

Govt must engage labour on 15% VAT on electricity — Austin Gamey

By Emmanuel Bonney

LABOUR and alternative dispute resolution (ADR) expert, Austin Gamey, has charged the government to move with the speed of light to engage labour on the recent 15 per cent VAT imposed on electricity.

That, he said, was to fashion out ways through which it could cushion workers to ensure sanity on the labour front.

"Petrol has been increased by three per cent and the Ghana Private Road Transport Union (GPRTU) is threatening to increase fares by 60 per cent. We have just imposed a tax on electricity and so obviously, people would like you to cushion them.

"If the government is smart, it should invite them to a national tripartite committee meeting and use the tax thresholds to give everybody something," Mr Gamey told the *Daily Graphic* in an interview.

He said the Labour Law enjoined tripartite body to often meet, at least every quarter, to enable them to discuss the importance of the national economy.

Bother

Mr Gamey, who is the Chief Executive

Officer (CEO) of Pulse Institute Africa, said the 15 per cent VAT was a bother to unions who would definitely come out with concerns since the development would affect their members.

"So the government would have to be sharp and be forthcoming and invite experts who have a better appreciation of how these things are done to assist them," he said.

He further stated that there was a need for the government to make use of experts from the 30 million Ghanaians since the country did not belong to any single political party.

The failure to do that, he said, would result in the government suffocating from the pressures of labour.

He said labour would be legitimate in making demands to cushion members in the wake of the increase.

In 2015, he said when the country was

very hot, former President John Mahama invited all labour unions, including chiefs to a meeting in Ho where information was shared with the unions.

He said having been presented with information about the country, the unions realised that if they went to the full hull, the nation would be destroyed.

Announcement

The Ministry of Finance announced the implementation of the 15 per cent VAT for residential customers of electricity above the maximum consumption level specified for block charges for lifeline units in line with Sections 35 and 37 and the First Schedule (9) of Value Added Tax (VAT) Act, 2013 (ACT 870) effective

January 1, 2024.

The move formed part of the implementation of the government's Medium-Term Revenue Strategy and the International Monetary Fund (IMF) Supported Post Covid-19 Programme for Economic Growth (PC-PEG), the ministry said.

A statement issued by the ministry said VAT was still exempt for a supply to a dwelling of electricity up to a maximum consumption level specified for block charges for lifeline units in line with Sections 35 and 37 and the First Schedule (9) of Act 870.

It, therefore, directed the Electricity Company of Ghana (ECG) and the Northern Electricity Distribution Company (NEDCO) to liaise with the Ghana Revenue Authority (GRA) to ensure that the implementation of VAT for residential customers of electricity above the maximum consumption level specified for block charges for lifeline units takes effect on January 1, 2024, in line with Section 35 and 37 and the First Schedule (9) of Act 870.

Avoiding strikes

On how to ensure sanity on the labour front this year, Mr Gamey said it would require a certain dedication on the part of the Ministry of Employment and Labour Relations and various management of government agencies and establishments.

That, he said, was to prevent a strike and to have an early resolution of anything or issue that would come up.

"It is important that we build partnerships across the global supply chain to ensure that businesses remain competitive to drive growth and development."