

The Ghana Chamber of Mines, an association of mining companies, has launched an eyebrow-raising report, claiming that "On average 9.2% of a mining entity's revenue is paid to Government in taxes and contributions borne." What the report means is that individual mining companies operating in Ghana paid \$9.20 of every \$100 (or GHC18 out of every GHC196) of their revenue to government in the form of taxes and other contributions in 2009 and 2010. Government in the form of taxes and other contributions in 2009 and 2010.

The report, titled 'The total tax contribution of mining companies in Ghana', also suggests that tax obligations of mining firms could reach 63.5%. 'Mining companies pay many other taxes in addition to corporate tax. Corporate taxes are only 26% of total taxes and contributions borne by the mining entities. An additional 37.5% of specific mining taxes are borne by the mining companies. The report covers nine companies, according to the Pricewaterhouse Cooper (PwC), who prepared it on 'gratis' basis for the Chamber of Mines.

Launched in Accra on Wednesday, the report has been criticized for being silent on the number of incentive packages that companies in the sector enjoyed and the overall impact (cost-benefit analysis) of mining of the Ghanaian economy in terms of the socio-cultural and environmental impacts.

First to jab the authors for the report's skewed outlook was Dr. Steve Manteaw, Co-ordinator of Campaigns at the Integrated Social Development Centre (ISODEC), who vehemently opposed the report's failure to juxtapose the taxes paid by mining companies with the incentives they enjoyed as well as the cost of mining. He could not understand, for instance, that authors of the report had failed to also compare total government take from mining to total company take, drawing attention to other studies which had suggested that only 5% of total mineral revenue is retained in Ghana with 95% leaving the shores of the country.

Other stakeholders were unsatisfied that the report had been restricted to only 2009 and 2010, arguing that it could not be relied upon for trend analysis.

A report, titled 'Towards a fair and equitable taxation for sustainable development financing in Africa': a study on trends and nature of taxation in Ghana's extractive sector, authored by Thomas Akabzaa and Charles Ayamdoo in 2009 revealed that in spite of increases in mineral output over close to a decade the government of Ghana has not been able to mobilize sufficient

revenue to meet its budget; hence piling up stocks of debt. According to the report, commissioned by ISODEC, in 2001 tax revenue from mining was US\$31 million, representing about 4% of total government tax revenues. The mining sector's share of corporate taxes over the period declined, accounting for less than 2% of total corporate taxes, compared to 29% for the financial sector, 10% for commerce and 16% for the manufacturing sector.

It is instructive that many large mining companies started paying corporate taxes after 2008, having enjoyed 5 — 10 years capital allowance period. The dissenting comments forced officials of the Chamber and PwC into an offensive, insinuating that certain civil society groups were misinforming the Ghanaian populace about the actual benefits accruing to the nation from mining.

It was also an opportunity for Mr George Kwatia of PwC to clarify that "The survey looks at cash payments... we did not audit these figures; these are figures as presented from the books that the participating companies gave us... It is purely cash based.

On methodology, he explained the rationale for choosing nine companies, saying there were ten big companies that were members of the chamber, thus nine was representative. The companies were asked to provide data on their taxes and other contributions paid to the Government of Ghana for the 2009 and 2010 calendar years. PwC then collated and analyzed the data using its Total Tax Contribution Framework.

Key highlights of the report are that "for 2010 the total taxes borne by mining companies amounted to 301 million USD [US Dollars] of which 121 million consisted of profit taxes and 113 million of mining specific taxes such as royalties." It also states that "On average, participants [companies] in the study paid an amount equivalent to 13% of their turnover as contributions to government. This ratio measures the taxes paid and collected in relation to the size of the mining entity as measured by turnover."

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