Conference on Improving Domestic Resource Mobilization and Stemming Illicit Financial Flows Tax Justice for Promoting Equality and Social Justice.

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Model 1, Panel 2: Bribery and Corruption Vs. Tax Revenue Mobilization

**Speaking Notes by Ayamdoo Charles**

1. Though the term corruption is variously defined, there is a common understanding that “Corruption” is the “abuse or misuse of entrusted power for private gain”. That, it has many faces, notable among them are: bribery, misappropriation, embezzlement, extortion, illicit enrichment, trading in influence and money laundering. No sector is immune from corruption. As such, these types of corruption are present in revenue agencies of Ghana. In fact, the revenue agencies of Ghana are said to be among the 10 most corrupt institutions in the country.
2. Despite the definitional challenges, it is no more in doubt that corruption undermines a government’s ability to provide basic services and violates human rights. Corruption feeds inequality and injustice. It is a major obstacle to poverty alleviation and development. Therefore, taking measures to address corruption cannot be overemphasized.
3. My presentation is a complementary view from Ghana on 1)what achieved in Ghana since independence to improve on corruption? 2) what the success stories are and 3)what needs to be done(society as well as the international community) to enable Ghana succeed in the efforts to address corruption?

Where did we come from?:

1. Ghana has tried several strategies since independence to address corruption. I identify four significant periods: periods of civilian rule (1957-1966 and 1993-Date); predominantly military rule (1967-1983)
2. In the period after independence, apart from the passage of the Criminal Offences Act 1960(Act 29) and the Criminal and Other Offences (Procedure) Act 1960 (Act 30), which made corruption punishable by up to 25 years imprisonment, the period was known for the use of “Dawn broadcasts”, every morning where the then President appealed to Ghanaians to resist and reject bribery and corruption.
3. After the overthrow of the first President in 1966 through to 1992, Ghana turned to the:
* Establishment of Commissions of Inquiry to investigate individuals and corporate bodies suspected of contributing to rampant corruption in the country
* Establishment of Civic Centres under which campaigns against receiving gifts as potential sources of corruption were heightened

 7. During that period also, the possession of unexplained wealth was introduced as an offence and life style vetting was implemented. The Citizens Vetting Committee, later the Office of Revenue Commissioners, investigated the possession of unexplained wealth and persons defaulting in payment of taxes, among others. The Police Service dealt less with corruption. A few “corrupt” individuals were executed by firing squad.

 8. Remarkable achievement at the time was the mobilisation of the population against corruption and malfeasance with the establishment of Workers /Peoples’ Defence Committees. Some power was given to these committees at the workplace and communities and they did report corruption and related offences for investigations. There were special courts, Public Tribunals, that heard corruption cases.

 9. It is believed by many that Ghana became more serious with the fight against corruption in the period 1979-1991, largely because of two things: Mass mobilisation and deterrence.

 10. Ghana then returned to constitutional rule in 1993. The Internal Revenue Service, Customs, Excise and Preventive Services (CEPS) and the VAT Service were responsible for revenue mobilization.

Where are we?

 11. The new Constitution adopted in 1992, in Article 35 (8) mandates the state shall take measures to combat corruption and abuse of office. Ghana continued to strengthen the anti-corruption legal and institutional framework including re-organising the revenue agencies into the Ghana Revenue Authority (GRA) and the establishment of the Economic and Organised Crime Office (EOCO), among others.

The EOCO is tasked to investigate Tax fraud, trafficking in stolen and other goods, piracy of products, smuggling, market manipulation and prohibited activity which attracts a sentence of at least 12 months imprisonment. It was reported in February 2019 that the EOCO had recovered about 12 Million USD from tax defaulters.

 12. In 2009, a reflection of what had worked and what did not work for Ghana revealed the following, among others:

* Previous effrots did not make the desired impact due to:
	+ Absence of sustainable strategy
	+ Measures implemented were adhoc, piecemeal, uncoordinated and difficult to monitor progress
	+ Political enthusiasm rather than political will, and
	+ Over politicisation of corruption and crime

 13. What worked?

* Mass mobilisation against corruption
* Deterrent measures were applied
* Criminalisation of possession of unexplained wealth but which was abolished in 1993. The International community has called on Ghana to re-criminalise it as it can lead to closing the gap on tax defaulters and illicit acquisition of wealth.
* The measures resulted in general improvement on perception of corruption. Ghana scored between 39 and 48 as of 2014 and back to 41 in 2018) on the TI Corruption Perception Index, placing it among the best faring 8 countries in Africa over time.

 14. In 2009-11, Ghana made a paradigm shift in the way she addressed corruption by adopting, through Parliament, a 10-year National Anti-Corruption Action Plan (NACAP)(2015-2024) after broad public consultations. It has four strategic objectives focusing on building public capacity to resist and fight corruption, institutionalising transparency and accountability, involvement of private sector, civil society, faith based organisations and the media in the fight against corruption, and effective investigation and prosecution of corruption. This Plan is the blue print, overarching plan being implemented by public, private and civil society sectors, as the fight against corruption is a collective responsibility. Thus, it requires public, private partnership.

 In terms of measures to address corruption in revenue mobilization, NACAP, has the following: rotation of revenue staff, simplifying tax procedures for assessment, collection and payment verification), developing user-friendly and efficient tax administration, enforcing conflict of interest rules, and instituting whistleblower mechanisms at GRA, among others. These measures are at the back of the Revenue agencies being one of 10 most corrupt institutions in Ghana.

 15. Specifically, in trying to address corruption, tackle the misuse of corporate vehicles to hide proceeds of corruption and crime and combat money-laundering and illicit financial flows, Ghana is implementing the following measures, among others:

* Taxpayers Identification System, where tax payers are provided Tax Identification Numbers without which, tax payers cannot:
	+ Clear goods from the ports
	+ Register your land documents with the Lands Commission
	+ Open a bank account
	+ Register your company at the Registrar-Generals’ Department
	+ Obtain payments for jobs/contracts done for the government
	+ File a case at the courts
	+ Obtain a passport from the Passport Office
	+ As of April 2018, 1,090, 338 TINs were issued.

Ghana suffers from IFF. 2 billion US is said to be lost annually. From 2004-2013 Ghana lost about 4 Billion USD (Global Financial Integrity). Trade under invoicing, import over invoicing, Import under invoicing and Export over invoicing in all, cost Ghana over 14 Billion USD (ACEP, 2015 and ISODEC, 2016)

Measures to stem it:

* + Strengthening anti-money laundering capacity: Customer Due Diligence and Know Your Customer (KYC) rules are being enforced vigorously. Under AML Act 874, tax fraud is a predicate offence
	+ Beneficial ownership law was enacted in 2016, making Ghana one of the first in Africa to pass such a law. Furthermore, Ghana signed unto the Addis Tax Initiative as well as the Common Reporting Standard Initiative and is committed to strengthening partnerships with other countries to lift bank secrecy, curb tax avoidance by companies registered in offshore tax havens.
* Further measures to “significantly reduce illicit financial and arms flows, strengthen the recovery and return of stolen assets and combat all forms of organized crime” SDGs Goal 16.4, are the following:
	+ Implementation of a National Digital Property Addressing System
	+ digitising land registry and titles through Land Survey Mapping for easy checking of land title electronically.

16. No one country can fight corruption alone successfully. International cooperation is therefore, key. That is why states parties to the UNCAC are required to cooperate with each other in addressing corruption, including in mutual legal assistance, extradition, extradition, joint investigations, sharing information and intelligence and most importantly, providing assistance in asset recovery and return. These, it is expected, will ensure there is no hiding place anymore for the corrupt.