



# PRESS RELEASE

## Building Consensus on the e-Levy: Tact and Reason

The Ghana National Chamber of Commerce and Industry (GNCCI) acknowledges the heightened interest and concern of the business community and the public on the government's stance on the e-levy. Indeed, the GNCCI appreciates and commends the efforts used in stimulating discussions to unravel the pertinent issues underlying the policy announcement. While we collectively work to address the urgent and legitimate concerns, we should be mindful to handle the process with finesse towards reaching a thoughtful compromise.

Empirical evidence suggests that the Covid-19 pandemic has taken a toll on the national economy. The government is faced with a narrow fiscal space owing to increased expenditure, reduced revenues, and high national debt stock. Nonetheless, the government has given its strong inclination to build a sustainable entrepreneurial nation through fiscal consolidation and job creation as captured in the 2022 Budget Statement and Economic Policy. It is therefore understandable to see government explore ways of financing the budget from both domestic and international market.

The government, through the Minister of Finance, has strongly argued that the e-levy is critical to providing adequate revenue to upturn Ghana's GDP as well as lowering the debt levels. In particular, this source of expected revenue among others is needed to "sustainably invest in entrepreneurship, youth employment, cybersecurity, digital and road infrastructure".

In keeping with good faith, the Minister of Finance recently announced a 20% downward adjustment of the quarterly expenditure ceilings per section 25 of the Public Financial Management Act (PFMA) law. The Minister has also engaged the telecom operators to reduce their fees by 25%.

The GNCCI supports the introduction of e-levy to rake in additional revenue to support government's priority expenditure. However, we are concerned that the burden-sharing and consultation was done without representation from trade and business associations whose constituents will be greatly affected by this policy.

At the onset of the policy announcement, the GNCCI called on government to re-consider the rate of 1.75% as it will further worsen the plight of businesses, particularly SMEs who are mainly growth-driven (3 out of 4 SMEs) and susceptible to firm-specific risks, industry volatility, and economic cycles.

Government's insistence on maintaining the rate at 1.75% does not augur well for businesses, especially who are recovering from the shocks of the pandemic amidst high cost of doing business in the country. As a third party to e-transactions, the government's e-levy rate is in excess of the total fees and charges billed by service providers.

In simple terms, the 1.75% e-levy serves as a disincentive and punitive to existing taxpayers and threatens the gains made in our financial inclusion journey. **The**

**introduction of the e-levy must not stifle the growth and sustainability of businesses in Ghana.**

Best practice has shown that some African countries that have imposed e-levy have their rates less than 1%. While being mindful that the revenue estimation took into account the 1.75% e-levy to meet the budget deficit, the Chamber calls on government to hasten slowly with the implementation. **It is instructive to support businesses to grow and thrive (increased output, employment, and tax revenue) than to burden them with increasing cost of doing business that will stifle output, employment, and tax revenue.**

Accordingly, the GNCCI proposes a band of **0.5% – 1.0%** as cost-shared applicable for registered taxpaying businesses in the country to ensure fairness and equity. **Subsequent engagements with government, telecom operators, and end-users are required to reach a thoughtful compromise.** The Chamber's proposed band has implication for widening the tax base towards increasing tax revenue. It also serves as an incentive for existing tax payers. In addition, the growth of SMEs and the gains in financial inclusion will be sustained.

In line with our legislative mandate of promoting and protecting commercial interest in the country, the GNCCI will continually leverage its national convening role for further engagements with state and non-state actors. Let us all work together in building a strong unified front for the full realisation of the objectives of the e-levy.

Long live the GNCCI, long live Ghana.

Thank you.

***Signed***

**Mr. Clement Osei-Amoako**  
**President, Ghana National Chamber of Commerce and Industry**

Monday, 24<sup>th</sup> January, 2022  
[info@ghanachamber.org](mailto:info@ghanachamber.org)