

Ghana amends *Customs Act* to provide incentives for the automobile industry

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Executive summary

Ghana's Parliament passed *The Customs (Amendment) Act, 2020, Act 1014* (the Act) into law on 30 April 2020 and it was assented to by the President on the same date. The Act provides incentives for automotive manufacturers and assemblers registered under the Ghana Automotive Manufacturing Development Program (GAMDP) and for related matters.

This Alert summarizes key provisions in the Act.

Detailed discussion

The Act was enacted to amend the *Customs Act, 2015, Act 891* to provide incentives for automotive manufacturers and assemblers registered under the GAMDP, provide import exemptions for security agencies and officers of the security agencies as well as related matters.

The key amendments in the Act are:

Tax rebate

Automotive manufacturers or assemblers registered under the GAMDP will be granted a rebate of the import duty on fully built units imported from the original manufacturer of the fully built (*which means completely built motor vehicles under the GAMDP*) units by the Minister for Finance (the Minister).

► Categories of rebate

a) Semi-knocked down assembly¹

– Rebates will be based on the assessed customs value of one complete kit.

b) Enhanced semi-knocked down assembly and completely knocked down manufacture²

– Rebates will be based on the assessed customs value of the two complete kits.

► Basis for the grant of rebate

– The grant of rebate shall be based on a multiplier of the assessed customs value of a semi-knocked down kit or a completely knocked down kit.

– The rebate granted is subject to a first review during or after the third year of the GAMDP.

Restrictions on importation of automobiles

The following cannot be imported into the country:

a) A right-hand steering motor vehicle without the approval of the Minister

b) A salvaged motor vehicle³

c) The following motor vehicles over 10 years of age:

i. Motor cars and other motor vehicles principally designed for the transport of persons, other than those under Harmonized Schedule (HS) heading 87.02, including station wagons and racing cars with HS heading 87.03

ii. Motor vehicles not exceeding five tons for the transport of goods with HS heading 87.04

Commencement

The date for the imposition of import duty on motor vehicles indicated under HS headings 87.03 to 87.04 of Chapter 87 of section XVII of the First Schedule shall be specified by the Minister in a legislative instrument. However, the date shall not be earlier than six months after:

a) The new motor vehicles manufactured under the GAMDP are made available.

b) Arrangements have been made for the motor vehicles to be sold in accordance with the investment plans of the automotive manufacturers and assemblers registered under the GAMDP.

The date on which a motor vehicle over 10 years of age shall not be imported in the country shall be specified by the Minister in consultation with the Minister for Trade in a legislative instrument. Nonetheless, the date shall not be earlier than six months after the first vehicle has been assembled under the GAMDP.

The prohibition against the importation of salvaged motor vehicles into the country will be effective six months after the date of the coming into force of the Act.

Applicable import duty

Heading (1)	Commodity description	Import duty	Value-Added Tax
87.03	Motor cars and other motor vehicles principally designed for the transport of persons (other than those under heading 87.02), including station wagons and racing cars	35%	
87.04	Motor vehicles not exceeding 5 tons for the transport of goods	35%	

Heading (1)	Commodity description	Import duty	Value-Added Tax
98.11	Motor vehicles and bicycles Component parts for automotive assembly: Semi-knocked down, enhanced semi-knocked down, completely knocked down and original equipment components for the automotive manufacturers and assemblers registered by the Commissioner-General under the GAMDP	0%	
	Materials for the manufacture or assembly of bicycles and other cycles (including delivery tricycles) not motorized	0%	
	Security Agencies: <ul style="list-style-type: none"> ▶ Arms, ammunition, uniforms, accoutrements and equipment including vehicles and musical instruments certified by the Minister responsible for Defense or the Minister responsible for the Interior and approved by the Minister to be imported by the security agencies or in cooperation with other States for: <ul style="list-style-type: none"> – Defending the territorial integrity of the State; or – Participating in international peace keeping. ▶ Parts, components or sub-assemblies of an item specified in paragraph (a) to be imported for incorporation in or fitting into that item. ▶ Parts, components or sub-assemblies of an item specified in paragraph (a) for the repair, refurbishment or maintenance of that item. ▶ Goods imported for training or testing of an item specified in paragraph (a). ▶ Articles, arms, ammunition, uniforms, accoutrements, and equipment including vehicles donated: <ul style="list-style-type: none"> – By a foreign government. – By an international organization, or. – Under a Technical Cooperation Agreement. for the use of the security agencies. <ul style="list-style-type: none"> ▶ Goods that are imported by an officer of the security agencies returning to the country to resume residence after participating in international peace keeping or an exchange program. Security agencies include the: <ul style="list-style-type: none"> ▶ Ghana Armed Forces ▶ National Security ▶ Bureau of National Investigation ▶ Ghana Police Service ▶ Ghana Prisons Service ▶ Ghana National Fire Service ▶ Ghana Immigration Service, and ▶ Customs Division of the Ghana Revenue Authority 	0%	Exempt

Heading (1)	Commodity description	Import duty	Value-Added Tax
	<ul style="list-style-type: none"> ▶ Machinery, plant, equipment and parts: <ul style="list-style-type: none"> – Machinery, plant, equipment, replacement parts for equipment and kits for production trials imported by the automotive manufacturers or assemblers registered under the GAMDP and: <ul style="list-style-type: none"> ▶ Recommended by the Minister responsible for Trade; and ▶ Approved by the Minister 	Exempt	

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EYG no. 003694-20Gbl

1508-1600216 NY
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