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Excise Duty (Amendment) Act, 2023

Introduction

Introduction The Excise Duty (Amendment) Act, 2023 was passed to amend the Excise Duty Act, 2014 (Act 878).

It was assented to on 3rd April 2023. The key objective of the amendment is to revise and expand the list of goods subject to excise duty and to increase existing rates on certain products.

Specifically, the amendment:

- Increases excise duties on cigarettes and tobacco products, wine, malt drinks, and spirits; and

- Introduces new excise duties on sweetened beverages, fruit juices, electronic cigarettes, and electronic smoking devices.

Background and Rationale

The primary policy objective behind the amendment is to promote healthy living in Ghana by discouraging the excessive consumption of unhealthy products. According to Mr. Labram Musah, the National Coordinator for the Ghana Non-communicable Disease Alliance (GhNCDA), studies by the Global Obesity Observatory (2023) reveal alarming trends:

- Approximately 4.5 out of every 11 Ghanaian children are classified as obese.
- About 7 in 10 Ghanaian adults are also considered medically obese.

The government identified the increased consumption of processed foods, sugary beverages, and tobacco products as a leading contributor to these trends. By imposing or increasing excise duties on such goods, the State aims to:

- Reduce demand and overconsumption through higher prices,
- Promote healthier lifestyle choices, and
- Generate additional public revenue.

Overview of the Amended Excise Duties

The Amendment substitutes a new First Schedule to Act 878, detailing the revised duty structure across various goods. Below is a breakdown of the relevant tariffs and duty rates:

Tariff No.	Product Category	Condition / Description	Excise Duty Rate
2	Malt Drinks	Less than 50% local raw materials	20% of ex-factory price
		50%–70% local raw materials	12.5% of ex-factory price
		More than 70% local raw materials	10% of ex-factory price
3	Beer & Stout (non-indigenous)	Less than 50% local raw materials	47.5% of ex-factory price
		50%–70% local raw materials	32.5% of ex-factory price
		More than 70% local raw materials	10% of ex-factory price
4	Cider Beer	All	20% of ex-factory price
5	Wines (including sparkling wine)	All	45% of ex-factory price
6	Spirits	Distilled/blended/compounded spirits	50% of ex-factory price
		Local gin ("Akpeteshie")	20% of ex-factory price
7	Tobacco Products	Cigars and cigarettes	50% + 28 pesewas per stick
		Negrohead, snuff, other tobacco	GHS 280 per kilogram
		Electronic cigarette liquids	50% + 50 pesewas per millilitre
		Electronic cigarettes/devices	50% of ex-factory price
8	Plastic and Plastic Products	Chapters 39 & 63 of HS Tariff Schedules	10% of CIF value
9	Textiles and Pharmaceuticals	All	0% (exempt from excise duty)

Note: “Ex-factory price” refers to the price of goods at the point of manufacture, excluding taxes and transportation costs. “CIF value” refers to the Cost, Insurance, and Freight value at the point of entry for imported goods.

Conclusion

The Excise Duty (Amendment) Act, 2023 represents a significant fiscal and public health intervention. By adjusting duty rates and expanding the scope of taxable goods, the government seeks to:

- Encourage manufacturers to use more local raw materials through differentiated duty rates,
- Combat rising rates of non-communicable diseases, and
- Increase revenue mobilization for national development.

Manufacturers, importers, and distributors must carefully review the new excise schedule to ensure full compliance. Regulatory enforcement is expected to be robust, with penalties applicable for non-compliance under the Excise Duty Act.

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