

TUC kicks against 15% VAT on electricity

... gives govt 7-day ultimatum to withdraw it



• Dr Yaw Baah

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THE Trade Union Congress (TUC) has asked the government to withdraw the Value Added Tax (VAT) on electricity on residential customers within seven days.

“We are giving government up to January 31, 2024 to withdraw the letter, if by that time the Minister of Finance has not given the directive to Electricity Company of Ghana (ECG) and Northern Electricity Distribution Company (NEDCO) to stop the implementation of VAT on residential customers, we will advise ourselves.”

The General Secretary of TUC, Dr Yaw Baah stated this at a press conference in Accra, yesterday, on the imposition of VAT on residential customers.

The General Secretary said “our message to government is

very simple - we cannot pay VAT on electricity, we will not pay it today, we will not pay it tomorrow.”

He said the TUC sighted a circular from the Ministry of Finance, signed by the sector minister, Ken Ofori Atta, dated December 12, 2023, directing the two main distribution companies, ECG and NEDCO to start the “implementation of VAT for residential customers of electricity above the maximum consumption level specified for block charges for lifeline units in line with Section 35 and 37 and first schedule (9) of (VAT) Act, 2013, (Act 870)” effective January 1, 2024.

He said the measure was part of government’s medium-term revenue strategy and the IMF supported post COVID-19 programme effective January 1, 2024.

The General Secretary stated that the implication for residential customers of ECG and NEDCO

were that the cost of electricity would go up by minimum 15 per cent and all residential customers who consume above the lifeline of 30 kilowatts hour would pay the 15 per cent VAT.

Dr Baah said “it is worth noting that 30 kilowatts hour of electricity allowed the lifeline customers to use only three LED bulbs, one electricity iron, one television and one fan,” he added.

He noted that since 2022, electricity tariffs had gone up by 73 per cent and said organised labour was demanding the immediate withdrawal of the letter and another directive from the Minister of Finance to ECG and NEDCO to stop the implementation of the VAT on residential customers of electricity.

He said it was sad to note that while government was imposing VAT on residential consumers of electricity, plans were far advanced to remove VAT on mineral exploration in Ghana for wealthy multinational mining companies.

“In situations like what Ghana is going through, our mineral resources are expected to provide a buffer to cushion the economy from external and internal shocks. But in Ghana, sadly that is not the case. It is always the poor people who bear the brunt. We should not allow that to continue,” he added.