

AN EXPLORATORY STUDY OF THE ROLE OF CEPS IN NATIONAL DEVELOPMENT

(A CASE OF KUMASI)

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ABSTRACT

Circumstances among others have painted CEPS as an institution that is not patriotic. This has relegated the contribution of CEPS to the background. This study is aimed at exploring the contribution of CEPS in respect of Revenue and Non-Revenue functions to National Development over the period 2008 – 2011.

Customs, Excise and Preventive Service (CEPS) established under the CEPS (Management) Law 1993 PNDCL 330 has proved it worth in tax administration, collecting GH¢ 24,800,000, GH¢ 31,500,000, GH¢ 37,100,000 and GH¢ 45,900,000 in 2008, 2009, 2010 and 2011 respectively in Kumasi, contributing 1% in total CEPS revenue in Ghana. Aside revenue collection, CEPS is mandated to prevent internal and external aggression, unwholesome goods from entering the country, smuggling and drug peddling.

Since this study was aimed at exploring CEPS contribution, qualitative approach was used. The study was further enhanced with quantitative analysis through the use of graphs and tables. An Unstructured interview was used in gathering the primary data, with this; convenient sampling was use to select the respondent.

Some recommendation made were, training and development of tax officials, public education for the taxpayers, Documentation, that is, putting customs regulations in the form of magazines and the judicious utilization of tax proceeds for the citizenry

This study focused solely on CEPS and the role of indirect tax in national development. There is a need for further research into other revenue agencies to ensure that more revenues are mobilized to the government for National Development.

DEDICATION

We wish to dedicate this document to the Almighty God and all those who helped us in diverse ways for the successful completion of this project.

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However we take sole responsibility for any errors, blemishes and omissions in this work. All criticisms, comments and suggestions are welcome so that together we as students will set the records straight.

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CHAPTER ONE

INTRODUCTION

1.1 BACKGROUND OF THE STUDY

This chapter covers the background information of the study, problem statement, research question, research objectives, significance of the study and its limitations.

Many countries in sub-Saharan Africa are confronted with the need to raise tax revenues in order to be able to provide a range of services to their populations. Throughout history of many countries, governments and its functional equivalents have used funds mobilized through taxation to undertake its numerous functions. Some of these include the payment of civil workers salaries, economic infrastructure, the enforcement of law and public order, protection of property, and the operation of government itself. A portion of taxes also go to pay off the state's debt and its accumulated interest, public utilities (education systems, health care systems, pensions for the elderly, unemployment benefits, public transportation, energy, water and waste management). In addition, taxes are applied to fund foreign aid and military ventures and to influence the macroeconomic performance of the economy.

The Custom, Excise and Preventive Service (CEPS) was established under the provisions of PNDC Law 144, otherwise referred to as the Custom, Excise and Preventive Service Law 1988, as an autonomous Public Service Institution to replace the Customs and Excise Department. Currently, the Law which gives CEPS its mandate is the Custom, Excise and Preventive Service (Management) Law 1993, PNDCL 330, as amended, together with other Laws and regulations which prescribe the mode of operation and penalties for various infringements.

The service is mandated to collect Customs Duties (taxes levied on imports and exports), Excise Duties (taxes levied on locally manufactured goods), petroleum taxes and any other tax or duty as prescribed by law, e.g. ECOWAS Levy and EDIF Levy. It promotes the protection of revenue through the prevention of smuggling of goods across Ghana borders. The service protects the boundaries of Ghana by preventing external aggression and promotes territorial integrity of Ghana. The service is a member of Ghana's security services. Import and export restrictions and prohibitions are supervised by the service

1.2 STATEMENT OF THE PROBLEM

Many a time's importers and Ghanaian living outside do complain about high duties when one has to clear his or her goods from ports or harbours.

In another development, when one imports an overage vehicle into Ghana, one is made to pay penalties and duties that may deter the importer from importing into the country item of similar nature.

In 2010 and 2011 a renowned investigative journalist Anas Amereyaw reported some fraudulent activities involving collaboration between CEPS officials and some Staff of Cocoa Buying Company of instances that resulted in tones of cocoa smuggled out of Ghana to neighboring Cote D'voire.

These instances among others have painted CEPS as an institution that is not patriotic. This has relegated the contribution of CEPS to the background. This study is aimed at exploring the contribution of CEPS to National Development over the period 2008 - 2011

1.3 RESEARCH OBJECTIVES

The main purpose of the study is to explore the contribution of CEPS in respect of

- Revenue Functions and
- Non – Revenue Functions towards the development of Ghana.

1.4 RESEARCH QUESTIONS

For a successful and a more comprehensive study of the problem, it is necessary to formulate some questions as a guide to arrive at a decisive conclusion of the research. The following are the research questions used in the study.

1. What are the revenue functions of CEPS?
2. What are the non revenue functions of CEPS?
3. What have CEPS Contributed to National Development?
4. What are the potential challenges confronting the administration of indirect taxes?

1.5 SIGNIFICANCE OF THE STUDY

The significance of the study is to let the readers and tax authorities know the important role CEPS play in the economy. After the study, the CEPS should have the ability to generate enough revenue to finance government expenditure. The importance of this study cannot be under estimated as this would make it possible to overcome the problems that hinder the smooth operation of CEPS so that some recommendations could be provided for improvement of CEPS.

- To the researchers, this study marks the beginning of our contribution to the already existing knowledge.

- CEPS officials will also benefit from these studies by boosting their moral as each will know his or her contribution towards national development.
- To the economy, the studies will make the populates view CEPS in different angle from what they use to know them as “monsters”, as the studies highlights the various functions of CEPS that contributes to national development.

1.6 LIMITATIONS OF THE STUDY

Obstacles encountered when conducting this long essay were

- Time Constrains: First of all the time given for this exercise was too short for a work of such magnitude. This research was conducted alongside the normal academic work making it difficult to have adequate time for the work. Again the researchers were also working class (workers) and as such part of the time was used for office work.
- Data collection constraints: Most of the CEPS officials contacted due to their busy schedules could not spend quality time with the researchers resulting in scanty information for the work. Again during the interview, most of the questions were not properly answered by the interviewee.
- Financial constraint: The researchers at the time of the exercise had to deal with the payment of school fees; this made it difficult in financing the work as there was no sponsorship package to assist the work.

However, the researchers hope that the limitations will not affect the quality of the study.

1.7 ORGANIZATION OF THE STUDY

The study was structured into five main chapters which can be summed up as follows.

Chapter one - introduction, it covers the background information of the study, problem statement, research question, research objectives, significance of the study and its limitations.

Chapter two - Literature review: this covers the literature and the conceptual framework of the study.

Chapter three - Research methodology. This chapter includes research design, data collection procedure and presentation and analysis apparatus and techniques.

Chapter four – Data Analysis. Comprises the primary and secondary data collected from various sources which have been presented in a systematic format: such as tables, charts, and figures. These collected data have been analyzed by using different mathematical, statistical and analytical tools.

Chapter five - Recommendation and conclusion: This considers the summary of findings, conclusion and recommendation.

CHAPTER TWO

LITERATURE REVIEW

2.1 INTRODUCTION OF CUSTOMS, EXCISE AND PREVENTIVE SERVICE (CEPS)

This chapter seeks to review studies on: objectives of taxation, principles of taxation, functions of CEPS, indirect tax, types of indirect taxes, prohibitions and restrictions, exemptions, CEPS contribution to tax revenue and tax collection problems. Taxation is any voluntary one-way payment backed by legislation and made to the government for which there is no direct benefit or service to the taxpayer. It is a payment exacted by legislative authority, whether under the name of toll, import, duty, custom, excise, subsidy, aid etc. taxation is fundamental to society. It is one of the most important elements of any organized community throughout history. The key aspect of tax is that there is legal compulsion to pay. Article 174(1) of the 1992 constitution of the Republic provides for the imposition of taxes under that authority of parliament.

In Genesis 2:15, God through Moses instituted the payment of taxes thus bible says “the Lord God took the man put him in the Garden of Eden to work it and take care of the Garden which presume that the first man of this earth accepted the responsibility to be the first head of state, government and a citizen of the world, to work and create wealth for his enjoyment and benefit. In this sense he also accepted the obligation of ensuring maintenance and good governance of this state of God. As citizen of a state, nation or country, we are all obliged in principle to pay our share and contribute to government; in order to support maintenance of

the nation's development. The law requires every citizen to pay taxes either direct or indirect, however, failure to pay calls for punishment.

2.2 HISTORY OF AND DEVELOPMENT OF CUSTOMS, EXCISE AND PREVENTIVE SERVICE (CEPS) IN GHANA

The Customs, Excise and Preventive Service is one of the most important state organizations in this country. It was established in 1939 and has performed several functions through the years as a Civil Service Department until 1986 when it became an autonomous institution under PNDC Law 144 of 1986.

2.3 OBJECTIVES OF TAXATION

Taxation is often defined as the levying of compulsory contributions by the public authorities having tax jurisdiction, to defray the cost of their activities. That is taxation refers to any voluntary, one-way payment backed by legislation and to the government for which there is no direct benefit or service to the taxpayer. The key element of tax is that it is unrequited payment. Another element is that is usually with the consent of the people. Whenever taxes are imposed without the consent of the people sought in various forms. It had led to revolt. The money collected is used for the common good that is for the provision of certain services which are considered to be more efficiently provided by the state with no profit motive rather than by individuals.

From Biblical and Historical times, most citizens resist payment of taxes due to its uncertainty. The question that crops up naturally is how important is tax that citizens of a given state or society should pay. This leads to the issue of what is intended to be achieved from taxation.

In revenue mobilization, tax contributes about 60% of the revenue budgeted of governments administrative body or community in order to carry out their respective functions or responsibilities as stated by Ministry of Economic Planning 2009 budget. Tax is unavoidable since the other entire source like profit from state owned enterprise; fee, funds, license, lotto, rent, borrowing etc are insufficient to meet the expenditure and other commitment like provision of social services, infrastructure, and exclusive control of certain sectors of the economy for the citizens.

As income distribution, the free market distribution of income would naturally not be equal or equitable. Income distribution would depend on distribution of ownership of property/ real and financial asset, distribution of human capital, education training, relative productivity of different assets and skills, relative scarcity of different assets and skills and relative amount of time and effort expended on economic activities. The foregoing point holding true, means that it requires state intervention in the competitive market to ensure that there is some element of equity in income levels. Through taxation those highly endowed would be made to share part of their income to be redistributed to those lowly endowed. From the taxes levied, the state is able to provide services above the minimum level and also to bring about redistribution of wealth for the better-off in society.

For Economic stability, this is the process of obtaining and maintaining a satisfactory level of growth, full employment, ensuring stability in the value of money and maintaining a satisfactory balance of payment. It seemed that high inflation was the cause of macro economic instability. If we allowed inflation to increase it caused a boom and burst. Therefore the idea was that if we could prevent inflation we could prevent recessions. Using statistics of inflation, unemployment, growth and government borrowing, the economy was

doing well. In the past this had been sufficient to maintain a stable growth. However, the macro economic stability hid a growing financial instability.

2.4 TAX ADMINISTRATION

Tax Administration will be strengthened to realize efficiency gains and broadening of the tax base. Improving revenue administration is essential and fairer revenue mobilization for a wider governance improvement; though success is hard to evaluate. Tax policy sets the framework within which the revenue administration must operate. In practice, the distinction between administration and policy is often hard (and pointless) to make. But there is no doubt that weak and often corrupt revenue administration remains a fundamental barrier to effective and fair taxation, and to building wider trust between government and citizens. Key indicators – tax gaps, audit recovery rates and the level and pattern of arrears, can say much about the performance of tax administrations: developing the capacity to monitor and analyzing these, indeed is a central reform aim. It may be too much to assert that 'in developing countries, tax administration is tax policy'.

2.4.1 Qualities of a Good Tax System

These are the characteristics or attributes of a good or efficient tax system. Taxes are not arbitrarily imposed on people; certain principles must be borne in mind when government is taxing its subjects. In his book the Wealth of Nations: the economist Adams Smith set out four principles, which he called canons of taxation; these are:

Equity principles

This means that universally are those persons in equal position would be treated equally. This also implies that persons of unequal position would be treated differently. The former is horizontal equity while the latter is vertical.

In taxation terms, equal treatment should be seen as equal sacrifice or welfare loss. Here the assumption is that welfare between individuals can be compared and that welfare is a function of income or wealth. It is also assumed that marginal utility of income is the same for all tax payers. Taxation based on this principle calls upon persons in equal positions to pay taxes or receive equal benefits and that persons in unequal positions should pay different taxes and receive unequal benefits.

Certainty principle

This principle requires that there should be a system of computing the tax liability that leaves no room for different outcomes. This implies that with a given wealth, income asset ownership level, the tax payer should be capable of computing his or her own liability without doubt. At the same time the tax collecting agent should also agree on the computed tax liability with the tax payer with a given level of income, wealth or ownership. These principles operated well with income tax where with given level of income there is a table of rate to be applied therefore the tax payable is a certain amount. The same can be said to Valued Added Tax (VAT), Excise duty, Gift tax and Capital gains tax.

Economy Principles

Tax collection and administration is not expected to make full use of the tax so-collected, should that happen, it would not make economic sense going all out to collect revenue only to

use it all in the cost of collection. The principle means, the cost of administration (assessment collection) should not be higher than the revenue derived from the tax. This places part of the cost on the collecting agent (government) and the remaining part on the taxpayer. It must cost the agent to collect and administer, while it costs the taxpayer to comply. Also it should be easy to collection the part of the agent and difficult to evade on the part of taxpayer.

Convenience principle

Arrangement is expected to be made towards payment of taxes which should be a pleasant experience to everyone. It is necessary for taxpayers to know the time and place of payment. Example, income tax may be deducted from the income of employees at the time of payment of salaries (that is the end of month) and not in the middle of the month when all the income is almost spent. In Ghana the Pay As You Earn (PAYE) system ensures convenience.

In the modern times, other principles taken into consideration are;

Flexibility principle

With particular reference to the economic stability and resources allocation objectives of taxation, it is expected the tax policy would be dynamic. Such dynamism implies that changing situations should be met with changes on tax laws in order that the objectives stated are achieved. In the case economic stability, it is known that currency stability, money supply, employment and inflation levels are not static. The tax policy should therefore be flexible enough to meet the different situation. When resources allocation is considered, it is expected that response to particular tax policies would change the point of priority and emphasis. People would have invested in the prioritized industries and geographical area to the extent that a new area may have to be prioritized or the emphasis in the earlier priority areas would have to be reduced.

Economic efficiency principle

A good tax system should not create economic instability, that is, it should not hinder hard work and creation of wealth nor should have adverse effect on business. If a tax is so high that after payment, the business collapses then it is not an efficient tax. Also stability or neutrality implies that the tax system is supposed to encourage the attainment of minimum allocation of resources. It should not distort the allocation of resources of land, labour, capital and enterprise so as to create serious unemployment of the factors of production in the economy. For example high indirect taxes in key sectors of the economy can switch resources from these sectors to other sectors causing misallocation of scarce resources. Again an efficient tax should promote economic stability in the sense checking inflation (and deflation). Example, if there use to be demand pulls inflation. The tax should control it by taking more money from the people.

Simplicity principle

A good tax system should be simple for taxpayers to understand. Since it behaves the taxpayer to comply, it is only fair that the taxpayer should understand what is to be paid by him or her to go out there and pay without coercion. This is tied with the certainty and economy principles. Without certainty and simplicity, the likelihood of conflict as to how much a particular taxpayer's liability can drag on into lengthy litigation and thereby erode the economy principle. Income tax and VAT have the simplicity principle but some complications come in with exemption, relief and tax credit provision. Property rate and import duties are similarly simple to understand.

2.4.2 Indirect Tax

An indirect tax is one in which the burden can be shifted to others. The tax payer is not the tax bearer. The impact and incidence of indirect taxes are on different persons. An indirect tax is levied on and collected from a person who manages to pass it on to some other person or persons on whom the real burden of tax falls. For e.g. commodity taxes or sales tax, excise duty, custom duties, etc. are indirect taxes. Hicks classify direct & indirect taxes on the basis of administrative arrangements. In case of direct tax-there is a direct relationship between the taxpayer and the revenue authorities. A tax collecting agency directly collects the tax from the taxpayers, whereas in case of indirect taxes there is no direct relationship between the taxpayers and the revenue authorities. They are collected through traders and manufacturers. Indirect tax can be defined as one levied on a person in the expectation that the tax will be shifted or passed onto another. Here the impact and incident are on different people. The indirect is called so because the administering authorities CEPS which levy the taxes on goods services do not collect the taxes from the consumers but indirectly through importers, manufacturers or other intermediaries. The shifting or passing on is effected by embodying the amounts paid as taxes in the selling price of the commodities to the consumer. The degree of shift ability depends on the level of elasticity of demand of the commodity under consideration. Indirect taxes may be specific or advalorem. Specific are levied on a commodity according to the quantity purchased. It is fixed sum imposed a commodity according to the quantity irrespective of the value of the commodity, example a sum of GH¢100.00 levied on each television set purchased irrespective of the value (price) of the television. Advalorem taxes are proportionate to the value (price) of the item purchased. Thus advalorem taxes are progressive in the sense that the higher the value of the item, the higher the amount paid as tax.

2.4.3 Types of Indirect Taxes

In Ghana, indirect Taxes fall into the following group: Custom duties on goods imported from outside the country. Excise duties on locally manufactured goods. Export duties on cocoa, timber, cola nut, gold etc. Value Added Tax (VAT) Purchase tax on vehicles imported into or assembled in this country, Special development levy on cement, sugar, rice etc. Cocoa local duty on cocoa sold within Ghana, Import license fee on certain goods. However, for the purpose of this long essay discussions on types of indirect taxes will be limited to customs duties, export duties and excise duties.

Custom Duty

According to custom regulations, passengers should enter or disembark from ships, airplanes or vehicles without customs authority. For this reason passengers are expected to go by the most direct route to the customs examination area producing all their baggage and they should make oral or written declaration of their goods and baggage. To help the officials of customs to discharge their duties with minimum inconvenience, documents requested are to be produced promptly for scrutiny and all questions asked are to be answered. There is also the Passenger Unaccompanied Baggage Declaration Form (PUBDF) which must be completed to account for part of a person's baggage that had arrived in advance. This declaration must be made immediately on arrival or within 48 hours of arrival after which the accession would be forfeited. All arms and ammunitions must be declared to customs. Travelers arriving in Ghana are requested to complete T.5 form if they intend to take back all or part of their foreign currency at a later date or if they intend to use it for export goods. Foreign currency declared must be checked and endorsed by the T.5 form official of CEPS at the point of departure for onward transmission to the Bank of Ghana. Goods for personal use and not for sale are granted concession excluding motor vehicle, stationary, fabrics, arms and

ammunitions, motor parts, perfume spirit, tobacco products like cigars, cigarette etc. concessions can be allowed on some of these dutiable goods like perfumed spirit of 37.5cl, portable spirits of 75cl and cigars, cheroots and cigarettes of 454 grams. If any one smuggles any of these items into the country, he pays a penalty of not less than three times the value of the goods in addition to the payment of the taxes evaded. Even the items could be confiscated and forfeited while the evader would be liable to criminal prosecution. All imports apart from a few that are exempted attract import duty.

Export Duty

Export duties are taxes imposed on goods being sent outside the original country of manufacture to another country described as foreign or abroad for foreign exchange. Exporters from one nation supply other nations with products produced or manufactured in their country. To be able to export goods from Ghana to another country, the exporter must register with Register General's Department and the Ghana Export Promotion Council. The exporters then obtain the Bank of Ghana External control form A2 from either Bank of Ghana or his bankers and have his products entered on the A2 form and Custom Entry form. The exporter must note that certain products like Agricultural produce; game and wildlife, timber products, handicrafts etc require permits and certificates from the institutions controlling such products as a prerequisite for their exportation.

The exporter will then have to present completed Customs Entry Form, the Form A2, the permits and certificates to the CEPS officers in the Customs Long Room where they processed. The Original Customs Entry Form, Form A2 and the permits and certificates are then dispatched to the export officer at the port. The exporter next present the produce to CEPS officials and open them for examinations to ensure that one is not exporting prohibit items. The items declared should tally with what is on the Declaration Forms. If the

inspection officer is satisfied with the examination he then releases the goods for exportation. For goods to benefit from preferential tariff treatment in the European Union and other countries like Japan, USA, Canada, Australia etc under the generalized system of preference (GSP), exporters are required to obtain certificates of origin from the CEPS.

Excise Duty

This is tax imposed on some goods manufactured and used in the country. In other words, it is a tax levied on goods like Beer, Gin, and Cigarettes etc. Some of these goods are given high rate of imposition in order to discourage the consumption. Producers would then shift the tax burden into consumers in the form of high prices and hence many people find it difficult to buy. In economic terms, all tobacco products have inelastic demand for that matter even if prices are increased, consumption will decrease. The government will have to impose high taxes on them to discourage their consumption that is, by imposing high taxes so that the prices will be so high that consumers, especially low income earners will be forced by financial difficulties to cut down their consumption or even completely stop their consumption.

2.4.4 The structure and incidence of indirect taxes

This section reviews three main types of indirect taxes: VAT, excise taxes and fuel taxes, and analyses their impact on different households from a gender equality perspective.

Value-added tax

Ghana reintroduced the VAT to replace sales tax in 1998 after an earlier attempt in 1995 was abandoned owing to inadequate institutional capacity and other implementation difficulties. In Ghana as elsewhere, VAT is consumption-based, uses the invoice credit method and the

tax are collected on a destination basis. The VAT rate started at 10 per cent but was raised to 12.5 per cent in 1999 with the additional 2.5 per cent saved in a separate account (Ghana Education Trust Fund or GETFund) for the use of capital investment in the educational sector. In 2004, an additional 2.5 per cent was introduced to fund the National Health Insurance Scheme, which was introduced in the previous year. In 2007, an attempt to widen the tax base and improve collection led to the introduction of a different system (presumptive tax), mainly for small retailers, using a flat rate of 3 per cent. The VAT rates used to compute tax burden in this study exclude the 2007 change as the expenditure data used for this study are from 2005 to 2006. Goods and services under VAT are taxed differently; some are taxed at almost full rates while other items entail no retail taxation. Items that attract zero tax rates under VAT are exports of taxable goods and services, goods shipped in storage by sea or air, locally produced textbooks and exercise books and locally manufactured agricultural machinery and implements. These items attract no payments from individuals.

Certain goods and services are exempt from VAT. Exempt goods differ from zero-rated goods in that the former are exempted only at the final stage in the value chain. These items include live animals and edible animal products such as meat and offal, goods for the disabled, educational items and services, medical supplies and financial services like the provision of insurance. Others are water, which excludes distilled and bottled; electricity supply up to a specified consumption level prescribed in regulations by the minister responsible for energy; and printed matter such as books and newspapers and postal services. It is worth noting that all items exempted from VAT are also exempted from the National Health Insurance Levy (NHIL). The ex-refinery prices, which are essentially the cost, insurance and freight (cif) at world prices, attract the ad valorem excise duties of 15 per cent. The different taxes and levies approved by law are added to the ex-refinery prices to get the ex-depot prices. Adding the margins for transporters, dealers and marketers to the ex-depot

prices gives us the ex-pump prices, which are therefore the prices charged at the pumps. Since the application of the VAT system uses the destination principle, imports are taxed in the same way as domestically produced goods. We therefore applied the full VAT rate to imported food items and to domestic goods which have significant competing imports in the domestic market.

Excise and fuel taxes

In a very recent study, Osei-Akoto *et al.* (2009) stated that Excise taxes are applied to certain commodities, including tobacco products, beer, table waters, malt drinks and spirits. Since 2007, calculation of excise duty rates has been based on the units or quantity and on branding. Other criteria include factors such as percentage of alcoholic content, volumetric measure in a litre, and numeric measure by number of sticks for cigarettes (tobacco products). However, at the time of this study, excise taxes were collected mainly on specific ad valorem bases. All alcoholic beverages and tobacco products are also subject to a VAT rate of 12.5 per cent and a NHIL rate of 2.5 per cent.

Even though petroleum products are exempt from VAT, Ghana levies a number of taxes on petroleum products in addition to the 15 per cent ad valorem excise duties on ex-refinery current prices that were reintroduced in 2006. The fuel taxes are collected from oil marketing companies, which pass them on to the final consumer. Expressed as a proportion of ex-pump prices, the total indirect levies involved translate to about 9.1 per cent and 18.4 per cent respectively for excise tax and other fuel levies for diesel (gasoil). Transportation by public transport is VAT-exempt. However, we looked at tax incidence for the use of public transport because of the levels of fuel levies that are passed on to households as estimate an excise tax rate of 5.1 per cent and other fuel levies at a rate of 16.5 per Osei-Akoto *et al.* (2009)

2.4.5 Advantages / Merits of Indirect Taxes

Indirect taxes are convenient in collection. They are imposed on production, sale and movements of goods and services. These are imposed on manufacturers, sellers and traders, but their burden may be shifted to consumers of goods and services who are the final taxpayers. Such taxes, in the form of higher prices, are paid only on purchase of a commodity or the enjoyment of a service, so taxpayers do not feel the burden of these taxes. Besides, money burden of indirect taxes is not completely felt since the tax amount is actually hidden in the price of the commodity bought.

They are also convenient because generally they are paid in small amounts and at intervals and are not in one lump sum. They are convenient from the point of view of the government also, since the tax amount is collected generally as a lump sum from manufacturers or traders. Indirect taxes have inbuilt safeguards against tax evasion. The indirect taxes are paid by customers, and the sellers have to collect it and remit it to the Government. In the case of many products, the selling price is inclusive of indirect taxes. Therefore, the customer has no option to evade the indirect taxes. Unlike direct taxes, the indirect taxes have a wide coverage. Majority of the products or services are subject to indirect taxes. The consumers or users of such products and services have to pay them.

Some of the indirect taxes are elastic in nature. When government feels it necessary to increase its revenues, it increases these taxes. In times of prosperity indirect taxes produce huge revenues to the government. Indirect taxes are paid by all classes of people and so they are broad based. Poor people may be out of the net of the income tax, but they pay indirect taxes while buying goods.

By imposing taxes on certain commodities or sectors, the government can achieve better allocation of resources. For e.g. By Imposing taxes on luxury goods and making them more expensive, government can divert resources from these sectors to sector producing necessary goods. In Addition, indirect taxes may not affect the motivation to work and to save. Since, most of the indirect taxes are not progressive in nature, individuals may not mind to pay them. In other words, indirect taxes are generally regressive in nature. Therefore, individuals would not be demotivated to work and to save, which may increase investment. Besides, indirect taxes promote social welfare. The amount collected by way of taxes is utilized by the government for social welfare activities, including education, health and family welfare. Secondly, very high taxes are imposed on the consumption of harmful products such as alcoholic products, tobacco products, and such other products. So it is not only to check their consumption but also enables the state to collect substantial revenue in this manner.

Finally, the indirect taxes are more flexible and buoyant. Flexibility is the ability of the tax system to generate proportionately higher tax revenue with a change in tax base, and buoyancy is a wider concept, as it involves the ability of the tax system to generate proportionately higher tax revenue with a change in tax base, as well as tax rates.

2.4.6 Disadvantages / Demerits of Indirect Taxes

Although indirect taxes have become quite popular in both developed & under developed countries alike, they suffer from various demerits, of which the following are important. Considering High Cost of Collection, Indirect tax fails to satisfy the principle of economy. The government has to set up elaborate machinery to administer indirect taxes. Therefore, cost of tax collection per unit of revenue raised is generally higher in the case of most of the indirect taxes.

The study also noted the existence of Income Inequalities in general because the indirect taxes are regressive in nature. The rich and the poor have to pay the same rate of indirect taxes on certain commodities of mass consumption. This may further increase income disparities among the rich and the poor.

For Lack of Social Consciousness, the researcher noticed that Indirect taxes do not create any social consciousness as the taxpayers do not feel the burden of the taxes they pay. Uncertainty on revenue from Indirect taxes is often rather doubtful. Taxes on commodities with elastic demand are particularly uncertain, since quantity demanded will greatly affect as prices go up due to the imposition of tax. In fact a higher rate of tax on a particular commodity may not bring in more revenue.

The indirect taxes are inflationary in nature. The tax charged on goods and services increase their prices. Therefore, to reduce inflationary pressure, the government may reduce the tax rates, especially, on essential items.

Finally, the Possibility of Tax Evasion as a problem of indirect taxes is because some customers may not pay indirect taxes with the support of sellers. For instance, individuals may purchase items without a bill, and therefore, refuse to pay Sales tax or VAT (Value Added Tax), or may obtain the services without a bill, and therefore, may evade the service tax. In the study, it concludes that elaborate analysis of merits and demerits of direct and indirect taxes makes it clear that whereas the direct taxes are generally progressive, and the nature of most indirect taxes is regressive. The scope of raising revenue through direct taxation is however limited and there is no escape from indirect taxation in spite of attendant

problems. There is common agreement amongst economists that direct & indirect taxes are complementary and therefore in any rational tax structure both types of taxes must find a place for providing revenue for development.

2.5 FUNCTIONS OF CUSTOM, EXCISE AND PREVENTIVE SERVICE (CEPS)

In Ghana, the Custom, Excise and Preventive Service (CEPS) is the state organization responsible for the collection of taxes levied on Imports, Export and some locally manufactured goods. CEPS collect about 60% of total government revenue and are used to finance the country's recurrent budget and development projects of health, education, housing, transport, communication etc. The tax administered by the Ghana Customs, Excise and Preventive Service is indirect, unlike the Direct Tax administered by the Internal Revenue Service. Indirect tax is levied on Imports, Exports and Locally manufactured goods, and is paid by importers, exporters and manufacturers and transferred to the consumer for payment by way of pricing.

CEPS also ensures the protection of the revenue by preventing smuggling which is by physically patrolling the borders and other strategic points, examination of goods and premises, as well as documents relating to them.

In addition CEPS performs agency duties on behalf of other government organizations ministries by seeing to the enforcement of laws on imports and exports. For example the Ghana Customs Excise and Preventive Service (CEPS) enforce export restrictions and prohibition on drugs, arms and ammunitions.

The functions of Custom, Excise and Preventive Service are subject to the general control of the Internal Revenue Secretariat and can be divided into two main functions- Revenue and Non-Revenue functions.

2.5.1 The Revenue Functions

Some of the Revenue functions include; the computation or evaluation of custom and excise duties and the protection of the revenue generated. To achieve these functions CEPS has three units within its outfit responsible for these functions. These are Custom Unit, Excise Unit and Preventive Unit. The Custom unit takes care of the collection and protection of custom duties and other taxes on both exported and imported goods. They do these at the airports, harbors, post offices and frontier the stations. The Excise unit has control over manufacturing activities in the country. All factories whether large or small, are under the control of Excise unit.

The Preventive unit is charged with the duty of protecting revenue and the sovereignty of the country. This is done by physically patrolling the borders of the country to prevent the smuggling of uncustomised goods and detection of various custom offences. They employ detective and preventive skills (that is search, examine, rummage, find arrest, detain, seize, destroy, prosecute and penalize).

2.5.2 Non-Revenue functions

The Non-Revenue functions are duties performed by CEPS on behalf of other government agencies. This includes functions on behalf of Ministry of Health and Interior, CEPS ensures that illicit and substandard drugs, unwholesome or expired goods, object or substance that degrade our environment or endanger our health, safety and life or devastate our sense morality are not imported into the country. In addition, CEPS protects and helps the conservation and preservation of certain plants and animal species as well as art crafts, monuments and museum places. The importation of all forms of arms and ammunitions are restricted and the CEPS ensure that all such imports are covered with valid permit.

The CEPS also functions on behalf of the Ministry of Trade and Industry, CEPS for the purpose of expedition clearance of international travelers on arrival departure have installed electronic detectors at Kotoka International Airport, Ghana only international airport to provide faster services. In addition, CEPS grant legal duty-free concessions to international travelers as well as manage the customs aspect of duty-free shops for easy patronage by these travelers and operations by their owners.

CEPS, also provides services to international community directly flow from various bilateral and multilateral agreements, international treaties, convention and protocols signed by the government of Ghana. Most of the services here concern the management or proper administration on the implementation of custom related schemes and facilities provided for this agreement. For instance the part of ECOWAS Trade Liberation scheme is administered by CEPS. So also is such arrangement under Lome convention of the EU-ACP counties. Similarly the World Trade Organization (WTO) system of valuation of goods and services is managed by CEPS as well as the protection of trade related intellectual under the arrangement of the World Intellectual Properties organization (WIPO). CEPS also deliver services under some foreign extra-territorial legislation, example under the AGOA (African Growth Opportunity Act of the USA). It has already started putting up fast facilities to promote trade in commodities indicated in the AGOA.

2.5.3 Prohibition and Restriction

The fact that taxes are levied on imports exports does not suggest that anything can be exported out of this country. Prohibitions and restrictions are placed on importation and exportation of goods. For the purpose of this study, import prohibition, export prohibition, import restriction and export restriction will be focused for discussion.

Import Prohibitions

Under the laws of Ghana, some goods and items are prohibited from being imported into the country. Among such goods are narcotic drugs, ammunitions imported by post, foreign cigarettes, toxic waist, plants, contaminated goods animals, etc. these are items that can be used to cause hazard to the health of the people even to the point of death. If their importation is encouraged importers could filter them into the country without detection by the security agencies. Other items are foreign soli beads of inflammable celluloid or other similar substances, raw coffee imported over land or by inland waterways. Any of these can cause health problems or many seek to undermine the economy of the country.

It is important that items that work against the health of the people and the economy of the country are prohibited from entering the country. For instance, counterfeit notes and coins of any country brought into the country may be exchanged for Cedis in the monry market where powerful detection equipments are not available. Such currencies cannot be used for anything else since they are not good medium of exchange and defy the quality for general international acceptability. Similarly, goods bearing fraudulent trademarks are prohibited for the reason that they can be either sub-standard or harmful to the society. Banning the importation the importation of dangerous weapons such as flick-knives is to ensure that the lives of people are preserved as much as possible.

Export Prohibitions

The Ghanaian exporter must be aware that narcotics, parrots, Ghanaian currency in excess of GHs 5000 and indeed goods prohibited by any law in Ghana are absolutely prohibited from exportation. Narcotics such as cocaine, Indian hemp are drugs that are internationally banned from exportation because of their deadly effects on the users. The government of Ghana has

realized the serious reduction in the population of parrots, valuable birds in the country, hence the ban so that the remaining can breed and increase their population. The Ghana cedi belongs to Ghanaians and nowhere outside Ghana can one use the cedi for any serious business transaction as a result are people not allowed to export the currency outside the country.

Import Restrictions

Apart from the prohibited items, there are goods which can be imported into the country only when the importer gets a permit, a license or a certificate from the appropriate institution or organization. To import gold coins, one needs to obtain license from Ministry of Finance: for rough or uncut diamonds, license should be obtained from the same authority as above. The importation of arms ammunitions requires permit or license from the Ministry of Interior so that arms in the hands of individuals can be controlled to prevent violence, anarchy and insecurity. Cinematography files imported through any point of entry other than Tema, Takoradi and Accra ports. Evaporated milk containing at least less than 8% by weight of milk and fat are items which can only be imported after a permit or license has been obtained from CEPS.

Live plants and animals can be only being imported after seeking license from the Plant and Animal Quarantine Division of the Ministry of Agriculture. All communication equipments should be imported by obtaining license from the National Communication Board which is capable of giving specifications of equipments that can operate soundly within our frequency range. For any form of importation to take place, there are certain requirements that must be satisfied. These include the collection of an Import Declaration Form (IDF) from the Ministry of Trade, a valid income tax clearance certificate from the Internal Revenue Service (IRS) issued in the name of the importer, a clean report of findings issued by the Society General

Surveillance (SGS) for goods with Free on Board Value exceeding ₵5.00 packing list attested invoice, a Sales Tax Clearance Certificate (STCC) from CEPS for manufactures who clear raw materials from the ports. These are necessary for the CEPS to allow the goods to be cleared. Failure to do so contravenes the customs laws and attracts severe sanctions.

Export Restrictions

Certain items under the laws of the country are under export restrictions. A restriction is placed on the export of precious minerals such as gold, diamond, etc so that these economically valuable items will not get depleted. To export, one needs a permit from the Precious Minerals Marketing Corporation (PMMC). Similarly, to export any type of wildlife, a permit will have to be granted by the Department of Game and Wildlife. Live plants from the land can only be exported under licensed. The exportation of locally produced items like kente, handicrafts, carvings, paintings etc can only take place after seeking approval from the Ghana museum and Monuments Board (GMMB).

2.6 CEPS CONTRIBUTION TO TAX REVENUE

The study reveal that there is an increasing reliance on indirect taxes administered by CEPS because they contribute over 41% of total tax revenue and have been the significant source of revenue for a very long time. CEPS which may not be well or often remembered is that the institution is now the first line protector and defender of Ghana's territorial integrity. Since the withdrawal of soldiers from the frontiers in August, 1988, CEPS has been providing both external and internal security to our local and national communities satisfactorily. The harmonized coding system (HS) is now the universally acclaimed one for classifying import and export commodities. This represents a sharp departure from the Brussels Tariff

Nomenclature (BTN) and the Standard International Trade Classification (SITC) that has been in use for the past 30 years in Ghana.

2.7 Potential Challenges Confronting the Administration of Indirect Taxes

Reviewing the challenges of the administration of indirect tax, it was found out that, some business firms acknowledge the importance of tax revenue as regards the numerous roles the government has to play yet they consider tax payment as a burden. Some of the problems related to collection and administration. Sometimes, there is controversy over the amount to be paid. The tax payer may expect to pay a certain amount while the collecting agent may also expect different amount. In developing countries such as Ghana, the total number of identified tax payers is very small. This is due to a large number of small scale unregistered firms in the informal sector. The tax burden is therefore borne by the relatively few registered ones in the formal sector. Sales and Service taxes have all been replaced. VAT is a tax on the final consumer but in practice it is charged as an addition to the price of goods and services of the production and distribution chain (Minlah, 2007).

One of the most important studies in this area was carried out by Baunsgaard & Keen (2005). The researchers conducted a survey to explore the problems with mobilising domestic resources which are made worse due to fall in revenue for developing countries. This has been a particular serious problem for low income countries. In Ghana, registered businesses do not issue invoices, and fail to keep an up - to - date account of transaction. He/she can obstruct the visit by tax officers, prepare false accounts and invoices and even attempt to evade tax. Research from the IMF shows that while rich countries have succeeded in compensating for the fall in customs revenue through Value Added Tax (VAT), the poorest

countries have only succeeded in replacing about 30% of lost customers' revenue through other tax bases.

According to Chand & Moene (1999); Fjeldstad (2006), multinational corporations play a central part for instance through manipulating transfer prices to avoid taxation. They also noted that tax evasion by domestic tax payers is also widespread in poor countries. In a related research, Lieberman (2003), Rothstein (2000), both emphasized that the willingness of the tax payers to pay taxes can be low for historical, political, or cultural reasons, but their reluctance can also be attributed to lack of trust in authorities that consistently misuse public funds. They pointed out that tax evasion in poor countries like Ghana is probably one of the factors that contribute mostly to corruption in the public sector. Christian Aid (2008); argued that corruption and tax evasion are widespread. Studies conducted from developing countries show that it is not unusual that half or more of due taxes never reach the state coffers because of corruption and tax evasion. Some tax officers are found to have made the assessment quite negligently or maliciously for their self interest.

Quarshie (2009) in his dissertation, examined the structure of indirect tax in Ghana, observed the contribution of VAT to resource mobilisation and analyzed the existing problems of indirect tax in Ghana through the primary and secondary data and information, has concluded that the main problem for business houses are accountants who fail to keep, file and bill records. Though from the theoretical point of view, it is true that the VAT system among indirect taxes is the best and advanced fiscal tool, its effect in the context of Ghana is not as expected because of lack of strong and honest tax administration, lack of motivation and service minded attitude among the tax officials, lack of cooperation among the business

community, lack of strong coordination between tax collectors and tax payers, lack of strong political consciousness.

Dasgupta & Mookherjee (1998); Svensson (2003) “Studied the impact of tax revenue to the GDP of developing countries” The survey results revealed that all respondents believe that poor countries often lack the resources and capacity for building effective tax collection systems. Given the scarce administrative resources, it is rational for tax collectors to concentrate their efforts on the relatively small number of available tax payers who have the ability to pay, but lack the political contacts that can ‘protect’ them against tax.

Since it is difficult to collect taxes in poor, agricultural economies, Bird & Zolt (2005) tried to discover the current status that the tax bases are often small, and the cost of collecting income is recurring and unstable. Bird & Zolt (2005) conducted a survey using the questionnaire, the results indicated that income tax generates around 7 percent of GDP in developed countries and is paid by about 45 percent of the population. The corresponding number for developing countries is only 2 percent of GDP paid by less than 5 percent of the population.

Stotsky and Woldemariam (1997) explored how the political and economic elite in many developing countries is often not part of the tax base because of tax exemptions and evasion. Subsequent findings by Bird & Wallace (2004) indicated that the tax base often does not include people in liberal professions like lawyers, doctors and private consultants who are in the service sector. I suggest that tax related information should be published regularly. Interview programme with professors, researches, tax experts and economists should be conducted and published through advertising media very often. Enforcement should be

effective through more audits, investigation and collection visit and integrated approach to total tax system should be introduced for successful implementation of indirect.

CHAPTER THREE

RESEARCH METHODOLOGY

3.1 RESEARCH DESIGN

The two notable approaches to conducting research are through quantitative and qualitative. Since this study was aimed at exploring the contribution of CEPS, qualitative approach was used. This was preferred to quantitative analysis because it seeks to provide greater understanding of a concept rather than precise measurement or quantification.

Despite its qualitative nature, the study was enhanced with quantitative analysis through the use of tables, graphs and other pictorial charts to enable readers analyze it from a different angle.

3.2 SOURCES OF DATA

Both primary as well as secondary data were collected in order to achieve the real accurate result out of this study. This was to give specific responses to the research questions through interview schedules with a selected respondent well-learned on the legal responsibilities of CEPS. The secondary data were sought from Ghana Revenue Authority (GRA)-CEPS office in Kumasi metropolis, existing literatures and publications.

3.2.1 Secondary Sources

Secondary data comprised concepts, definitions, past statistics, and research results contained in raw data and published summaries to serve as the foundation and context for the study.

The secondary data of this research were collected from the following sources:

- ❖ Published and unpublished reports, articles and dissertations on the subject.

- ❖ Newspapers, such as Ghana Daily Graphic, Business & Financial News Publications and annual reports of Ghana Revenue Authority – CEPS.
- ❖ Publications of Ghana Statistical Service Budget Statement of Economy Survey.
- ❖ Various books written by Tax Experts.
- ❖ Websites: Bank of Ghana, Ghana statistical Service, Ministry of Finance and Economic Planning.

3.2.2 Primary Sources

The instrument used for the collection of primary data was through unstructured interview with the respondents of which open ended questions were asked. Convenient sampling was used in selecting CEPS officials as our respondents. Again the Regional Boss of CEPS-Kumasi was engaged in briefing the team on some of the data collected. This was used to clarify issues relating secondary data obtained.

3.3 METHOD OF DATA ANALYSIS

The raw data obtained from a research is meaningless unless it is changed into information for the purpose of decision making. The data analysis involved summarizing the raw data into a manageable size, developing summaries and applying statistical inferences. The researcher used the following steps to analyze the data for the study. The qualitative data method will also be used to discuss and assess the data collected in order to draw logical conclusions and recommendations. Statistical Package for Service Solutions (SPSS) software and EXCEL would form the main data analysis tools for the study.

The data collected would further be examined critically to facilitate acquisition of authentic evidence for the study. This would be done by way of verification of information from the respondents as well as careful scrutiny of the entire data obtained. This is to enable the

researcher to examine the activities of CEPS and the role of indirect tax revenue in national development.

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CHAPTER FOUR

INTRODUCTION

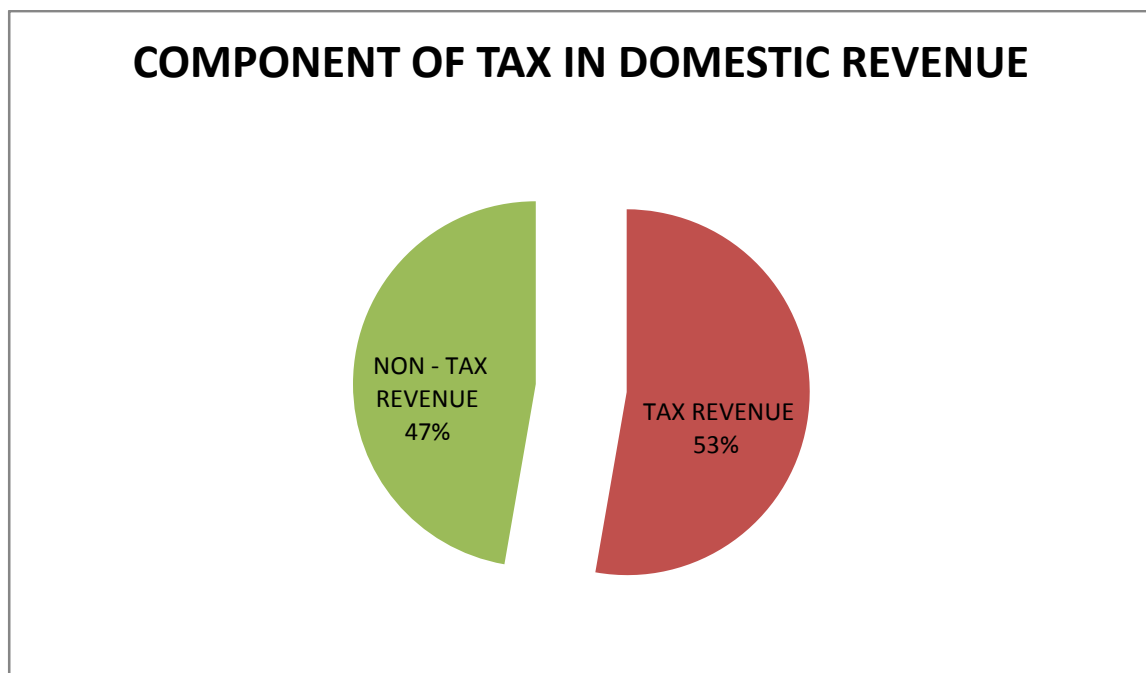
This chapter deals with the critical analysis of data and compared to the literature review to the study and the presentation of data collected under the relevant headings

4.1 FIGURE ONE: TAX PERFORMANCE TO DOMESTIC REVENUE

YEAR	TOTAL DOMESTIC REVENUE GH¢	TOTAL REVENUE TAX GH¢	% OF TAX TO DOMESTIC REVENUE
2008	4,802,400,000	4,299,500,000	89.53
2009	5,998,200,000	3,249,000,000	54.17
2010	7,656,700,000	6,102,600,000	79.7
2011	11,835,700,000	9,614,000,000	81.23

SOURCE: MINISTRY OF FINANCE

Below is the graph showing the component of tax in total Domestic revenue



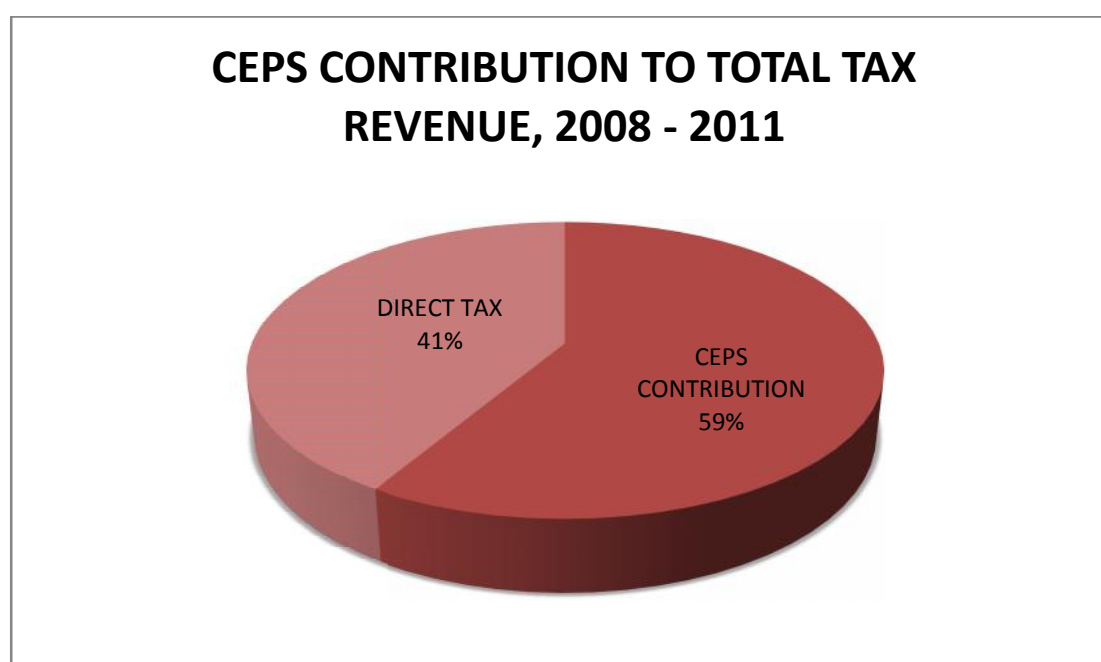
Total domestic revenue comprised tax and non-tax revenue generated in Ghana. The graph revealed that, tax component constituted 53% of the total domestic revenue of which 47% constituted non tax revenue within the period of 2008 to 2011.

FIGURE TWO: CEPS CONTRIBUTION TO TOTAL TAX REVENUE

YEAR	TOTAL TAX REVENUE GH¢	TOTAL CEPS REVENUE GH¢	% OF CEPS TO TOTAL TAX
2008	4,299,500,000	3,046,300,000	70.85
2009	3,249,000,000	1,529,700,000	47.08
2010	6,102,600,000	3,722,400,000	61
2011	9,614,000,000	5,641,900,000	58.68

SOURCE: MINISTRY OF FINANCE

The graph below depicts the CEPS contribution to total tax revenue



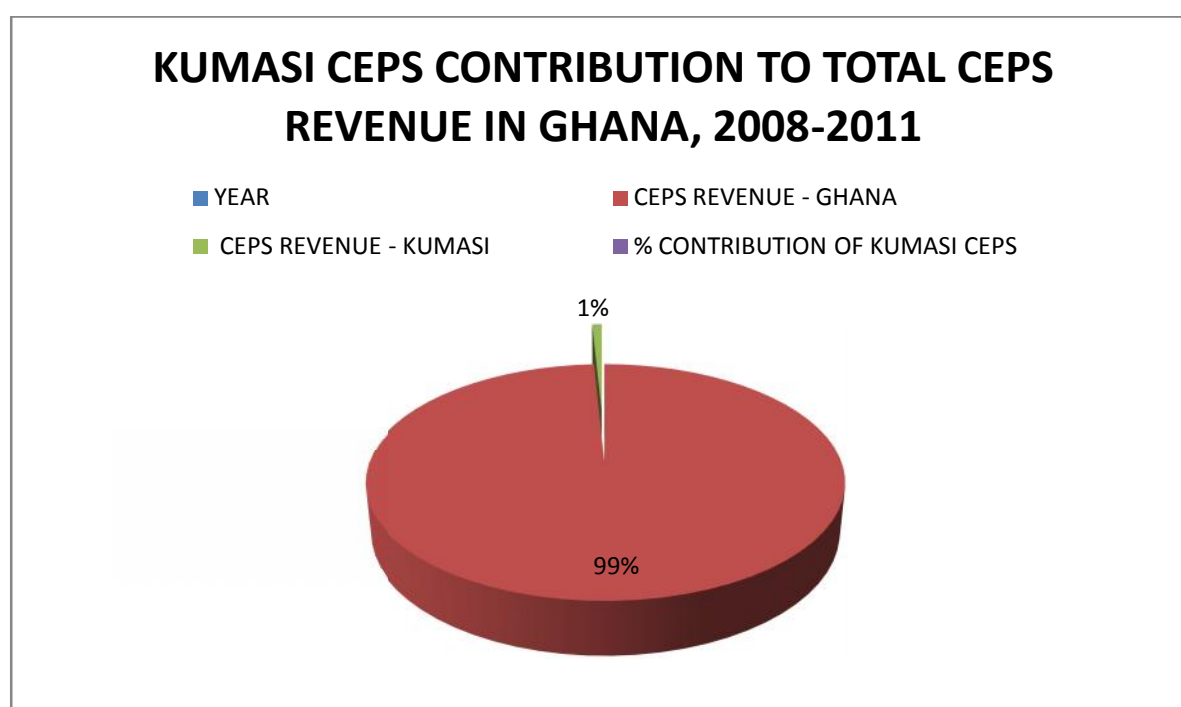
CEPS contribution to total tax revenue for the period of 2008 – 2011 as depicted by the above graph showed 59% as against 41% of direct taxes

FIGURE 3: CONTRIBUTION OF CEPS – KUMASI

YEAR	GHANA CEPS REVENUE GH¢	KUMASI CEPS REVENUE GH¢	% CONTRIBUTION OF KUMASI TO CEPS
2008	3,046,300,000	24,800,000	0.81
2009	1,529,700,000	31,500,000	2.06
2010	3,722,400,000	37,100,000	1
2011	5,641,900,000	45,900,000	0.81

SOURCE: MINISTRY OF FINANCE

The diagram below shows percentage proportion of CEPS Kumasi in total CEPS revenue of Ghana.



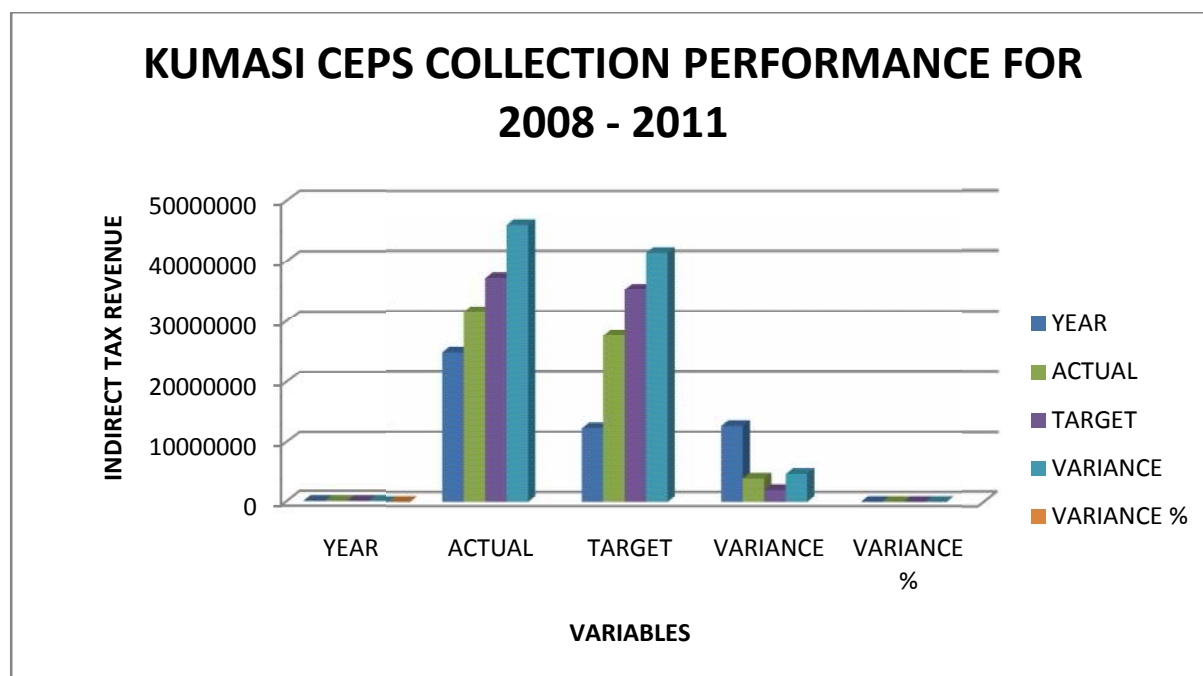
CEPS in Kumasi being able to meet their yearly target under the periods in question enable them to contribute 1% of the total CEPS revenue generated by Ghana.

FIGURE FOUR: KUMASI CEPS PERFORMANCE, 2008 - 2011

YEAR	ACTUAL GH¢	TARGET GH¢	VARIANCE GH¢	% VARIANCE
2008	24,800,000	12,200,000	12,600,000	103.2
2009	31,500,000	27,600,000	3,900,000	14.13
2010	37,100,000	35,200,000	1,900,000	5
2011	45,900,000	41,300,000	4,600,000	11.14

SOURCE: MINISTRY OF FINANCE

The diagram shows the revenue performance of CEPS in Kumasi for 2008 - 2011



Some of the reasons that account for these include;

1. Indirect taxes are easier to collect than direct taxes despite certain administrative problems; commodities are taxed at their sources, example, excise duties in the local factories and customs duties at the point of entry or exit that is at the borders.
2. Evasion of indirect taxes is difficult.

CHAPTER FIVE

SUMMARY OF FINDINGS, CONCLUSION AND RECOMMENDATIONS

5.0 Introduction

This chapter talks about the summary of findings, suggestions for further research and recommendations which if administered will result to an effective operation of CEPS which will help in mobilizing enough revenue for national development.

5.1 Summary of findings

The main purpose of the study is to explore the contribution of CEPS in respect of

- ❖ Revenue Functions and
- ❖ Non – Revenue Functions towards the development of Ghana.

To elicit information for this study interviews were conducted to staff of CEPS.

From the study, indirect taxes are amount levied indirectly on customers by purchasing certain goods and services on which the seller or provider had added the amount of tax imposed on his goods or services. The indirect taxes under the administration of CEPS include import duty, export duty, excise duty and VAT at importation. These taxes contributed 41% of total tax revenue.

However, importers, exporters and manufactures perceive the tax rate to be high and that hinders their expansion programmes. Indirect tax contributes to national development by way of generating revenue for financing public expenditure, protecting infant industries from foreign competitions, allocating productive resources efficiently, stabilizing the economy and redistributing income.

For any tax system to be effective and efficient, the tax should be equitable, certain, convenient, economically efficient, economical to administer, flexible and simple. The general function of CEPS includes the assessment and collection of customs and excise duties as well as accounting for these duties. They also perform duties on behalf of ministries like Health and Interior where they ensure the dangerous drugs and weapons are not imported into the country.

Each department within CEPS has a specific role to play for the achievement of overall objective of the service. Customs unit which operates at the harbours and airports deal with imports and exports, Excise unit exercises control over manufacturing activities in the country while the preventive unit that patrol the borders of the country is in charge of protecting the revenue and sovereignty of the nation.

The fact that imports and exports are taxed does not mean anything can be imported or exported ammunition and narcotic drugs are absolutely prohibited from being imported into the country while certain items can only be imported upon receiving the authority to do so from a recognized institute. Also, the Ghanaian cedi and parrots are prohibited from exporting while gold and diamond can only be exported after obtaining a permit from the approved organization.

Some of the problems of CEPS include amount payable as taxes by manufactures, exporters and importers, collection machinery and coverage of collection.

5.2 Conclusion

In the wake of every innovation, new problems crop up at different points and different angles. It is, therefore necessary to plan such changes judiciously, especially when it comes to doing away with old systems or orders tried over the year. Manufactures, importers and exporters should comply with all customers' regulations. Government should institute harsher punishment for smugglers since their aim invariable is to evade and deny the nation of the needed money for development.

5.3 Recommendations

Majority of the problems discussed earlier on may not be new to people charge with tax administration but the question is whether or not the right approach had been adopted in trying to solve such problems. One should, however, not lose sight of the fact that some problems seems to defy solutions as at now so only long-term planning may be the answer. The following are the some of the solutions of recommendations for the problems discussed earlier on.

5.3.1 Documentation

Custom regulations in a form of magazines should be made available to importers, exporters and local manufacturers, however, to attract necessary documentations that may facilitate the assessment of tax and clearance of goods to ease congestion in CEPS warehouses and ports.

5.3.2 Management System

CEPS are one of the most sensitive government organizations and as a result should have an automated system for customs.

The automated system is computerized system on trade and development to assist customers' administrations in the clearance of goods and the processing of customs documentation to ease clearance of goods from the ports and harbours.

CEPS has just begun a test-operation of an automated system clearance by which CEPS computerized system (GCMS – Ghana Customs Management System) is hooked to the GC Net – Ghana Community Network System (the national computer nerve center) for accelerated clearance inwards and outwards of goods. This is welcome news but the system must gradually be extended to all border frontiers, ports and harbours.

5.3.3 Training and Development

Even though CEPS has a Training School it seems that quality human resource is one of the problems that face the institution in its administration. A pragmatic approach has to be adopted in arriving at the solutions to such problems. The University, for instance the school offer course in taxation in order to turn out tax officers in their numbers. For instance the School of Business and Management Studies of the Universities could include a course like Bachelor of Science (BSC) or Bachelor of Arts (BA) in taxation. The Polytechnics too can offer Diploma course in taxation. In this way students and tax workers could be admitted to offer the programme. The CEPS can also set up a Tax Institute to train tax officers just as the other set ups are doing, like the Chartered Institute of Bankers, Accountants, Auditors, Surveyors, Engineers, etc. these measures, if taken into account would help improve the indirect tax administration.

5.3.4 Public Education

Ignorance kills and resulted in much revenue from tax payers for development, however education in a form of advertisement through radio, television, news papers may definitely reach most illiterate who fear to pay or always dodge whenever officers are going round especially self-assessment form of tax system.

CEPS can also institute a tax force to enhance the collection of tax revenue. CEPS, in addition, can make use of the students from the Polytechnics and Universities during the long vacation to help in tax mobilization which in turn gives the student some practical experience.

5.3.5 Staff Welfare

CEPS should be able to identify now, its present and immediate future welfare needs in order to formulate relevant policies for this key area. As an expanding service in terms of its ever increasing number of personnel and functions, having most of its stations and ports in most outlandish parts of the country, one cannot downplay the pre-eminence of welfare service for its officers.

5.4 Suggestions for further Research

The study focus solely on CEPS and few people who pay taxes to them and the emphasis was on the role indirect tax revenue play in national development.

In this light, there is the need for further research into other revenue agencies like internal Revenue Service and VAT service purposely to be head by one commissioner.

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APPENDIX

CHRISTIAN SERVICE UNIVERSITY COLLEGE

DEPARTMENT OF BUSINESS ADMINISTRATION

1. RESEARCH INTERVIEW QUESTIONS

Q1. What has been your personal involvement with revenue mobilization?

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Q2. What makes CEPS stand out among the other revenue services?

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Q3. Do CEPS meet their targeted revenue for the years 2008 - 2011?

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Q4. What are the revenue functions of CEPS?

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Q5. What are the non revenue functions of CEPS?

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Q6. What has CEPS contributed to national development?

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Q7. What do you feel is the number one challenge facing CEPS?

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Q8. What is your view about public perception of corruption with CEPS?

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