices have surged by over 200% in the past year.
- The Euro area is expected to grow at 2.6% in 2022 and slow to 1.2% in 2023. Contraction in the Euro Zone is expected to result from the spill overs from the war in Ukraine and tighter monetary policy.

SUB-SAHARAN AFRICA

- SSA is facing severe food shortages due to Russia's blockage of vital Ukrainian ports and fertilizer shortages. Global food prices have risen by 17% since January.
- Low vaccination rates has left many countries susceptible to new COVID-19 waves. As at July 2022, only 26% of Africa's population had received at least one dose of the vaccine.
- Sub-Saharan Africa (SSA) is projected to grow at 3.8% and 4% in 2022 and 2023 respectively.

MIDDLE EAST AND CENTRAL ASIA

- Further lockdowns and the deepening real estate crisis in China and increased monetary policy tightening in India have led to contractions in output.
- Trade between the Russian Federation and the BRICS countries increased by 38% to reach \$45 billion in the first three months of 2022. China and India have collectively spent \$24 billion on energy related purchases from Russia.
- Growth in the Middle East and Central Asia has been revised to 4.8% in 2022 and further decreased by 1.3 percentage points to 3.5% in 2023.

Source: World Economic Outlook, IMF (July 2022), Bloomberg, Financial Times, S&P Global Commodity Insights, UN Food and Agriculture Organisation.



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Ghana Macro- Economic Context



Macroeconomic Snapshot

Macroeconomic Performance	2021 Outturn	2022 Targets	2022 Revised Targets	2022 End June Outturn
Overall GDP Growth Rate	5.4%	5.8%	3.7%	3.3% **
Non Oil GDP Growth Rate	6.9%	5.9%	4.3%	3.7% **
End Period Inflation Rate	9.0%	8.0%	28.5%	29.8%
Fiscal Deficit (% of GDP)	11.4%	7.4%	6.6%	5.6% *
Primary Balance (% of GDP)	(1.5)%	0.1%	0.4%	(1.5)% *
Import Cover (Number of months cover)	4.3	4.0	> 3.0	3.4

* Provisional

** As at Q1-2022

Source: Mid Year Budget Statement 2022



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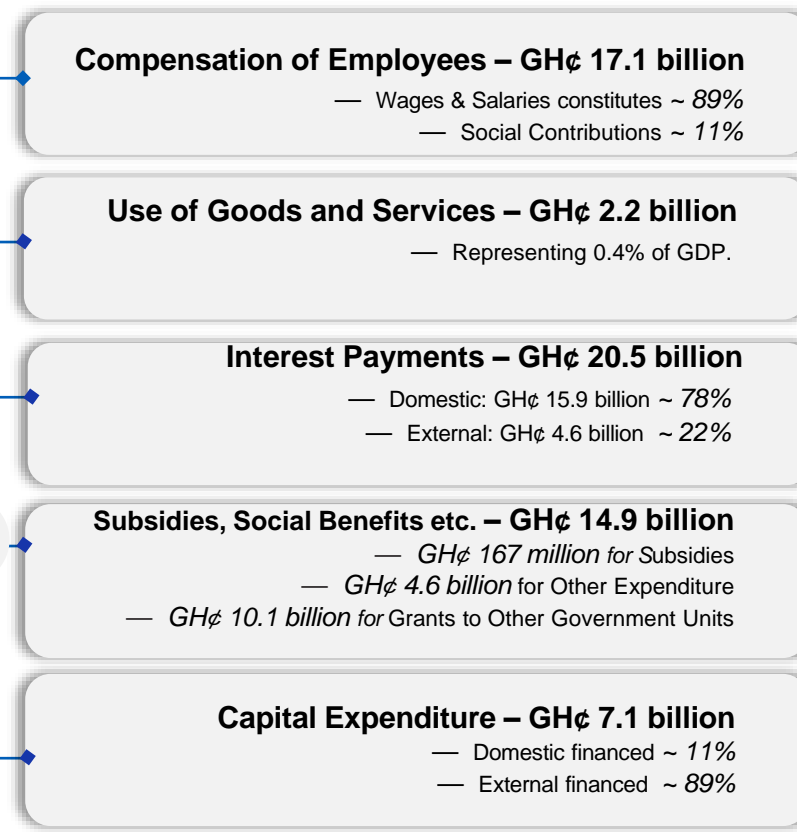
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Fiscal Developments for H1 2022

Total Revenues & Grants – GH¢ 37.8 billion



Total Expenditure (excl. arrears) – GH¢ 61.9 billion



- ✓ Total government revenue and grants of **GH¢ 37.8 billion** represents **7.5%** of GDP for January to June 2022. This is driven mainly by taxes on income and property (~40% of total revenue and grants) as well as taxes on domestic goods and services (~33% of total revenue).
- ✓ Total expenditure of **GH¢ 61.9 billion** for the same period represents **12%** of GDP.
- ✓ There was an overall budget deficit of **GH¢ 28.2 billion (5.6% of GDP)** against a programmed deficit of **GH¢ 19.7 billion (3.9% of GDP)** for January to June 2022. This is as a result of shortfalls in revenue and faster execution of expenditures

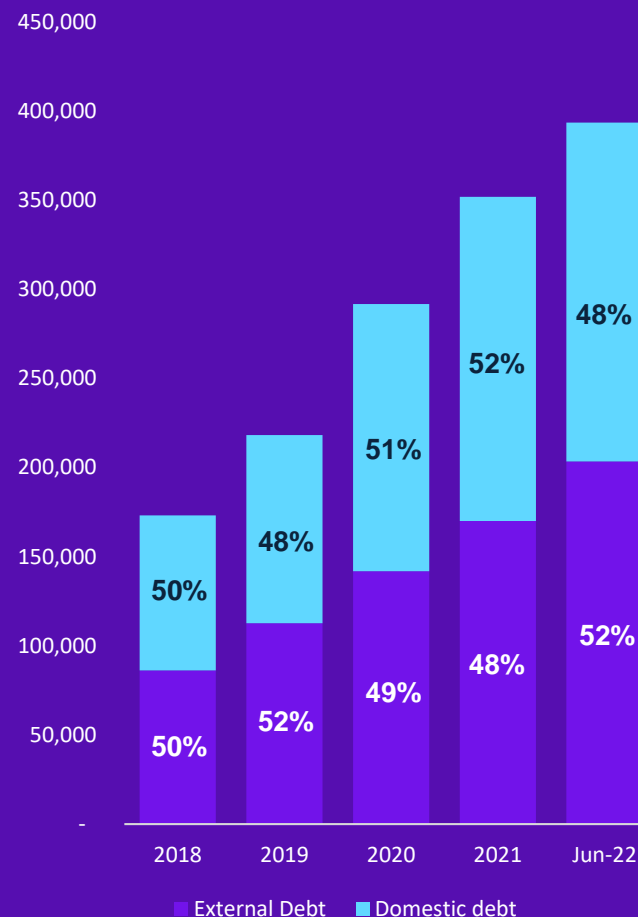
Sources: 2022 Mid Year Budget Review

Public Debt

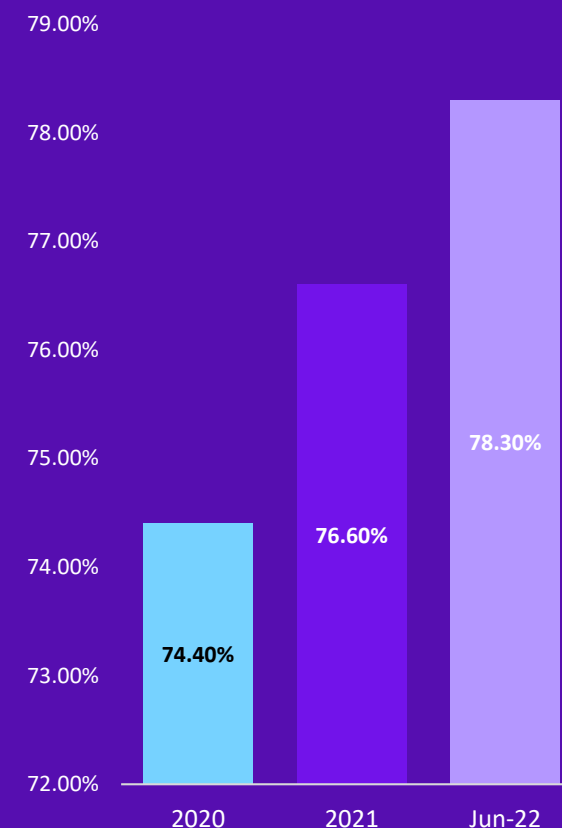
Public Debt Dynamics

- The provisional nominal debt stock as at end-June 2022 stood at GH¢393,439.03 million representing 78.3 percent of GDP. This was up from GH¢351,787.02 million at the end of December 2020. External and domestic debt represented 51.7% and 48.3% of total debt, respectively.
- The increase in the debt stock was mainly as a result of the adverse impacts of COVID-19, the Russia-Ukraine war, surging inflation and exchange rate shocks during Q1-2022 in particular, which saw a sharp depreciation of the currency. This decline in the exchange rate was due to the downgrade of government credit ratings, as well as seasonal demand pressures from corporate and the energy sectors.
- As a result of the challenges faced during the year, the government decided to return to the International Monetary fund (IMF) for support in its Enhanced Domestic Program in order to tackle its balance of payments issues. After their first visit, the IMF team acknowledged that Ghana is facing a challenging economic and social situation which has led to slowing economic growth, accumulation of unpaid bills, a large exchange rate depreciation and a surge in inflation.

Public Debt Development



Debt to GDP Ratio



Sources: 2022 Mid Year Budget Review



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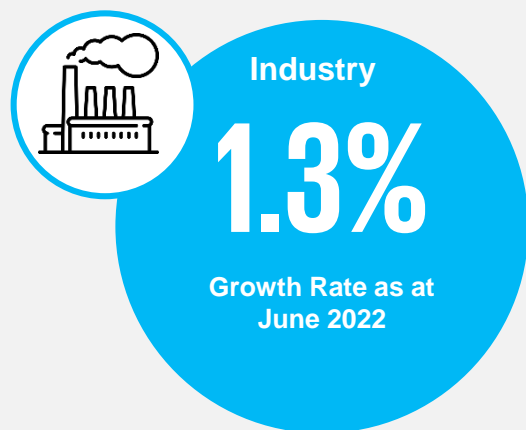
Monetary Sector



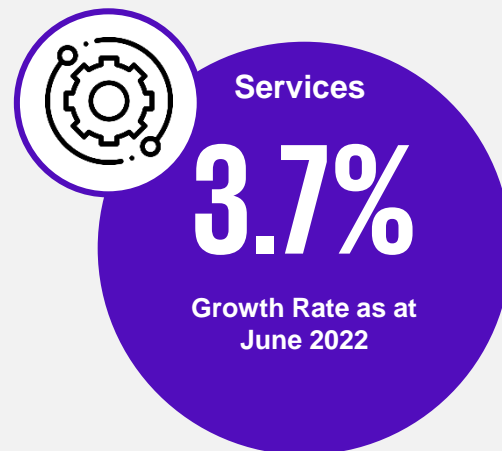
- Inflation recorded its highest rate since September 2009 as it increased from 13.9% in January 2022 to 29.8% in June 2022. This rise was influenced by food and non food pressures including sharp rises in prices of petroleum products as well as currency depreciation effects from the first quarter of 2022.
- The Monetary Policy Rate (MPR) escalated by 450bps over the March and May Monetary Policy Committee meetings to 19% in May 2022 due to inflationary pressures. This and other policies including an increase in the cash reserve requirement translated into a rise in weighted average interbank rate of 18.43% against 12.68% in May 2022 and December 2021 respectively.
- As a result of the above developments in the interbank market, average bank lending rate increased from 20.04% in December 2021 to 22.53% in May 2022.
- The exchange rate depreciated against the US dollar by 16.93%, pound sterling by 7.69% and euro by 9.92%. This was because of heightened pressures in the foreign exchange market including the downgrade of government credit ratings, monetary policy normalisation in advanced economies and seasonal demand pressures from corporate and energy sectors.

Source: Mid Year Budget Statement 2022

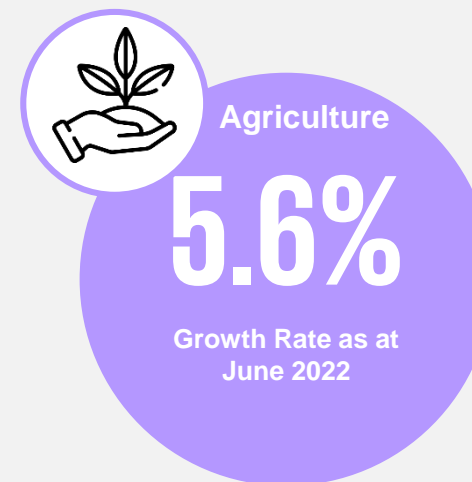
Real Sector Performance



The Industry sector recorded the least growth rate amongst all three sectors. This was fuelled by the Water Supply, Sewerage, Waste Management & Remediation Activities and Electricity subsectors which grew by 25.4%, and 15.9%, respectively. Q1-2022 however saw a contraction of the Construction sub-sector by 2.6%.



The growth rate was mainly driven by the Information and Communication, Transport and Storage and the Hotel and Restaurants subsectors, which expanded by 26.6%, 6.4%, and 5.3%, respectively.



The Agricultural sector recorded the highest growth rate fuelled by growth in the Fishing, Livestock and the Crops sub-sectors which expanded by 26.1%, 5.5%, and 5.2%, respectively. The Forestry and Logging sub-sector, however, contracted by 0.5%.

The Bank of Ghana's updated Composite Index of Economic Activity (CIEA) recorded an annual growth of 15.8% in March 2022 compared to 26.3% in the corresponding periods of 2021. This buttresses the point that there has been a moderation in growth momentum in Q1-2022. The key drivers of economic activity during the period were increased industrial production, credit to private sector, exports and higher tourist arrivals.

Source: Ministry of Finance Mid Year Budget Statement 2022

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Key Government Initiatives



Focus areas in the budget

Government will continue their execution of the transformation agenda through the implementation of reforms to boost revenue mobilisation, judicious use of public resources, and improved efficiency in public spending.

- 1 **Modernization of Agriculture**
- 2 **Strategic positioning of Ghana as a Regional hub**
- 3 **Digitalization for improved Service Delivery**
- 4 **Manufacturing and industrialization**
- 5 **AfCFTA and Trade**
- 6 **FDI Promotion**

Strategic Anchor Industries

- **Agriculture**
- **Financial Services**
- **Automotive**
- **Energy**
- **Manufacturing**
- **Construction**
- **Health**

Source: Mid Year Budget Statement 2022



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Status of government initiatives at a glance

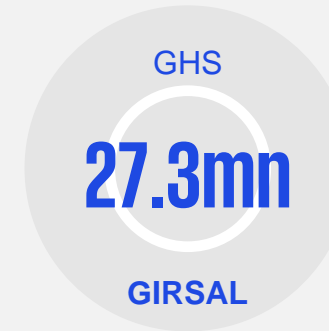
The Government set out to complete ongoing programmes and projects, consolidating the gains made from COVID-19 recovery efforts to continue the drive the economy's transformation.

Government is poised to facilitate and support private and sector partnerships in its efforts to encourage the citizenry in both formal and informal sectors to collaborate towards creating decent growth and economic development for all.

Agriculture and manufacturing are expected to be the key drivers of the agenda supported by the budget allocations and project focus.



was disbursed under the YouStart pilot to **46 individuals** and **8 Associations/ Groups**



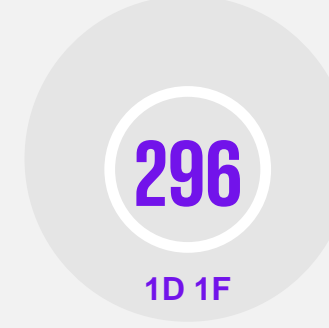
guarantees issued for loans worth GH¢94.7 million which created and safeguarded **1,309 jobs**



invested in NaBCo which engaged **100,000 people**, preparing over **35,000 graduates** for the world of work



has been spent to enable 1,261,495 students have access to secondary education



projects are at various stages of implementation, out of which 125 are currently operational



trained in the “Youth in Innovative Agriculture” initiative by the National Entrepreneurial and Innovation Programme.

Source: Mid Year Budget Statement 2022



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Ghana CARES “Obaatan Pa” Initiatives

Agriculture

- **1,274,229** farmers in the Northern sector (out of an estimated 3 million farmers nationwide) and **32,970** value chain actors have been registered
- **50 percent** Interest Rate Subsidy on loans worth **GHS 5,953,288.73** have been offered to the private sector agribusinesses
- **GHS 27.3 million** has been provided as guarantee cover for loans amounting to **GHS 94.7 million** under GIRSAL; safeguarding **1,309** jobs

Tourism, Arts & Culture

- Commenced upgrading of 3 culturally significant sites namely – Aburi Botanical Gardens, Yaa Asantewaa Mausoleum (Ejisu Besease), and the Pikworo Slave Camp (near Paga)
- rolled-out a comprehensive marketing and branding strategy to complement revitalisation efforts in the sector
- **1,386** actors have been trained and certified in digital marketing, customer service, and tourism product knowledge

Technology

- The private sector is being supported to manufacture various tools that have been successfully prototyped by CSIR and GRATIS
- GhanaCARES is supporting the construction of a Foundry and a Machine Tooling Centre, which are 95 percent and 10 percent complete, respectively.

Agriculture



Manufacturing and Export



Tourism, Arts & Culture



Youth Employment



Economic Enclave



Technology



Manufacturing and Export

- Efforts have commenced toward establishing a Bioequivalence Centre at Noguchi
- Five pharmaceutical companies are being prepared to receive support to upgrade their operations to WHO standards

Youth Employment

- The National Training and Retraining Programme under the National Unemployment Insurance Scheme (NUIS), has been launched to equip **15,000** Ghanaians with employable skills for industrialisation

Economic Enclave

- Secured a parcel of land in South-Eastern Ghana, at Asutsuare, for the Enclave Project
- Finalised arrangements on a proposed **US\$30 million** grant from MasterCard Foundation to support the youth in rice and poultry production.
- Signed an MoU to leverage the capacity and expertise of the Millennium Development Authority (MiDA) to accelerate implementation of key interventions under the Enclave Programme
- The Ghana Investment Promotion Centre is developing an investment promotion programme which targets the key priorities of the GhanaCARES Programme.

Source: Mid Year Budget Statement 2022

YouStart



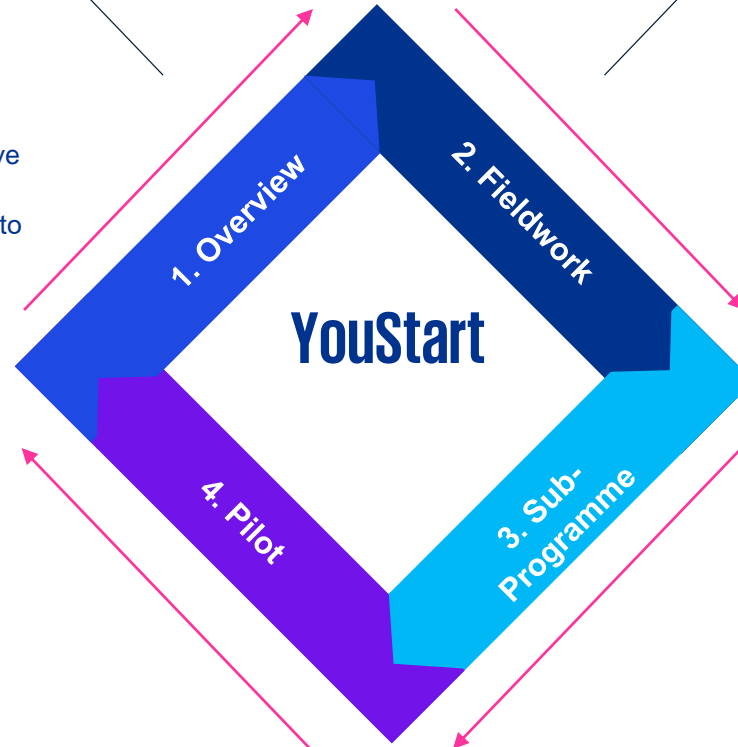
Overview

Government announced an ambitious and pioneering entrepreneurial initiative in the 2022 Budget Statement and Economic Policy known as 'YouStart' to create **one million jobs** over three years (2022–2024).



YouStart was piloted in March 2022 with 70 participants

GH¢1.98 million was disbursed under the pilot to 46 individuals and 8 Associations/Groups (with membership of between 6 and 45), based on their specific needs.



Stakeholder Consultations



Series of stakeholder consultations were held with the Association of Ghana Industries (AGI), all Regional Ministers and MMDCEs, Civil Society Organizations, Youth groups, and Student Leaders, among others, to sensitise them as well as solicit inputs to improve the programme.

Sub Programmes



YouStart is anchored on the following programmes namely: District Entrepreneurship Programme (DEP); Commercial Programme (CP); and YouStart Grace.

- **DEP** is designed to support urban and rural nascent micro businesses with micro loans and starter pack products of up to GH¢50,000 and GH¢100,000, respectively, at concessionary rates.
- **The commercial programme** will be spearheaded by some Participating Financial Institutions (PFIs) with support from the Ghana Association of Banks (GAB). The PFIs, through the GAB, have developed a standardised loan product of up to GH¢500,000 at a concessionary rate.
- **The YouStart Grace Programme** will be spearheaded by Faith-Based organisations across the country to target unemployed youth, women-owned businesses, and rural entrepreneurs.

Source: Mid Year Budget Statement 2022



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Other Flagship Programmes

One District One Factory (1D1F)

- **125 out of 296** 1D1F projects undertaken since 2017 are currently operational across the country.

Planting for Food and Jobs

- The yields of maize increased from **1.8mt/ha in 2016 to 3.8mt/ha** in 2021, rice from **2.7mt/ha to 4.3mt/ha**, and Soya **1.7mt/ha to 2.2mt/ha**.
- **33,500mt** of improved seeds and **304,500mt** of organic and inorganic fertilizers will be distributed to beneficiary farmers in the northern sector in the second half of the year.
- **65 out of 80** planned warehouses were completed as at June 2022 in the One District One Warehouse intervention.

Zongo Development Fund

- The Zongo Development Fund (ZDF) completed **11 out of 17** recreational parks.
- The Fund completed **24** six-unit classroom blocks with additional **14** units at various stages of completion.
- The Fund supplied **2,400** units of dual desks to schools.
- Thirty-one mechanised community water systems were completed while another 14 are over 80 percent complete.

Strategic Anchor Industries

- Nissan has commissioned an automotive assembly plant in Ghana (in Tema), with the capacity to assemble over **31,000** vehicles per annum.
- Four (4) additional plants are expected to be commissioned this year, bringing the total to nine (9) global brands

Free SHS Programme

- **GH¢ 5.3 billion** has been invested to enable **1,261,495** Ghanaian children access to secondary education under the Free SHS programme at the end 2021
- Out of the **571,892** registered JHS candidates, **555,353**, representing 97.1 percent, were placed into SHS this year.

Source: Mid Year Budget Statement 2022

Emerging Developments

01

National Security

- The Ghana Armed Forces (GAF) is implementing an enhanced surveillance programme for the country's air space and international borders
- The Ghana Police Service has recruited and trained 5,000 additional recruits
- The Service has also launched the “SEE SOMETHING, SAY SOMETHING” campaign, intensified anti-armed robbery operations, and intelligence-led swoops throughout the country.

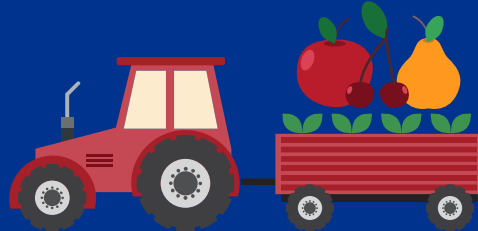


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Food Security

To enable households and farmers cope and support stable food supply, Government has taken the following immediate measures:

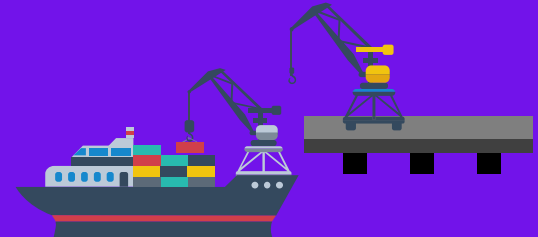
- Place a temporary ban on grain (maize, rice, and soya) exports;
- Promote the use of organic fertilizers and cultivation of crops such as roots which require less fertilizer;
- Monitor food and input prices to pick early warning signals of potential food crisis in order to take prompt remedial action; and
- Finalise modalities for the haulage of produce from farm gates in food growing areas to the market centres.



03

Energy Sector Developments

- The Kasoa Bulk Supply Point (BSP) Project which comprises the re-construction of a section of GRIDCO's 161kV Winneba-Mallam transmission lines and tie-in-works has been completed
- The Volta-Achimota Lot of the 161KV Volta-Achimota-Mallam Transmission Line Upgrade Project to has advanced to 85 percent, from 83 percent;
- Connected 58 communities to the national grid as at end June 2022
- Commissioned the Solar Irrigation Project at the Ho Technical University on 18th March, 2022



Source: Mid Year Budget Statement 2022



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Emerging Developments

04

Power Purchase Agreements Negotiations

- Government has successfully renegotiated Power Purchase Agreements (PPAs) with six Independent Power Producers (IPPs), namely, Karpower, Cenpower, Early Power, Twin City Energy (formerly Amandi), AKSA Energy and Cenit.
- These renegotiated agreements are expected to have savings estimated at US\$13.2 billion over the life of the PPAs



Source: Mid Year Budget Statement 2022

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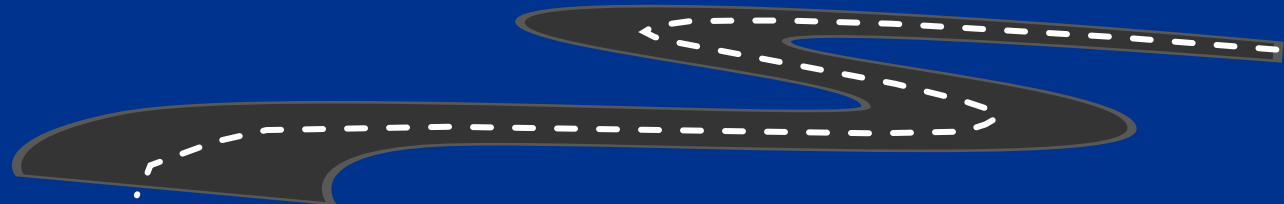
Road Sector Programme

Various road projects initiated by the government are at different levels of completion

- Tamale Interchange Project completed
- PTC Roundabout Interchange Project
- Upgrading of selected Feeder Roads in Ashanti and Western Regions completed
- Sunyani Inner City Road works
- La Beach Road Project (Lots 1 & 2), which includes a 3-tier interchange at Nungua
- Phase II of the Obetsebi Lamptey Circle Interchange and the flyover on the Accra-Tema Motorway from the Flower Pot (Spintex road)
- Kumasi-Lake Roads and Drainage Extension project, and construction of the Chirapatere Bus Terminal

Road Sector Programme

- Upgrading of Salaga - Ekumdi - Kpandai Road
- Partial Reconstruction of Bawjiase - Adeiso Road - Lot 1
- Work on the construction of 50 prefabricated bridges to improve connectivity
- The Design, Build, Finance, Operate, and Maintain (DBFOM) Accra – Tema Motorway and Extension PPP Project (27.7km) is at the procurement stage. Site works are expected to commence in September 2022.
- The completed road will be tolled to recover the whole life cost of the completed infrastructure as well as pay lenders and provide a return for equity investors.



Emerging Developments

06

Railways Infrastructure

- Government is within target to complete the construction of the new Tema to Mpakadan Railway line by the end of this year.



Source: Mid Year Budget Statement 2022

07

Health Infrastructure

- Construction work has started in 87 out of the 111 sites earmarked for the Agenda 111 project. This represents 78%.

The following health infrastructure projects are expected to be completed by the end of the year

- Construction of one district hospital and five Polyclinics in Western Region
- Expansion and equipping of four selected facilities project
- Equipping of Upper East (Bolgatanga) Regional Hospital, Phase II



08

Education

- 3,620,468 pupils in 10,832 public basic schools have been fed with one hot meal every school going day in the first half of the year.
- The programme provides employment for 32,496 caterers.



06

Tax Initiatives



Tax Initiatives – Revenue Optimisation Measures

1

Extension of the exemption of Capital Gains Tax (CGT) on securities listed on the Ghana Stock Exchange (GSE) for additional five (5) years

PROPOSED TAX INITIATIVE

The exemption of CGT on securities traded on the GSE to be extended for an additional five (5) year period in order to deepen the Ghanaian capital market and attract investors.

Considering that the current capital market is being sustained mainly by non-residents, the expiration of the current exemption in December 2021 sought to dwindle capital market investments, hence the extension.

IMPACT OF PROPOSED INITIATIVE

With the implementation of this initiative there is expected to be a burgeoning trading on GSE from both resident and non-resident investors, which will lead to an increase in market capitalization, enhance economy competitiveness as well as increase overall investor confidence in the Ghanaian economy, which has been impacted due to recent global happenings.

2

Extension of Waiver of Penalties and Interests up to December 2022

- Ghana Revenue Authority (GRA) to extend the waiver of penalties and interests up to end of December 2022.
- The extension has been proposed as part of measures by government to ease the cashflow burdens on companies and individuals.

- Considering that the Ghana Revenue Authority has boosted its' tax revenue mobilization drive with the prior period penalty and interests waiver regimes, the extension is expected to further increase government's tax revenue.
- This will assist government to meet its' medium term tax-to-GDP ratio of 20% by 2024.



Source: Mid Year Budget Statement 2022



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Tax Initiatives – Revenue Optimisation Measures

PROPOSED TAX INITIATIVE

3

Introduction of Upfront VAT on registrable importers not in GRA VAT Database



Government to introduce an upfront payment of VAT on importers that are not registered for VAT.

The qualifying importers under this initiative will be able to recover the upfront VAT paid once they register and file their VAT returns.

This is expected to commence from 1st October 2022.

IMPACT OF PROPOSED INITIATIVE

The effective implementation of the Upfront VAT on unregistered importers will enhance GoG's tax compliance drive particularly within the informal sector of the economy, considering that a significant number of economic activities are performed in the informal sector.

This will also broaden the current tax net.

4

Extension of the existing Suspension of Quarterly Income Tax Instalment Payment till end of 2022

- GRA to extend the existing suspension of 2022 first and second quarters income tax instalment payment for categories A, B and C self employed persons, and owner of commercial vehicle classes C1, C2, C3, C5, C7 and C9 per the L.I. 2244 up to end of 2022

- This initiative is expected ease tax burdens on self employed and certain class of commercial vehicle owners in the economy.



Source: Mid Year Budget Statement 2022



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Tax Initiatives – Revenue Optimisation Measures

PROPOSED TAX INITIATIVE

5

Rolling Out of an Electronic Invoicing System (e-VAT)



The GRA shall effective the 4th quarter of 2022, roll out an electronic invoicing system (e-VAT) to provide the GRA with real time information on VAT related transactions, so as to aid VAT mobilization efforts.

IMPACT OF PROPOSED INITIATIVE

The e-VAT initiative is expected to eliminate all bottlenecks currently faced by the GRA in its assessments or compliance reviews of VAT amount payable by taxpayers.

This initiative is also expected to enhance general VAT compliance levels within the economy.

6

Implementation of a Unified Common Platform for Property Rate Administration



Ghana Revenue Authority in conjunction with the Ministry of Local Government and the various District Assemblies to launch an end-to-end digitalised process (called the Uniform Common Platform) in the administration and collection of property rates. This is proposed to commence in August 2022.

- This initiative will enhance property rate compliance in the country as well as assist government to meet its' medium term non-tax revenue-to-GDP ratio of 4% by 2024.
- The initiative is also expected to ensure an optimal efficiency and effectiveness in the non-tax collection and expand the revenue base of the various Assemblies



Source: Mid Year Budget Statement 2022



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Tax Initiatives – Revenue Optimisation Measures

7

Re-introducing of Road Tolls after completion of the Accra-Tema Motorway Expansion Project

PROPOSED TAX INITIATIVE

The GoG as a means of recovering the costs of the Accra-Tema Motorway Expansion project, as well as pay lenders and offer returns for equity investors will be re-introducing road tolls after the completion of the project.



8

Full Implementation of the amended thresholds under the presumptive tax scheme



- The MoF has announced the full implementation for new presumptive tax threshold on turnover from GHS200,000 to GHS500,000 for self-employed individual persons effective from 2022 Q4.

IMPACT OF PROPOSED INITIATIVE

This initiative is likely to bridge the existing gap in GoG's non-tax revenue mobilization efforts as well as assist government to meet up the non-tax revenue-to-GDP ratio of 4% by 2024.

- The full implementation of the increased threshold will broaden the tax net, by drawing a lot more self employed persons with annual turnover up to GHS500,000 into the tax net.



Source: Mid Year Budget Statement 2022



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Tax Initiatives – Revenue Optimisation Measures

PROPOSED TAX INITIATIVE

9

Passing of Tax Exemption Bill



The parliament of Ghana has passed the Tax Exemption Bill into an Act in July 2022

10

Passing of Fees and Charges Amendment Bill



- Parliament has passed the Fees and Charges Amendment Bill, which replaces the Fees and Charges (Miscellaneous) Act 2018, Act 983, and offers the Ministry of Finance (MoF) the authority to adjust fees charged by public sector institutions

IMPACT OF PROPOSED INITIATIVE

This is expected to provide a uniform granting of tax exemptions across all Ministries and sectors in the economy.

- This Act will facilitate the revision of public sector fees and make public sector institutions price competitive.



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