

IMPORT VEHICLE POLICY-RELATED INITIATIVES OF GHANA

(Restrictions: over aged penalties and higher taxation on big engine vehicles)

The Law Governing the importation of Vehicles into Ghana is the Customs ACT 2015 (ACT 891). Section 55 to 61 of the Customs ACT 2015 (ACT 891) constitutes the Principal Legislation governing the importation of vehicles. The Age of a vehicle imported under the Law is calculated with effect from the year in which the vehicle was first manufactured.

DEMAND FOR USED VEHICLES

The demand for used vehicles in Ghana could be determined by factors such as population growth, average price of used cars, increase in wealth, average lending rates from banks and financial institutions, increase in rural-urban migration, etc.

In Ghana both new and used vehicles are imported into the country. However, imports of the used vehicles far exceed that of the new vehicles.

Below is a summary of both new and used vehicles imported into the country for the past three years.

YEAR	NEW	USED	TOTAL	NEW %	USED %
2015	28,514	58,183	86,697	32.89	67.11
2016	35,816	76,283	112,099	31.95	68.05
2017	51,521	86,630	138,151	37.29	62.71
GRAND TOTAL	115,851	221,096	336,947	34.38	65.62

The revenue accrued from the importation of vehicles accounts for more than half of the total revenue mobilized by the Customs Division of the Ghana Revenue Authority (GRA) in the year 2017.

About Three Hundred and thirty-seven Thousand (337,000) vehicles of all types were imported into Ghana between 2015 and 2017, out of which Two Hundred and Twenty-One Thousand (221,000) are used, an average of about Sixty Six percent (66%) used Vehicles. Most of these used Vehicles that find their way into Ghana are Salvage vehicles, seriously accidented and more so have less efficient engines compared to newer vehicles. They are often refurbished by our local mechanics to look as good as new vehicles. The influx of these salvage vehicles cause traffic congestions in all major cities like Accra (the capital), Kumasi and Secondi Takoradi. The situation has become so deplorable that in order to avoid being caught in traffic for hours, workers leave their homes very early in the morning for work and stay late in the evenings after work before leaving for home.

CHALLENGES

- (a) Smuggling of used vehicles into Ghana through unapproved routes;
- (b) Vehicles imported temporarily are mostly not reexported but fictitiously registered.
- (c) Vehicles in transit to our neighboring countries make a U-turn and end up being registered.
- (d) Imports of used spare parts, with engines more than fifteen years old whose carbon dioxide emissions (CO₂) and fuel consumption might no longer be in compliance with the manufacturers' standards.
- (e) Ghanaians go to Korea to buy over age cars, accident cars of the same make, model and type that are not more than ten years (10) old. They neatly cut off

the VIN of this car and weld it on the old car so as to avoid over-age penalties.

ACTION TAKEN SO FAR

The Government of Ghana placed a ban on the importation of vehicles more than ten years (10) old in June 1998. However, following the amendment of Customs Excise & Preventive Service(CEPS) Act 634 in 2002, this ban was lifted, and replaced with the imposition of high import penalty on cars exceeding ten years old. The penalties were further increased in 2015.

NO.	PENALTIES ON IMPORTATION OF OVERAGE VEHICLES	
	Penalties are imposed on some category of overage vehicles in addition to any applicable duties and taxes as follows:	
	TYPES OF MOTOR VEHICLE	PENALTY
1.	MOTOR CARS	
(a)	Where the age does not exceed ten (10) years.	NIL
(b)	Where the age exceeds ten (10) years but does not exceed twelve (12) years.	5% of CIF value
(c)	Where the age exceeds twelve (12) years but does not exceed fifteen (15) years.	20% of CIF value
(d)	Where the age exceeds fifteen (15) years but does not exceed twenty-five (25) years.	50% of CIF value
(e)	Where the age exceeds twenty-five (25) years but does not exceed thirty-five (35) years.	70% of CIF

(f)	Where the age exceeds thirty-five (35) years.	100% of CIF
2.	COMMERCIAL VEHICLE NAMELY BUS, COACH OR VAN	
(a)	Where the age does not exceed ten (10) years.	NIL
(b)	Where the age exceeds ten (10) years but does not exceed twelve (12) years.	2.5% value of CIF
(c)	Where the age exceeds twelve (12) years but does not exceed fifteen (15) years.	10% value of CIF
(d)	Where the age exceeds fifteen (15) years but does not exceed twenty (20) years.	20% value of CIF
(e)	Where the age exceeds twenty (20) years but does not exceed twenty-five (25) years.	50% value of CIF
3.	COMMERCIAL VEHICLE NAMELY TRUCK, LORRY OR TIPPER TRUCK	
(a)	Where the age does not exceed ten (10) years	NIL
(b)	Where the age exceeds ten (10) years but does not exceed twelve (12) years.	5% of CIF value
(c)	Where the age exceeds twelve (12) years but does not exceed twenty-two (22) years.	10% of CIF value
(d)	Where the age exceeds twenty-two (22) years.	30% of CIF
Pages 108 – 109 (Date of Gazette notification: 18th May, 2015)		
The age of a motor vehicle shall be calculated from the year in which the vehicle was first manufactured		

No person shall import a right-hand steering motor vehicle into the country unless otherwise authorized by the Minister of Transport

Under the current Law (**Act 634**) any vehicle that remains un-entered and un-cleared within sixty (**60**) **days** after discharge or in the case of overland vehicle, from the date it crossed the national border into Ghana shall be forfeited to the state.

ENGINE CAPACITIES

Engine capacity represents the displacement of the engine. It follows therefore that the more cylinders an engine may possess, the greater the amount of fuel the vehicle shall consume, for tax purposes. Vehicles with higher engine capacities attract higher rates of duty.

The following categories include all small cars: Saloon cars, estate, wagons, station wagons (SUV), lift/hatch back. The rates of import duty depend on whether it is petrol or diesel and the engine capacity.

PETROL CARS

- Of a cylinder capacity not exceeding 1000CC attract import duty rate of 5%
- Of cylinder capacity exceeding 1000CC up to 3000CC attract import duty rate of 10%
- Of cylinder capacity exceeding 3000CC attract import duty rate of 20%

DIESEL CARS

- Of cylinder capacity not exceeding 1500CC attract import duty rate of 5%

- Of cylinder capacity exceeding 1500CC up to 2500CC attract import duty rate of 10%
- Of cylinder capacity exceeding 2500CC attract import duty rate of 20%

MOTOR VEHICLES FOR THE TRANSPORT OF GOODS

- ❖ All trucks including all off-highway dumpers attract import duty rate of 5%
- ❖ Special purpose vehicles attract import duty rate of 5%. These include towing trucks, crane trucks, fire-fighting vehicles, drilling rig trucks, cesspool/cesspit emptier, etc.

NOTE: All vehicles when imported knocked-down (CKD) for the assembly industry attract import duty rate of 5%.

MACHINERY AND EQUIPMENT

All earth moving equipment such as bulldozers, excavators, forklifts, graders, backhoe loaders attract 5% import duty.

POST PENALTIES INITIATIVES

Nevertheless, although the purpose of the amendment (penalties on used vehicles importation) was to deter buyers/consumers, it rather gave them an even greater freedom than the total ban on the importation of used cars older than 10 years.

The government of Ghana took a bold step to phase out lead in fuels in 2003 and implemented the metro mass transport system in urban areas so as to reduce the number of vehicles that ply the road and pollute the atmosphere.

Ghana has implemented the global fuel economy initiative and the Ecowas Low Sulphur Fuel Initiative as a mechanism to reduce the level of sulphur in fuels since September 2017.

THE WAYFOWARD

- ❖ Work on 84 KM rail line from Tema to Akosombo commenced in October 2017 and far advanced.
- ❖ Outright ban on importation of used vehicles more than 10 years.
- ❖ Outright ban on the importation of used vehicle parts including outer covers.
- ❖ The need for treatment facilities for recycling purposes.
- ❖ Setting up of car assembling plants in the country to allow citizens purchase affordable vehicles.

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