

Agpaytech's Research  
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# Ghana's E-levy Missed Target, Received Just 6.41% For Quarter 2



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The Ministry of Finance fiscal data released in July has shown a substantial deficit in revenue from the debatable electronic transfer levy. The E-levy was initially projected to rake in ₺6.9 billion by the end of 2022 of which it was revised to ₺4.5 billion. Currently, the data indicated revenue received in May and June was 8.09% and 12.99% of the targeted amount. The total amounted raised as of the second quarter of 2022 stood at ₺93,728,578, which is just 6.41% of the estimated budget of ₺1,462,311,113. This means that a huge amount of ₺1,368,582,535 was missed.



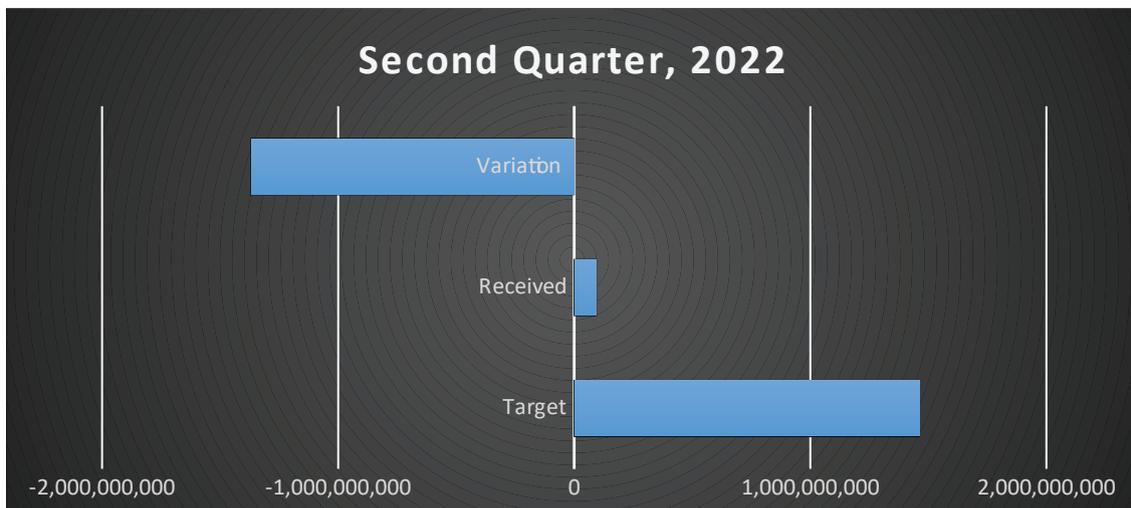


Figure 2: E-Levy for Q2 in 2022

## Background: Electronic Transaction Levy (E-Levy)

Ghanaians start paying 1.5% tax on electronic transactions from May 1. The levy applies to mobile electronic transactions that exceeds GH¢ 100. The Electronic Transfer Levy Act 2022 (Act 1075), assented into law and gazette on 31 March 2022. The Bill was adopted at a reduced rate of 1.5% from the initial 1.75%. The levy shall be charged on an electronic transfer at the time of transfer by the entities, electronic money issuers, payment service providers, banks, specialized deposit-taking institutions, and other financial institutions authorized by the act. The tax, which has become a subject of debate among Ghanaians, is expected to rake in close to ₺6 billion in tax revenue for the country, but later revised to ₺4.5 billion

The levy aims to widen the tax net and rope in the informal sector. According to Ghana's Finance Minister, a portion of the proceeds from the E-levy will be used to support entrepreneurship, youth employment, cyber security and digital and road infrastructure, among others. The Ghana Revenue Authority (GRA) is in charge of the E-levy collection.

## **Implications**

Generally, the E-levy sparked widespread anger among a section of Ghanaians right from its pronouncement by the Finance Minister. Mobile money agents and subscribers agitated this could impact people's income, and reduce the use of mobile money payment. In a triple effect, the low-level income group is likely to return to the cash system as a way to overcome e-levy. This has resulted in missing all targets in the revenue mobilization as far as the E-levy is concern.

With the preparation to launch eCedis, and promotion of digitalization in Ghana as key financial inclusion agenda, a further slash of the levy to 1% or 0.75% would reduce the negative impressions and change consumers' perception towards e-money. Besides, there is urgent need for public education on the exclusion and inclusion criteria of the E-levy on mobile money payments.