

STATUS OF VEHICLE IMPORTATION POLICY AND TAXATION SYSTEM IN GHANA



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Presentation Outline

- ❖ Overview of the Urban Transport Policy
 - The policy environment: Urban Transport policy (Utp) operation in relation to Ghana Poverty Reduction Strategy II (GPRS II).
 - main problems identified by urban transportation in Ghana;
 - Policy objectives of transport sector
- ❖ Brief history of development of clean vehicle policy in Ghana
- ❖ Conclusion

Overview of the Urban Transport Policy

- ❖ **Main problems identified by urban transportation in Ghana;**
 - *Urban demography problem:* (Population doubling in 15-20 yrs, continued urban sprawl ; improved economic statuses)
 - *Urban transport problem :* (car population to increase fivefold in 15-20 years; >70% of the roads in Accra are congested; Poor air quality and increased in emissions of green house gases (GHG))
 - *Public transportation operation:* (old, badly maintained and are of low capacity; poor quality terminals and bus stops with government having limited regulations since major player is private sector)
- ❖ **Policy objectives of transport sector**

to ensure the provision, expansion and maintenance of appropriate transport infrastructure which strategically links the rural production and processing centers to the urban centers while ensuring the provision of an affordable and accessible transport system that recognizes the needs of people with disabilities”.

Brief history of development of clean vehicle policy

- ❖ In Ghana, several actions were taken to reduce the negative impact of traffic on the environment and public health; these are:
 - Phase-out leaded gasoline (petrol) in Dec 2003
 - The Urban Transport Policy and SEA
 - Development of Roadmap of vehicular emissions and fuel Economy standards
 - Introduction of age-based tax system for imported vehicles
 - Introduction of petroleum and pricing deregulation policy

The Urban Transport Policy and SEA

- ❖ One of the cardinal objectives of the policy is to “ensure sustainable development of the urban transport sub-sector to minimize its adverse environmental and social impact”.

Policy statement to be achieved by:

- Carrying out Strategic Environmental Assessment (SEA) on ALL major transport policies, programs, and plans, ensuring environmental cost, benefits and risks are considered for each transport mode.
- Ensuring that all transport infrastructure development and maintenance projects above certain threshold comply with existing environmental Impact Assessment (EIA), health and Safety regulations.

Why SEA of the Urban Transport Policy

- to evaluate the transport sub-sector's policies, *plans and programmes*
- to challenge pre-conceived ideas and conventional wisdom in urban transport in the country
- to offer a pro-active management instrument for the development of the sub-sector and
- to guide development of urban transportation infrastructure within sustainable limits

The main aim is to incorporate Environmental/sustainability issues into the strategic decision-making process of the urban transport policy

Introduction of age-based tax system for imported vehicles

- ❖ Currently, the import duties/taxes for vehicles entering into the country are determined by the Ghana Revenue Authority- Customs Division in accordance with the revised Harmonized System and Customs Tariff Schedules- 2012; based on international Harmonized Commodity Description and Coding System (HCDCS). GRA Law (Act 634)
- HCDCS provides a systematic classification for all the goods of international trade and commerce, designed to ensure, with the aid the General Interpretative Rules (GIR) and Notes to the sections and chapters that each article falls.
- Section XVII, chapter 87 deals with vehicles other than railway or tramway rolling- stock, and parts/accessories. The regulation discourages the importation of vehicles older than 10 years by imposing an overage penalty.

Import tax for categories of vehicles

TRACTORS

Commodity Description	Import Duty	VAT (12.5%) & NHIS (2.5%)	Overage Penalty on Cost Insurance & Freight (CIF)
New Vehicles	5%	15%	
Used vehicles-of age not more than 10year	5%	15%	-
of age more than 10years but not more than 12years	5%	15%	5%
Of age more than 12years but not more than 22years	5%	15%	10%
Of age more than 22years	5%	15%	30%

PRIVATE CARS

Private Cars	Import Duty	VAT/NHIS	Over aged penalty of CIF
Age less than 10 yrs	5%	15%	0%
Age exceeds 10 yrs but less than 12 years	5%	15%	5%
Of age more than 12 years but less than 15years	5%	15%	20%
of age more than 15years and beyond	5%	15%	50%

MOTOR VEHICLES/TRUCKS FOR THE TRANSPORT OF 10 OR MORE PERSONS INCLUDING THE DRIVER

For 10 to 22 persons including the driver	Import Duty	VAT (12.5%) & NHIS (2.5%)	Over-age penalty of CIF value
Of age not more than 10years	5%	15%	0%
Of age more than 10years but not more than 12years	5%	15%	2.5%
of age more than 12 years but not more than 15years	5%	15%	10%
of age more than 15years but not more than 20years	5%	15%	15%
Of age more than 20years	5%	15%	50%
For 23to 30persons including the driver			
of age not more than 10years	5%	15%	0%
of age more than 10years but not more than 12years	5%	15%	2.5%
of age more than 12years but not more than 15years	5%	15 %	10%
Of age more than 15years but not 20years	5%	15%	15%
of age more than 20years	5%	15%	50%

0.5% ECOWAS LEVY ARE ALSO CHARGED

Import Tax Cont'n

Motor Veh Import tax-Others

For more than 30 persons including the driver	Import Duty	VAT (12.5%) &NHIS (2.5%)	Over-age penalty on CIF
Of age not more than 10years	0%	15%	0%
Of age more than 10years but not more than 12.5%	0%	15%	2.5%
Of age more than 12years but not more than 15years	5%	15%	10%
Of age more than 15years but not more than 20years	0%	15%	15%
Of age more than 20years	5%	15%	50%

Roadmap of vehicular emissions and fuel Economy standards

- ❖ Roadmap of vehicular emissions and fuel economy standards developed (2014-2020).
- Stationary and mobile emission (air quality, Vehicle, stack emission) standards and the draft under consideration by EPA Board's,
- Need for validation and gazeting of the draft standards by the GSA.
- Next stage would be the development of Regulations for implementation by 2017.
- Sulphur reduction programme is in tandem with other ECOWAS countries esp. Nigeria (50ppm by 2020)
- Fuel economy standards is yet to be developed

Introduction of petroleum and pricing deregulation policy

- ❖ deregulation of the petroleum sector ; Ghana National Petroleum Authority (NPA) Act, 2005 (Act 691
- ❖ To remove the inefficiencies in the sector by allowing private sector participation in the procurement of crude oil and petroleum, which has previously been limited to the Tema Oil Refinery,
- ❖ importation finished petroleum products into Ghana through open and competitive bidding
- ❖ Production of crude and importation of finished products regulated by NPA based on pricing formula; Act, 2005 (Act 691,
- ❖ NPA is an oversight body that ensures that consumers and the general public are also protected in the pricing regime.

CONCLUSION

- ❖ Tax regime has helped reduced importation of Conventional vehicles.
- ❖ Cheaper and Relatively newer accident vehicles are being imported into Ghana of late as against those above 10 yrs.
- ❖ More vehicles less than 10yrs are being imported by private sector.
- ❖ But Vehicles with higher engine capacity (>1.9L) pay more taxes. 0.5% ECOWAS Levy is also charged
- ❖ ECOWAS communique is destined to bring the importation of vehicles of less than 8yrs.
- ❖ No regulation on importation of used engines and other spare parts.

The following measures have helped to reduce vehicular pollution

- ❖ Implementation of the pilot BRT (type B) and emission monitoring under the Ghana Urban Transport Project
- ❖ Retrofitting roads with walkways to encourage walking

Penalties Imposition/Veh. Valuation

Penalties have been introduced and imposed on some category of over-age vehicles in addition to any applicable duties and taxes.

VALUATION OF USED VEHICLES

- For the purposes of levying taxes the value of a vehicle shall be deemed to be the Home Delivery Value depreciated as below plus the Freight and Insurance as stipulated under section 90 of PNDC LAW 330, 1993.
- A. Where the age of a used motor vehicle does not exceed six months - The
- price shall be deemed to be the first Purchase Price
- B. Where the age exceeds six months but does not exceed one and a half years
- - Eighty five per centum of the first Purchase Price
- C. Where the age exceeds one and a half years but does not Exceed two and a
- half years - Seventy per centum of the first Purchase Price
- D. Where the age exceeds two and a half but does not exceed five years. -
- Sixty
- per centum of the first Purchase Price
- E. Where the age exceeds five years - Fifty per centum of purchase price