



Graduate School of Development Studies

**When Nothing Really Works; The Dilemma of Mobilizing Local Revenues in Ghana:
A Comparative Analysis of Local Taxes
in the Tamale Metropolis.**

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This document represents part of the author's study programme while at the Institute of Social Studies. The views stated therein are those of the author and not necessarily those of the Institute.

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List of Acronyms

AMA	Accra Metropolitan Assembly
CDD	Centre for Democracy and Development
CG	Central Government
CWS	Common Wealth Secretariat
DA	District Assembly
DACF	District Assembly Common Fund
DVLA	Drivers and Vehicular Licensing Authority
GLSS	Ghana Living Standards Survey
GoG	Government of Ghana
GSS	Ghana Statistical Service
IGR	Internal Generated Revenue
IGT	Intergovernmental Transfer
ILO	Internal Labour Organization
LG	Local Government
LGs	Local Governments
MLGRD	Ministry of Local Government and Rural Development
MMDAs	Metropolis, Municipal, and District Assemblies
NALAD	National Association of Local Authorities in Denmark
PPP	Public Private Partnership
PTA	Progressive Traders Association
TaMA	Tamale Metropolitan Assembly
UK	United Kingdom
IULA	International Union of Local Authorities.
OECD	Organisation for Economic Co-operation and Development.
UN	United Nations

Abstract

The paper compares the following five local taxes in the Tamale Metropolitan Assembly (TaMA): Rates, Lands, Fees and Fines, Licenses and Rent. The case shows the inefficient manner of local revenue mobilization in TaMA which however is endowed with broad revenue bases.

The study asserts that the functions in the local tax chain namely: definition of tax bases, tax base valuation, tax assessment, tax collection, tax enforcement, tax appeal and taxpayer education or services are not been properly conducted. The system is characterised by unprofessionalism and the use of discretion of tax administrators without following established standards. Hence the telling negative effect on utilizing the broad revenue bases. This study revealed that the revenue assignment policy of LGs in Ghana and administrative or managerial choices are the difficulties that influence local taxation negatively.

It has been confirmed that the taxes in the metropolis are potentially viable and buoyant capable of meeting the cost of some local needs if properly harnessed. This gives credence to the much held opinion that metropolises unlike small districts have potentially viable taxes but that the problem has been largely with the management of these taxes. The study also confirms rates as the most viable local tax followed by fees and fines, licenses, lands and finally rent. The position of land related taxes is because of the domain of responsibility of taxation which in this case is in the office of stool lands and not TaMA.

Finally, the study brings to the fore how other constraints influence efforts of TaMA in local revenue mobilization. These factors include CG regulations, expenditure assignments of LG, CG transfers and the cultural and ethnic problems in the area; the others are corruption and political patronage, inadequate capacity and logistical constraints and poor financial management expertise; the rest are transparency and accountability and poor monitoring and evaluation of local revenue mobilization strategies.

Relevance to Development Studies

The debate on LG finance is often neglected to debates on international financial crisis and other national level financial matters. Meanwhile the provision of services which impacts directly on the lives of residents is determined by the ability of LG to mobilize enough income to finance the cost of these services. How local revenues are generated is important considering the growing demand on LGs to provide essential services to the increasing populations in cities and rural areas. This research brings to the fore the core issues of local revenue mobilization, emphasising the need for improved performance of functions in the local tax system. This contributes to knowledge on LG finance and the debate on the need for fiscal autonomy of LGs in Ghana (Bird, 2010).

Keywords

Fiscal Decentralisation; Local Government (LG); Revenue Assignment Policy; Local Revenue Mobilization; Local Taxes; Tax Chain; Tamale Metropolitan Assembly; Tax Efforts.

Chapter One: Introduction

1.1 Background to the study

This research seeks to discuss how the revenue assignment policy and administrative choices in the local tax system influence revenue mobilization in the TaMA. It therefore looks at the tax chain as the basis of comparison of five local taxes. These taxes are rates, lands, fees and fines, licences and rent. How Local Governments (LGs) are financed may appear to be a less significant issue which is often lost to discussions about international financial crises and other national level politics. However most of the decisions in the national public sector have little direct effect on the daily life of the citizens. The real action that impacts on the lives of citizens in the form of level, quality and prices of local services is dependent on how local services are financed at these local levels (Bird, 2010). This is dependent on the financial resources at the disposal of Local Government (LG). A central issue in decentralisation is the capacity of LGs to deliver the responsibilities transferred to them. Fiscal Decentralisation is an aspect of decentralisation policy that supports and further streamlines the financial capacity of LG. It involves four policy issues and these include fiscal regulation, intergovernmental transfers (IGT), revenue, and expenditure assignments (Smoke, 1993; Litvack et al, 1998; Appiah et al, 2000). Germane to this research is the revenue assignment of LGs. This has implications for the autonomy and effectiveness in service delivery of LGs. Central Government (CG) policies and changes in population demographics are pressures that bring about the need to make adjustments for example by adopting new tax sources (Bahl et al, 1984). This often involves changes that are difficult and politically sensitive to undertake (Sjoquist, 2003:1).

Helmsing (2005:20) underscores the inability of LGs in sub Saharan Africa *“to define tax rates and service charges and to develop their own tax bases in accordance with their expenditure responsibilities”*. Smoke (1993:905) observes that the type of LG determines the local revenue base. Urban LGs appear to have reliable revenue bases than rural LGs. The less developed nature of local economies has serious implication for the size and composition of the revenue base. The industrial activities and private property in developed economies constitute the local revenue base for these LGs. Local revenue bases in many developing countries are largely unstable and often depend on agricultural income. Citizens are not able to pay taxes due to unstable income. Market taxes constitute an important source of local revenues in many LGs in developing countries (Boko, 2007:3). The growing interest in LG resource mobilization is to among other things improve on the quality of life in cities and a realisation that LG is better placed to explore local taxable opportunities (Bahl et al, 1984:215).

LG Act 462 (Section 86) indicates the sources of revenue to LGs to include property rates, rents and other taxes. Though some of these sources of revenue are not significantly viable in rural districts, in the case of metropolitan and municipal governments in Accra, Kumasi, Tema, Sekondi-Takoradi, Ta-

male, etc it may represent substantial revenue if they are mobilized. Ironically, some of these well-endowed metropolitan governments are unable to mobilise substantial internal revenues and prefer to rely on the District Assembly Common Fund (DACF). Internal Generated Revenue (IGR) accounts for about 14% in TaMA as at 2009. What is unique about this LG is that, it is the only Metropolis in Northern Ghana that mobilises up to 14% of total revenue. In other districts in the Northern part of the country, internally mobilised revenue averages 5% of total revenue. Other endowed districts in the southern part of Ghana averagely have IGR of 10 -12%. The others are 32%, 44% and 95% for Kumasi, Accra and Tema metropolises respectively (Common Wealth Secretariat, 2010: 29). Meanwhile only 3 -4 percent of the 5% of national revenue required to be transferred to LGs was actually transferred from 1994 to 2000 (Awortwi, 2010:625). A shortfall of not less than 30 percent in central government transfers has been observed during the period of 2005 to 2008 (ILO, 2009:59).

1.2 Problem Statement

Increasing demands imposed on LGs by citizens has increased the desire of LGs to mobilize more revenues to be able to meet the cost of providing those needs. Resources mobilized through voluntary contributions, local taxes and user charges are all mechanisms to achieve this objective (Bahl et al, 1984). The challenge that most LGs in Ghana encounter is the small size of local revenue bases. Some LGs however have relatively broader revenue bases which when properly harnessed could impact positively on their resource mobilization efforts. TaMA falls in this category of LGs (Common Wealth Secretariat, 2010).

Functions of LGs bestowed upon them by the 1992 constitution include the formulation of plans, programmes and strategies for the effective mobilization of the needed resources necessary for the overall development of the LG area and the levying and collection of rates, taxes, duties and fees (Government of Ghana (GoG), 1992). LG Act 462 (Section 86) indicates the sources of revenue to LGs to include property rates, market dues and rents and other taxes. *“In other words, an LG may charge fees for any service or facility it provides, or for any license or permit issued, and have the power to fix and increase its charges”*(Common Wealth Secretariat, 2010). Even though an Act of parliament, Act 462 provides for the potential sources of revenue, LG is unable to meet its revenue responsibilities. To unpack this, an understanding of the factors that impinge on the revenue mobilization efforts need to be made.

It is worth establishing that the success of any revenue mobilization agenda is largely dependent on revenue assignment policy and administrative choices. Policy decisions on the definition of tax bases and exemptions, that is the much politicised issue of who determines and collects what taxes (Bird and Vaillancourt, 1998), valuation, assessment, collection and enforcement of taxes influence local tax yield in diverse ways (Roy, 2000).

For instance, the potential of a particular source of local revenue to contribute significantly to revenue yields depends on the viability of the tax base and the valuation and assessment policy and management choices made. Whether LG can vary tax rates without recourse to CG is critical at this stage.

This shapes the responses of local taxpayers. The sharp end of collection of taxes in the tax chain is often neglected. If the right policy choices are made for base definition through valuation to assessment, the incompleteness of billing and collection of taxes stifles the previous efforts. Therefore improved administrative measures put in place to collect and enforce taxes are as important as the other functions (Roy, 2000).

The lack of incentives and other administrative factors such as design of taxes, patronage, capacity and logistical issues and cultural limitations perversely influence revenue yields. Attempts to evade taxes are abound; therefore efficient measures are needed to deal with defaulters and enhance tax collection. Tax education and taxpayer service is an important stage in the tax chain the neglect of which could cause residents to dishonour tax obligations (Roy, 2000).

It is important to underscore that the metropolis over the years has made efforts towards improving revenue mobilization. Table 1.1 shows the revenue efforts of TaMA. Data available shows the revenue targets that were achieved from 2007 to 2010. These achievements are not significant considering the percentage to total income they constitute. This, in a statement by the mayor is attributed to the inability of LG to design appropriate strategies to enhance the process of revenue mobilization and the reliance on CG transfers (<http://www.ghanadistricts.com/districts/?news&r=6&=80>. Last accessed on 16/05/2011).

Table 1.1: Revenue efforts of TaMA

Year	Estimate GH¢	Actual GH¢	Percentage achieved	Total In- come GH¢	% of IGF
2007	778831.90	243817.62	31	2,513,058.56	9.70
2008	743459.00	26507.08	38	971,287.55	27.29
2009	865620.00	600412.39	70	4,077,922.79	14.74
2010	814148.00	854904.66	105	3,990,379.14	20.19

Source: TaMA, 2011

The state of local tax yields gives an indication of inefficient conduct of the various stages in the tax chain. According to Boko (2007) it is possible to attribute poor revenue yields to corrupt practices perpetuated by tax collectors due to lack of incentives. This could also be as a result of engaging private associations which leads to corruption (Awortwi, 2004). CG transfers could also serve as a disincentive to revenue mobilization so that transfers are substituted to local fiscal effort (Bahl et al, 1984).

The current state of fiscal decentralisation in Ghana brings to the fore the incapacities of LGs to mobilise their internal revenues. CG transfers to LGs are not consistent. This has impeded on the ability of LG to meet its expenses (Smoke, 1994).

1.3 Research Objectives

- a. To ascertain how functions in the tax chain ranging from tax base identification to taxpayer services are conducted in TaMA.
- b. To examine the potential viability of local taxes in TaMA.
- c. To explore the factors that impinges on local revenue mobilization.

1.4 Research Questions

How do revenue assignment policy and administrative choices in the local tax system influence local revenue mobilization?

Sub Questions:

- a. How are tax base definition, valuation, assessment, collection, enforcement, tax appeals and taxpayer services conducted for the following local taxes: Rates, lands, fees and fines, licences and rent? And do they affect revenue mobilization?
- b. What are the potential viability and buoyancy of local taxes in TaMA?
- c. What are the other factors that impinge on local taxation?

1.5 Limitations of the Study

- a) Access to data was not easy as anticipated. The persons that were assigned to assist the researcher were often not available. In most cases the data was just not available making the whole process a little difficult. Again some of the respondents live in different cities, as such the researcher had to travel or conduct telephone interviews.
- b) As an indigene of the area, quite an effort was needed to separate the researcher's biases from the outcome of the research.
- c) The scope of this paper is limited to revenue responsibility of LG, this does not include the expenditure analysis of LG
- d) The study uses purposive sampling as the main technique for data collection. The quality of the work was at stake due to likely biases. However, care was taken to minimise biases in the outcome of the research.

1.6 Methodology

Study Area

TaMA is the commercial and educational hub of the northern part of Ghana. It is the administrative and regional capital of the northern region. It is regarded as one of the fastest growing settlements in the country, as it keeps attracting major establishments. Its potential as the business centre of northern Ghana may attract further expansion. Another sector that is seen to be growing at a fast pace is the small-scale industrial base.

The metropolis is bounded on the south by the East Gonja, on the north by the Saveligu- Nanton, on the west by Tolon-Kumbungu and on the east by the Yendi districts (Appiah et al, 2000:79). The Metropolis is made of 231

communities, 197 rural and 34 urban communities. It has 3 sub metropolises namely; Tamale north, central and south. The metropolis has 11 town councils but 2 are currently on pilot bases (Kalpohin and Kakpagyili). It is a 97 member assembly of which 64 are elected. According to the Ghana Living Standard Survey (GLSS), 2010 the three northern regions remain the poorest areas in the country with majority of the people living below a dollar per day. The 197 rural communities in TaMA is a reflection of these high levels of poverty.

The Metropolis is believed to have a population of about 450,000. The Metropolis is a cosmopolitan area with Dagombas as the majority ethnic group. Other minority ethnic groupings are Gonjas, Mampurasis, Akan, Dagarbas, and tribes from the Upper East region including Gruni, Kasena and Kusasi. (Metropolitan Profile-TaMA, 2011).

There is a long standing intra ethnic chieftaincy conflict between two main chieftdom gates among the Dagombas known as the Abudu and Andani. The government of the day was alleged to have played a role in the crises. The people are divided along these lines and have aligned themselves to the two main political parties in the country. Relative peace has since returned to the area since 2008. The people are largely polygamous. According to the 2000 population and housing census, the illiteracy rate in the metropolis is about 43%. This has impeded the dissemination of information about national development especially if it is in English.

The choice of TaMA as the study area is due to the fact that it is the only metropolis in the country that currently raises not more than 14% averagely, of taxes as a percentage of total income. It is important to investigate and bring to rest the widely held view that metropolises in Ghana have broader revenue bases, just that they have not been able to administer taxes properly.

Sources of Data

This study used quantitative and qualitative data that was collected in the field in August 2011. Secondary data from literature were also sources of data. These include the Legal framework for Local Governance of Ghana, other legal documents. Other secondary sources include tax registers, tax and fee- fixing resolutions, Annual General Meeting reports, assembly meeting minutes, finance committee reports, budget and rating department reports, and metropolitan budgets. Primary data was also generated through interviews that were conducted during the fieldwork.

Data collection

The indirect sources mentioned above were consulted as a process of data collection. Document analysis of existing data sets in the indirect sources was done to extract the information needed to answer the research questions (O'Leary, 2010).

An interview guide was used as a tool to interview purposively some selected individuals due to their involvement in the revenue generation process. These people are knowledgeable in the subject matter and offered useful

thoughts in assessing the practical issues that impinge on the execution of tax related functions. These included the inspector of revenues, the budget officer, 3 members of the budget committee, the heads of revenue mobilization of the 3 sub metropolitan offices, director of Tamale North sub office, the Mayor, the deputy coordinating director, presiding member, chairperson of the finance and revenue mobilization subcommittee, three (3) members of the subcommittee on revenue mobilization, the treasurer of the Association of Hoteliers in Tamale, the managing director of Famec (a private firm to whom revenue mobilization has been contracted out) and secretary of the progressive traders association, two former assembly members, a former rate collector. In total 23 people were interviewed. All these people had valuable experiences in the subject of study. The choice of this methodology was informed by the nature of the study. This research adopted an analytical approach in understanding the factors that influence local revenue mobilization and how these factors affect the entire tax chain.

Data Analysis and Presentation

The data collected is analysed and presented to compare how tax functions of the different kinds of local revenues influence revenue mobilization and how the policy, managerial, administrative, legal and political factors affect the chains of these tax sources. Finally, with regards to the interviews, an analysis and assessment of the applicability of the different factors are done by comparing them with data from written sources. These comparisons unearthed how the various functions in the revenue chains are affected by the factors and how that intends influence revenue mobilization.

1.7 Structure of the Paper

This study is in five chapters. Following chapter 1 that presented the introduction, background, statement of the problem, research objectives and questions, limitations and finally the methodology, the rest of the paper is organised as follows: Literature review and analytical framework are presented in Chapter 2. Chapter 3 contains the presentation and analysis of the tax chain. Chapter 4 presents a comparative analysis of the viability of local taxes and other factors that impinge on revenue mobilization. Summary of findings, conclusion, policy and theoretical reflections are explored in chapter 5.

Chapter Two: Local Revenue Mobilization: Conceptual and Analytical Framework.

2.1 Introduction

In making a comparative analysis of local revenues, key concepts such as local government, revenue assignment policy in local government finance, local taxes and other intervening constraints of local revenue mobilization are operationalized to show how they influence local revenue mobilization.

LG is the lowest level of multi-tier government in a system of state administration and management. This is created to bring government closer to the people in a geographical area and also to enhance a sense of participation in the political processes that influence their lives. LGs are created to perform among other functions such as governance and administration; service delivery; resource mobilization; regulation and any other mandate that LG has been empowered to do (Awortwi, 2004).

For the purpose of this study LGs shall be conceptualised as the lower level of government such as the metropolises, municipalities and district assemblies (MMDAs) other than the CG. This is reflective of the LG system in Ghana (LG Act 462).

2.2 Revenue Assignment of LG

After expenditure assignments have been properly defined, the next responsibility is the revenue assignment. This follows the logic that “finance must follow function” (Bahl, 1999:8). Litvack and Seddon observe that governments rely on a variety of taxes to meet their revenue needs, but wonder which type of tax is suitable for use by LGs. There is a “dilemma” in the assignment of revenue responsibilities to LGs (1998:23). The concept of fiscal federalism advocates that taxes related to specific objectives and functions should be assigned to the level of government with the responsibility for that function (Smoke 1994).

Sub national tax autonomy is widely considered as the essence of decentralisation. However, transition economies often face challenges of proper assignment of revenues and the development of the administrative capacity to manage taxes. Tax sharing is therefore practiced on a large scale across these countries where CGs set the taxes, and allocates a percentage of the collected tax to LGs. This practice impedes the autonomy of LGs. It is further observed that some LGs do not increase their tax bases or make use of it due to political factors, weak accounting systems and budgeting practices and soft budget constraints. They accuse CG when there are limited resources to provide services (Martinez- Vazquez and Alm, 2003:125).

Bahl reveals the possibility for voters to hold elected officials more accountable if local services are financed largely from locally imposed taxes as

opposed to financing services from CG transfers. Bahl advocates for minor taxes to be ignored. Taxes should be visible and large enough to exert a noticeable burden on inhabitants (1999:10). Possible types of revenues sources available to LGs to meet the growing pressure on them to mobilise resources for local projects and service provision are the following: property tax, fees and fines, licenses and permit fees, land rates, LG income generating activities, voluntary contributions etc Property taxes and land taxes are often retained by LGs and form a substantial part of IGRs (Bahl et al: 1984).

2.3 Taxation

Taxes can be described as compulsory payments imposed on inhabitants of a particular jurisdiction over ownership of properties and incomes. Taxes are designed to mobilize revenues in order to meet public expenditures and redistribution of income. Governments and for that matter LGs depend on taxes and other service charges as their revenue base, as it forms a substantial part of local revenues (Helmsing, 1997:16).

There are two main principles of taxation. These include the Benefit principle and the Ability to pay principle. The Benefit principle underscores that taxation depends on the expenditure policy of government. Therefore, people will be unwilling to honour their tax obligations if they do not benefit from the existing tax system. People rationally expect to benefit from payments that they make. This principle could also be applied to “private goods that are publicly provided”. However, benefits are often not measurable at the individual level and in other cases; non-beneficiaries cannot be separated from beneficiaries. The Ability to pay principle on the other hand, sees taxation as independent of expenditures and each taxpayer contributes in line with what he or she can pay. This has a redistribution effect. However, a distinction is made to address horizontal equity concerns so that people with equal capacity contribute the same, whereas people with higher ability contribute more to address vertical equity concerns (Helmsing, 1997:18; Musgrave and Musgrave, 1984, 229 – 232).

The persistent decline in local revenues over the years is a cause of worry to many stakeholders. The willingness of the people to honour tax obligations is not independent of how taxes are justified and how tax defaulters are treated (Helmsing, 1997). How taxes are collected is also important. This defines the taxpayer – tax collector relationship. Sometimes coercion is used. Perception of corruption in the use of taxes increases the desire for tax evasion. The public holds LG accountable for the way local revenues are used and how they actually contribute to local service delivery. Unwillingness to honour tax obligation is a form of political protest to deteriorating local services. This could also be a protest against unfairness and not taking into account the ability to pay, corruption and other administrative difficulties (Magala and Rubagumya, 2007:8).

2.3 Local Taxes

A local tax according to Bahl and Bird (2008:7) is one that satisfies the following six distinct conditions: 1) LGs can decide whether to levy the tax or not, 2) They can also determine the precise base of the tax, 3) They can decide the tax rate, 4) In the case of “direct” taxes, they assess the tax imposed on any particular taxpayer, 5) They administer the tax, 6) They get to keep all they collect. They further observed that in reality many local taxes possess just one or two of the aforementioned characteristics. The ownership of revenues after collection in most cases is also not clear

Bahl and Bird (2008) further makes clear three different forms of local taxes. They argued that in some jurisdictions the setting, assessment and collection of taxes are determined by the CG. There exist some forms of inter-governmental transfers of these taxes. This form of local taxation is popular in developing countries. In other countries LG can a) decide whether or not to impose particular taxes b) determine their tax base c) set the tax rates and finally receive all the returns from taxes. The CG only serves as an agent of collection. From a distance this can be seen as a central tax but really is a local tax looking at it from some perspectives. Sub-national governments in Brazil impose and collect their own taxes except the rate is determined at the national level.

It is important to iterate that the most critical aspect of local taxing power is who takes political responsibility for setting the tax rate. Furthermore the accountability aspect of local taxation is dependent on LG having the authority to determine the amount of revenue they raise and also prepared to be responsible to citizens for the decisions they make (Bahl and Bird, 2008:7).

Some Local Taxes

Property Rates

These are taxes “levied on the annual or capital values of a property and payable by the owner or occupier of that property”. In other jurisdictions, property rates are often reserved for LGs. This includes land and other immovable properties (Helmsing, 1997:31).

Roy observes that property taxes by its nature are not a buoyant revenue source in the developing countries because of their sensitivity to political factors. Property taxation succeeds with the active involvement of government in ensuring that tax base information and property values are kept up to date and that properties are properly assessed, billed, collected and enforced. Property tax system like many other taxes consists of six functions. These include tax base identification, tax base valuation, tax assessment, tax collection, tax enforcement and dispute resolution and tax payer service. Every step in this chain of functions is important especially collection and enforcement. (2000, 37 – 39).

Different properties constitute the tax base of properties rates in different countries. Only buildings constitute the tax base in Tanzania, land and build-

ings are all taxed in Uganda and finally only land is taxed in Kenya (Roy, 2000:2).

Property taxes at the moment are deficient in most developing countries. It is proper to recommend that taxes should be simplified and applied in a uniform manner, cadastral maps should be updated and valuation of properties done consistently to reflect their market values. Data of local building licensing, property registries etc should be adequately utilised. Furthermore, the sharp end of the revenue chain – collection and enforcement should be given more attention including mapping and surveying of traditional cadastral approach. It is observed further that though property taxes are useful and sometimes necessary local source of revenue, it cannot easily provide the resources needed for large expansion of local services (2008:14).

It is often argued that buildings are visible and cannot run away or hide. But it is also important to acknowledge that valuation which is an important function in the revenue system is not a science but an art. This leaves room for discretion and arguments in the determination of the tax base. Other problems can be attributed to property tax administration and discrepancies in assessment. Discrepancies can lead to costly appeals and subsequent pressure for tax reliefs. It should be noted that property taxes are not easily and equitably administered in rapidly changing environment. This makes it difficult to increase local revenues quickly. Resistance by taxpayers is possible due to the visibility of property taxes and its burden (Bahl and Bird, 2008:16).

Business License Tax

These are taxes levied on businesses and other economic activities for operating within a jurisdiction. This forms a significant part of local revenues in most LG areas (Helmsing, 1997). Most LGs will wish to impose local business taxes due to the un-reliability of residential property taxes. Business taxes in some jurisdictions have become the sole source by which LGs can expand local revenues to meet the cost of local needs. Local business taxes are popular among both LG officials and citizens because of the substantial revenue they produce which is also elastic than property taxes. Again, the tax incidence of business taxes is not easily known. However, due to distortions experts have argued that such taxes should not be applied (Bahl and Bird, 2008:23). Business license tax is seen largely as simpler than other taxes. Businesses require just one characteristic to determine the fee to be charged for a particular activity namely class of business and size (Roy et al, 2001:37)

It is observed that “In Anglophone Africa, the standard mechanism for mobilizing revenues from business has been through licensing. Although the original intent may have been only regulatory, business licensing has also increasingly generated important local revenues. Business licenses generate revenues as well as information to be used for regulatory purposes related to public safety, health and welfare. Local assemblies, due to their proximity, are in an ideal position to both register, collect revenues from and monitor the business activities in their jurisdictions”(Roy et al, 2001:42). The economic rationale for business licenses conforms to the generalised benefit tax principle. Benefit taxes is essential to enhancing tax efficiency. Where it becomes difficult to recoup the marginal cost of LG spending through user charges, a broad base levy

such as business license will suffice. It is further argued that the very idea of taxing businesses brings to the fore the issue of “tax exporting” and beggar – my neighbour tax competition. A ceiling is therefore necessary to minimise distortions. A minimum rate is needed to prevent competition with richer LGs from reducing taxes to attract more tax bases. A maximum rate is also needed to avoid “tax exporting” (Bahl and Bird, 2008:24).

Market Dues and Fees

Market dues constitute the highest source of local taxes in most areas in developing countries. Market dues account for 60% of local taxes in Rwanda. These are payments made for using market stalls and for selling goods in the market. Rates are usually calculated on the value of goods (Magala and Rubagumya, 2007:3).

User Charges

LGs provide services such as public places of convenience, garbage collection and other essential services. These represent substantial cost to LG. Therefore user charges are instituted to provide for at least the marginal cost of the provision of those services. According to the benefit model of “wherever possible, charge”, it is advocated that charges should be levied on direct beneficiaries of LG services for efficiency reasons whether residents, businesses or real property. The most economic rationale for LGs is to make sure that citizens get what they want and are willing to pay for in the form of local services at a certain price. It is rational that local services should be charged for rather than given away freely. The nature of user charges creates the possibility for some LGs to see it as a potential source of revenue. User Charges in principle is more important than the apparent little amounts collected as levies imposed on localities. Local user charges for some LGs for instance charges for garbage collection, constitute a significant part of local revenues. As long as LG continues to provide some basic services that benefits individual citizens, businesses or properties, the right thing to do is to charge correct prices to cover the cost of the delivery of such services. In practice however this has proven to be difficult than it may seem at the surface (Bird, 1995: 23 – 24).

2.4 Indications of Good Local Taxes

Bahl and Bird suggest some characteristics that make up for a good tax: 1) Local taxes should be relatively immobile to allow for the varying of rates without losing the tax base. This is to ensure that LGs are able to increase yields without losing the tax base. Properties are a good candidate for this criterion. 2) Tax revenue should be stable and predictable relatively over time, such that yields do not fluctuate seriously with economic ups and down turns (Helmsing, 1997:30). 3) It should not also be possible to export the tax burden to non-beneficiaries of local services. 4) The yield should be sufficiently buoyant and adequate to meet local needs or expenditure. Tax yields should be such that they can meet LG’s expenditure budget for service provision. 5) It should be visible enough to allow for accountability. 6) It should be seen by taxpayers as

reasonably fair, and 7) It should be easy to administer in terms of cost. (2008:9).

Drawing on public finance theory a number of considerations need to be made in defining any local revenue system: Local taxes should be neutral to avoid excess burden on tax payers, benefits and costs of taxes need to be made clear to tax payers, local taxes should be equitable and treat persons in similar economic standing equally and finally the cost of administration and compliance of taxes should be minimised (Smoke, 1994:30; Musgrave and Musgrave: 1984).

Smoke also raised a number of questions that are worthy of consideration in determining which mix of taxes are suitable for any given locality. The questions are: 1) Is the mix of local revenue sources sufficiently diversified to ensure revenue adequacy and buoyancy? 2) Have all local economic activities been brought in to the tax net to an adequate extent? 3) Is the tax rate efficient for each local tax? 4) Are there opportunities for LG to engage in income generating activities? 5) Could self help activities be used to supplement local revenue base in a significant way? 6) Does the tax system address equity concerns? And, 7) Are there political, legal, constitutional, institutional or cultural and other constraints that must be considered in designing and evaluating the local tax system. Answers to these questions will put any authority in a better position to design a good mix of local taxes (1994:53 – 55).

Helmsing (1997: 29) also in observing the suitability of particular taxes identifies the following criteria in Davey (1983):

Yield or Appraisal

This refers to the yield of the tax in relation to the cost involved. This deals with how expensive it is to raise a particular tax. Some taxes may have good cost to returns ratio but the net returns may just be an insignificant portion of the budget. Smaller taxes are seen to be unattractive. The elasticity or growth of the tax base is important such that tax returns grow faster than the tax base. Nominal charges are inelastic due to inflation and regular adjustment may not be politically attractive (Helmsing 1997: 29).

Smoke observes that assigned revenues to LGs are often not sufficient to meet their expenditure needs. The taxes assigned to them are unproductive that can hardly cover the cost of collection. This is further worsened by the poor design and implementation of these taxes (2001, 23). Musgrave and Musgrave (1984) also acknowledged the low nature of the tax base in small government areas that makes it difficult to be considered as a viable source of revenue.

Economic Incidence

This looks at the economic impact or burden of the tax on the population. Either it is regressive, proportional or regressive among income groups (vertical equity) or whether people with similar income levels are treated equally (hori-

zontal equity). It also has to do with whether a tax has differential effect on various economic activities (Helmsing 1997: 29).

Administrative Capacity

This is significant but often underestimated criterion. Some taxes that may not fit well in the other two criteria are adapted because of administrative convenience (Helmsing 1997: 29).

LGs are challenged in terms of capacity in carrying out their revenue assignments. Capacity in this context refers to the ability of LGs to carry out functions effectively, efficiently in a sustainable manner. LGs lack the qualified and experienced staff to initiate and implement attainable strategies in revenue mobilization drive. This situation can largely be attributed to the lack of incentives. It is noted that in Ghana government has lost many best public officials due to low salaries and this has enormously constrained government's efforts to train new public officials (Grindle and Hildebrand, 1995:445 – 449). Cothran (1986:31) also observed the lack of professional managers in most LGs.

Structural administrative difficulties in terms of power relations and lack of coordination among departments at the institutional level of LGs are constraints to revenue mobilization efforts (Bahl et al, 1984:221).

Sekhar and Bidarkar (1999:1202) underscore the influence of municipal budgets by noting that “With increased focus on decentralisation and devolution of funds, more attention should be paid to the analysis of municipal budgets.”

Political Acceptability

Taxes are often resisted when the purpose is not known and especially if the incidence is considered unfair. Indirect taxes which are covert in character are therefore seen as administratively convenient. E.g. taxes charged on the cost of petrol (Helmsing 1997: 29).

The ability of a LG to mobilise substantial revenue to meet its assigned responsibilities depends largely on the political issues at stake. Local politicians and government appointees who influence policy direction at the local level are in most cases reluctant to enforce tax laws and also initiate new taxes due to political expediency (Smoke, 2001). Bahl (1999) argues that instead of minor taxes, taxes that exert noticeable burden on citizens should be adopted to enhance accountability. However this is politically not suitable for local politicians seeking re-election. Influential politicians vote against policies aimed at taxing properties that are largely own by them and their cronies.

Increased decentralisation of powers to LGs to deliver services to citizens brought about LGs adopting different strategies including public private partnerships (PPP). Awortwi (2004) notes that contracting-out solid waste management services to the private sector has led to “collusion and corruption” by politicians and rent seeking attitude by private associations. The competitive bidding process and sole-sourcing mechanisms are grounds for breeding corruption. This does not lead to efficient use of local resources.

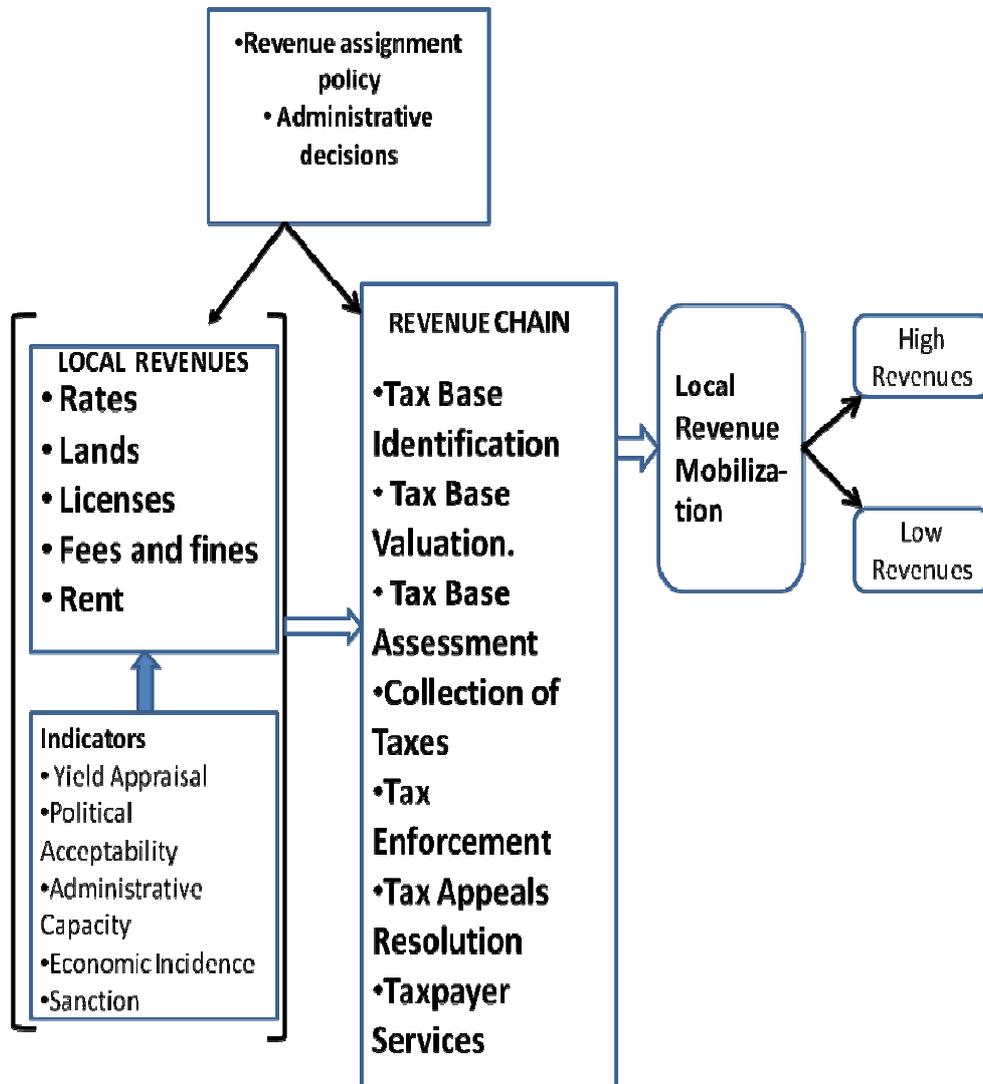
Sanction

Without sanction the problem of tax evasion cannot be controlled. Just like in all other spheres of life, there is always the likelihood of free riding. People will evade taxes if appropriate sanctions are not put in place. This may affect economic incidence as not all groups can evade taxes (Helmsing 1997: 29). People sometimes use their political machines to evade taxes, without any sanctions against them (Boko, 2007).

These indicators are contextualized in chapter four where they are used as the basis of comparison of the different types of revenues in the metropolis.

2.5 Analytical framework

Figure 1: Analytical Framework on Local Revenue Mobilization



Source: Adopted and modified from Roy K (2000), designing a property tax strategy for Sub-Saharan Africa: An analytical framework applied to Kenya.

Smoke (2001) observes that low local revenue generation in developing countries can be attributed to the design of local revenues. This study modifies a framework developed by Roy Kelly (2000) in an analysis of property tax revenues. The issue of determining, setting and collecting what taxes remains a political and sometimes legal difficulty that impedes revenue mobilization at the LG level. To an extent that the revenue base of a LG is determined by the CG, the question of who determines the criteria for eligibility of particular taxes that form the revenue base is important (Bahl, 1999). Another important issue is the valuation and assessment of taxable items. If properties are not properly valued then it stands to affect the assessment of taxes. The question of who sets the rates and whether the set rates are sufficient enough to meet local targets is critical in this regard. As to whether LG can vary the rates at its discretion is another issue. These are policy issues, and to an extent, that policy priorities are not set right, impediments to its smooth implementation is obvious.

Next to the above is the issue of billing and collection of revenues. If billing is incomplete, it influences negatively the revenue targets of LG. Appropriate measures are to be put in place to enhance revenue collection, lest run the risk of poor revenue administration and corruption. However, certain factors impinge on the efforts of LG to increase its revenue. These are viewed as management inefficiencies. Other critical functions in the local revenue stream that have often been ignored are tax appeals resolution and taxpayer service. Quite often LGs and or revenue collectors find themselves in disputes over tax assessment. Again taxpayers may feel that services for which taxes are paid are not delivered by LGs. If these are not properly addressed, taxpayers may in a form of protest renege in honouring local tax obligations (Roy, 2000).

The objective of tax base identification is to determine what should or will be taxed in any jurisdiction. This is often conducted by identifying the taxable items such as buildings, land, machinery and equipments (Roy, 2000:40). The administrative feasibility of the item is taken in to consideration in the determination of tax eligibility. Some countries tax only land (Kenya) while others tax only buildings (Tanzania and Ghana). Some LGs in South Africa and other Western European and North American countries tax both land and buildings. This is linked to tax coverage ratio. Exemptions are also taken care of in many jurisdictions. In some countries government buildings and other state lands are not taxed (Roy, 2000:39).

Tax base valuation is done to determine how much of the tax burden will be distributed among taxpayers after tax base identification. Here the tax base in a jurisdiction and how it is distributed among the taxpayers is influenced by the tax base valuation. This is linked to tax valuation ratio. This looks at the percentage of market value that it captured through the valuation process. Valuation can be improved by adopting a cost effective and simple mass valuation techniques (Roy, 2000:41).

Tax assessment is carried out to determine how much tax is levied on taxpayers. This in effect determines the overall tax level in an area. The next after evaluation is tax collection which involves the issuance and delivery of bills and collection of taxes. Tax collection is largely influenced by the use of incentives, sanctions, penalties and political will. This is linked to the tax collection ratio

which measures the collection efficiency on current liability and tax arrears (Roy, 2000:40-42).

Tax enforcement is done to determine how much of tax revenue is collected through tax enforcement. This is achieved by the use of sanctions and penalties. In some jurisdiction LGs are empowered to prosecute tax defaulters. LG bye laws also empower some LGs to deal with tax defaulters (Roy, 2000:40).

Tax appeals and resolution is carried out to ensure that taxes are equitably administered. Disputes regarding tax information, valuation and assessment are resolved to ensure effective tax administration. Also taxpayer service has to do with the provision of services for which taxes are paid to the taxpayers. Taxpayer education is often conducted as part of taxpayer services. Good taxpayer service improves the collection ratio by motivating taxpayers to pay their taxes (Roy, 2000:40).

The framework is used to compare how the functions in the tax system ranging from identification of tax bases through collection to taxpayer service for the five chosen taxes to see where the impediments lie. Conclusions are drawn based on the analysis of the tax chain.

Chapter Three: Composition of Local Taxes and the Tax Chain.

3.1 Introduction

It has been established beyond doubt that the manner in which the gamut of functions, ranging from the identification of revenue bases through collection, to taxpayer service is performed is important to any successful revenue generation agenda. This section of the research delves in to how these functions in the local revenue chain are performed in TaMA as far as rates, lands, fees and fines, licenses and rent are concerned. Before this analysis, brief explanations of the composition of the selected revenues are discussed.

3.2 Local Government Taxes in Ghana

This section presents an analysis of the local taxes and how the functions in the tax chain are performed in TaMA. An analysis of the performance of the different local taxes is examined in this section. It is important to underscore that TaMA as a LG takes its powers as the only rating authority in the metropolis from section 94 of the LG Act 462 of the Legal Framework for Local Governance.

“A District Assembly shall be the only rating authority for the district and, subject to any special provisions in this Act, or in any other enactment, no authority other than the Assembly shall, notwithstanding any customary law to the contrary have power to or levy rates in the district.”

Furthermore, section 95 of the LG Act establishes the duty of LGs such that

“A District Assembly (DA) shall make and levy sufficient rates to provide for that part of the total estimated expenditure to be incurred by it during the period in respect of which is levied and which is to be met out of money raised by rates”

However, for the purpose of easy administration, the metropolis has re-categorised the taxes into manageable forms. The taxes at TaMA are: Rates, Lands, Fees and Fines, Licenses, Rent, Investment Income and Miscellaneous Income (see appendix 3 for the detailed LG revenues). For the purpose of this research only five (5) of these revenues are considered in the analysis. The local taxes are explained below.

Section 96 (3) describes a general rate as *“a rate payable by owner of a premise within the district on the rateable value of the premises”*. It also describes a special rate as *“a basic amount payable by all persons of or above the age of eighteen years who reside within the area or owners of movable and immovable property in the area.”* Or persons registered as voters in that jurisdiction (LG Act, 1993:48). These include items such as property rates, cattle rates and basic rate. Exemptions are granted by section 99 of the LG Act to some category of properties. These include 1). Premises used exclusively for purposes of public workshop and registered with

the DA, 2). Cemeteries and burial grounds registered by the DA, 3). Charitable or public educational institutions registered with the DA, 4). Premises used as public hospitals and clinics; and 5). Premises owned by diplomatic missions as may be approved by the Minister of Foreign Affairs. Also persons who are students who do not receive any income during that period other than allowances and loans or grants provided for such purpose, persons of more than seventy years old are also exempted. A person may also be exempted on grounds of poverty (1993:50).

Land is identified as stool land revenue and revenue from the sale of building permits. Therefore all lands under the custody of traditional leadership can be captured under the land revenues. However these are only accessible when these lands are sold and a percentage of the processing fee paid as tax to the LG (LG Act: 1993).

Fees and Fines are classified to include fees from slaughter houses, advertisements, dressing stations, chop bars, corn mills etc. Fines have been added to this by the metropolis for ease and convenience. These include fees paid for no-parking offences and other penalties.

Licenses include items apart from what has been provided by the LG Act have been included to make it easy for administration. These include the tax elements that fall under the taxes chargeable on the income of self employed persons. Because LG cannot determine the income of this category of person due the informal nature of their operations, a levy is fixed on such operations and categorized as licenses. These include spare parts dealers, chemical sellers, tailors and dress makers, concrete block manufactures, liquor sellers etc just as provided by the sixth schedule (see appendix 3). Licensing of vehicles has been identified as LG's responsibility but in practice is under the Driver and Vehicular Licensing Authority (DVLA) (LG Act, 1993:41).

Market stalls legally classified as a tax under fees and fines, and the hire of assembly equipments and quarters which are also classified under miscellaneous, have all been re-categorized to represent rent.

3.3 Functions in the Local Tax Chain

Table 3.1 compares the different revenues considering how functions in the chain are performed. The indicators used are the functions in the local tax chain namely, tax base identification, tax base valuation, assessment, tax collection, tax enforcement, tax appeals resolution and taxpayer services. The revenue assignment policy in Ghana identifies tax bases and exemptions. Tax revenues, especially properties stagnate due to lags in tax base coverage. All tax bases are required to be on the tax roll to make a good start for revenue mobilization. Evidence from the field confirms this clearly such that LG is not able to ensure up to date information on properties and other taxable items. An active involvement of government as recommended by theory is completely missing in tax base definition to capture all tax items in tax rolls for all the different taxes. Hence it's poor conduct and results (Roy, 2000).

Policy and administrative choices on standards of valuation influence revenue mobilization. Local taxes especially property relies on government par-

icipation to ensure that values are near market values (Roy, 2000). Evidence from the study area is in contravention with policy and standard practice. The policy choice is clear on properties but silent on other taxes. The accuracy of the valuation process is flawed, except that of land the value of which is determined by what prevails in the market. The use of imported and imaginary values is not a reflection of theory and standard administrative practice.

The practice of tax assessment is in total disregard to theory and standard practice. The tax burden on each potential taxpayer is to be accurately determined by the average uniform rate applied to the tax base (Roy, 2000). Practice in the study area shows imaginary or imported rates without any scientific basis. No tax structure is used. Helmsing (1997) observes that local taxes are dependent on expenditure of LGs. This is not the case in TaMA. Rates are just set to reflect the imagination of budget staff. The study confirms the discretion of LG to vary rates as the sole rating authority (Bahl and Bird (2008).

Boko (2007) identified active political leadership as a factor that contributes to tax collection. Tax collection efficiency is largely determined by political will and effective use of incentives, sanctions and penalties. This is has to do with proper tax management. This is completely absent in TaMA (Helmsing, 1997; Roy, 2000). Again Awortwi (2004) identified “collusion and corruption” in the contracting out of services to private entities in Ghana by politicians. This study confirms that assertion. The activities of private firms in revenue collection are shrouded in secrecy.

Tax enforcement in TaMA is a total failure. This deviates from the assertion that penalties and sanctions are to be carried out against non-compliance to serve as a deterrent to others. Citizens are not obliged to pay. Tax collection and enforcement are not treated as strategic in the tax system (Roy, 2000:48). The study confirms the assertion of Boko (2007) that people use their political machines to evade taxes.

It is clear that rates are not practically reversible once they are set. Issues of over valuation and assessment of rates are left to only persuasion of prospective taxpayers. This can be traced to the unprofessional manner in which valuation and assessment are conducted. Disputes concerning property information on valuation and assessment are not resolved to enhance equity in the tax system (Roy, 2000).

According to the benefit principle, people will be prepared to honour their tax obligation if they benefit from the existing tax system. However in the TaMA, managers accept that they are not providing the services that they are supposed to. Public finance theory has it that the cost and benefits of taxes should be made clear to taxpayers. Evidence from TaMA is otherwise. Tax education or political acceptability of taxes is absent (Smoke, 1994:30; Musgrave and Musgrave 1984).

Table 3.1: A Comparative Analysis of Local Taxes

Description	Rates	Lands	Fees and Fines	Licenses	Rent
Tax Base Identification	<ul style="list-style-type: none"> • There are about 54000 properties. Only 4% (2000) are covered • There are 157500 potential Basic rate payers and none have been put on the roll • This has the potential to generate about GH¢ 801550 per annum. • There is potential for growth in tax base as it re- 	<ul style="list-style-type: none"> • Identification of lands is in the domain of the office of stool lands • This only depends on lands sold and processed by the CG agency. • Only 3% of constructions acquire building permits • This is not a stable local tax 	<ul style="list-style-type: none"> • There are 4500 potential fee taxpayers with the potential of raising an average of GH¢ 90000 • There is a potential of growth and viability in tax base due to the influx of economic activities with relatively immobile and buoyant and predictable taxes. • LG has no data on the number in its coverage 	<ul style="list-style-type: none"> • A potential of 1590 tax base • About 1000 of this number are unregulated self-employed and are not on tax rolls. • This has a potential to generate about GH¢ 339550 yearly. • This is promising to be a good and viable local tax with prospects for growth. 	<ul style="list-style-type: none"> • This has a very poor tax potential with only 16 bungalows, a few equipments for rent and 115 public toilets. • These are on the tax rolls.

	mains the fastest growing area.				
Tax Base Valuation	<ul style="list-style-type: none"> The potential viability is reduced by the lack of valuation of properties to reflect their market values. 	<ul style="list-style-type: none"> Lands are sold at their market prices and a percentage of processing fees calculated as the tax for LG 	<ul style="list-style-type: none"> There no record of professional valuation of the tax base. Policy does not provide for valuation. No other professional ways of determining the values of such entities has been adopted 	<ul style="list-style-type: none"> The policy on valuation is not clear on this. So no professional valuation is done. Just like fees and fines, no other professional ways of determining the values of such entities has been adopted 	<ul style="list-style-type: none"> Just like all other taxes there is no valuation except that rent is charge like all other government bungalows.
Tax Assessment	<ul style="list-style-type: none"> The lack of valuation leads to under or over assessment in most cases with the use of imagined 	<ul style="list-style-type: none"> 25% of processing fees on sold lands is paid to LG annually. Building permits are assessed based on what is charged else- 	<ul style="list-style-type: none"> No point system or a hybrid assessment is conducted; taxes charged in other jurisdictions are imported or imagined and put in the 	<ul style="list-style-type: none"> It is more of a revenue measure than regulatory Rates charged by other metropolises for similar tax bases are used as a 	<ul style="list-style-type: none"> Cost of rent is fixed and put in fee-fixing resolution for confirmation. Charges for equipments and user

	<p>figures or taxes charged in other metropolises.</p> <ul style="list-style-type: none"> • Fixed rates are imposed as basic rates making taxes unfair and regressive 	<p>where without any professional determination.</p> <ul style="list-style-type: none"> • These are all put in the fee-fixing resolution. 	<p>fee-fixing resolution to be confirmed by the committee.</p> <ul style="list-style-type: none"> • This has led to over rating in most instances. 	<p>basis.</p>	<p>charges of public toilets are also decided on by budget officials and put in the fee-fixing resolution.</p>
Tax Collection	<ul style="list-style-type: none"> • The polygamous nature of the area makes it difficult to identify owners of properties for billing after the demise of the first owner. • This has been contracted out to private 	<ul style="list-style-type: none"> • Collection of tax on lands is not in the domain of LG. It relies on the shared tax it receives from the CG agency. • The 3% taxes on building permits collected are in the first class residential areas. 	<ul style="list-style-type: none"> • Some components have been contracted out to a private firm. • Collection has been very poor as not all taxes are in the net. • The amount realized in previous years fluctuates and is often below the average potential of GH¢90,000 	<ul style="list-style-type: none"> • Also components have been contracted out. • Collection currently is lower than the estimated potential of licenses. • Embezzlement of funds • Indigenes do not pay taxes • Current collection 	<ul style="list-style-type: none"> • Charges for bungalows are deducted at source • Public toilets have been contracted out to party loyalists who do not account for proceeds.

	<p>firms.</p> <ul style="list-style-type: none"> • Taxes are collected from only 77.5% of those covered which is 2.9% of all properties • Collection of basic rates is zero 		<ul style="list-style-type: none"> • Funds are often embezzled by collectors • Indigenes do not pay taxes 	<p>also fluctuates and lower than the estimated potential of GH¢ 339550</p> <ul style="list-style-type: none"> • It appears to be the most viable of all the taxes. 	
Tax Enforcement	<ul style="list-style-type: none"> • There is no form of tax enforcement 	<ul style="list-style-type: none"> • Enforcement of building permits has never been successful in the metropolis. 	<ul style="list-style-type: none"> • People evade taxes and go unpunished. • No incentives to enhance collection • There is no record of successful tax enforcement. 	<ul style="list-style-type: none"> • No incentives to enhance collection and enforcement 	<ul style="list-style-type: none"> • People are compelled to pay user charges before the use of public toilets. The problem is with the handling of proceeds
Tax Appeals	<ul style="list-style-type: none"> • No record of tax appeals 	<ul style="list-style-type: none"> • No record of tax appeals 	<ul style="list-style-type: none"> • Over 50% of prospective taxpayers complain annually 	<ul style="list-style-type: none"> • There are more complaints of over rating than payment 	<ul style="list-style-type: none"> • There is no record of tax appeals

			<p>of over rating.</p> <ul style="list-style-type: none"> • There is a strategy of persuasion and unfair reduction for some selected clients 	<p>of taxes. The usual way of persuasion and selective reduction for some taxpayers is used.</p>	
Taxpayer Service	<ul style="list-style-type: none"> • All other services apart from garbage collection are under the control of CG. LG is not doing well in waste collection bringing about apathy. • LG has not been able to address poor drains and lack of access roads to the so called first class areas. 	<ul style="list-style-type: none"> • LG does not provide any services to this category of taxpayers. 	<ul style="list-style-type: none"> • Waste management services are provided though not satisfactory and frequent enough. • Solution has yet to be found to flood prone markets. 	<ul style="list-style-type: none"> • All traffic lights in the metropolis have not functioned for more than two years making traffic chaos • A lot of let loose animals roaming the street and causing accidents • Waste management and access roads for hotels not available. • There are generally poor taxpayer services. 	<ul style="list-style-type: none"> • Sanitation in these public toilets is an eye saw in most instances. The managers of these toilets do not clean them regularly.

	No Street lights and electricity in most parts of the metropolis.				
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Source: Roy (2000), Designing a Property Tax Strategy for Sub-Saharan Africa: An Analytical Framework Applied to Kenya; Field Interviews, (2011).

3.4 Conclusion

Any local tax system involves seven major functions as discussed above. The manner in which these functions are performed influences the extent to which local revenues can be mobilized. Evidence from the TaMA indicates that none of these functions has been undertaken with all the seriousness it deserves. This explains why locally generated revenues for the different taxes continue to fluctuate without any significant improvement in terms of contribution to total revenues.

Chapter Four: Comparing the Viability and Challenges of Local Taxes

4.1 Introduction

This section of the paper delves into detailed analytical comparison of the five local taxes. The basis of this comparison is on the characteristics of a good local tax reviewed in chapter 2 largely from the perspective of Helmsing (1997). These indicators have been contextualised to the local condition. This seeks to analyse the viability and challenges of local taxes. The rest of the chapter looks at other factors that influence local taxation in the metropolis.

4.2 Economic Viability of Taxes

As stated earlier in chapter 3, rates are made up of properties, basic rates and cattle rates. There are about 54000 properties and the table 4.1 shows the number

Table 4.1: Coverage of Tax Base of Rates

Tax	Estimate	Actual	Percentage
1) Rates			
a. Properties	54000	2000	4
b. Basic rate	157500 people	0	-
c. Cattle rates	-	-	-

Source: TaMA, 2011.

Table 4.2: Categorization of Properties

Class	Estimated Number	Percentage of total of houses (%)
First	700	1.3
Second	850	1.6
Third	38950	72
Non Taxable	13500	25
Total	54000	100

Source: TaMA, 2011

and coverage level of the tax base of rates. The properties are in different categories as shown in Table 4.2 and have flat fixed rates of GH¢ 40, GH¢30 and GH¢15 for first, second and third classes respectively (Fee-fixing resolution, 2011). If all properties in these classes were to be covered, an estimated amount of GH¢ 644050 will accrue to LG. This includes commercial properties which are rated at GH¢ 100 representing only 2% of first class properties. A fixed rate of GH¢ 1 is

charged as basic rate for all persons in the active labour group with the estimated number of 157500. This has the potential to yield a sum of GH¢ 157500. Cattle rates are not covered in the tax net and no information on it actually exist as stated earlier. This suggests that rates as a local tax has the potential to contribute GH¢ 801550 to total tax yield. This is a good local tax considering that the yield over the years continue to increase in relation to the tax base. It is predictable over time because rates charged do not fluctuate much and sufficiently buoyant to meet local expenditure. As the metropolis continues to attract more settlements as the fastest growing area, its potential is expected to increase to meet emerging local needs (Bahl and Bird: 2008). Only 2000 of this potentially viable and buoyant tax base are covered. Coverage is not sufficient enough to maximise this potential (Smoke, 2000). This is further undermined by the unprofessional conduct of valuation and assessment of tax rates. It stands to reason that yield may have been more than the estimated potential if valuation was properly done. Taxes would also have been fairer in the eyes of the public and also to avoid over and under assessments (Roy, 2000).

Lands as a local tax is made up of sale of building permits and 25% of processing fees of sold out stool lands. The policy is such that LG does not control this particular tax but only depends on the percentage transferred to it by the office of stool lands. A system of tax sharing is practiced. The buoyancy of this tax is undermined such that CG keeps the juicy part of it. There is a difficulty in the assignment of this particular tax since CG as a matter of regulation keeps a bigger chunk of yields (Martinez- Vazquez and Alm, 2003:124). Yields as it appears to LG are not predictable over time as it depends on the lands sold and processed. There is absolutely nothing LG can to increase rates when it wishes to do so hence undermining its potential as a viable local tax. This is worsened by the fact that rural lands or stool lands that constitute about 70% of lands in the metropolis are not taxed either on their value or potential economic yields due to poor regulation on land related taxes. This completely reduces the potential yield of this tax. Until such a time that those policy impediments on land rated taxes is corrected, not enough can be realised from the potentially lucrative land tax. The other component is the sale of building permits. None of the 197 rural communities has ever acquired a building permit. Only 3% of new constructions do acquire permits before construction. The tax base is therefore not stable and yields not buoyant enough to meet cost of administration (Bahl and Bird, 2008; Helmsing, 1997).

Taxes on fees and fines are relatively immobile due to the cost involved in relocation. Its yield could be predicted over time and also with the potential of been buoyant enough to meet cost of local expenditure. The continuous attraction of major economic activities to the area increases the potential growth of the tax base. Returns on this tax continue to grow making it quite elastic (Bahl and Bird, 2008). Items under this kind of tax are numerous and are categorized to make it administratively convenient (Helmsing 1997). Fees charged on each of these taxable items range from GH¢ 10 to GH¢ 30 per annum (Fee-fixing resolution, 2011). Data on these categorizations was not available. Therefore the average fee charged is taken to be GH¢ 20. What this means is that potentially fees can generate averagely up to about GH¢ 90,000 per annum. This is an indication of a viable tax with potential of growth due to the growing nature of the area and the

prospects of yields (Bahl and Bird, 2008; Smoke, 1994; Helmsing, 1997). The reality on the ground however, is that tax base coverage has been poorly conducted with the assembly having no record of the number of these tax items under its coverage. Viability of this is undermined by the lack of professional tax assessment leading to under and over assessment. This is due to the fact that the regulations establishing local taxation do not stipulate the valuation methods for this tax base. It is therefore a policy choice gap, leaving the under resourced LG to devise its own way of doing things by imagining figures and use of discretion of tax administrators (Roy, 2000). *“We just look at what other advanced assemblies like the Accra and Kumasi are doing” (Interview with budget officer, 01/08/2011)*. This is the state of tax valuation and assessment in the metropolis.

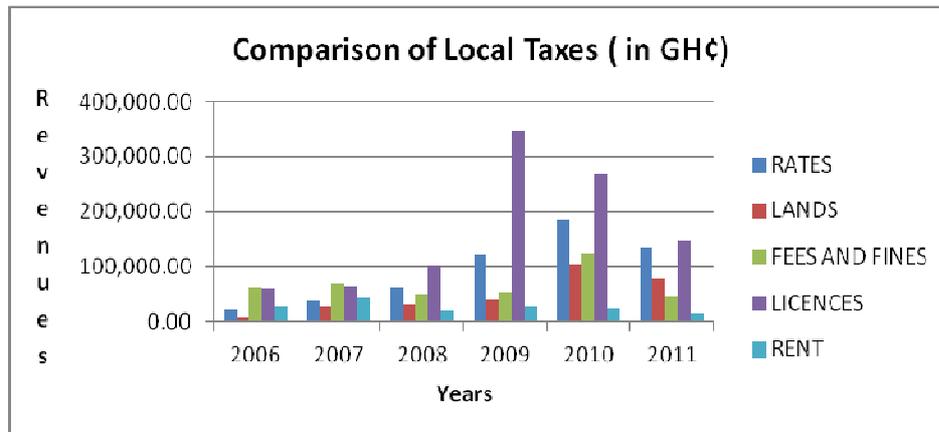
The shortfalls of valuation and assessment are not different from that of fees and fines and rates. The usual under and over assessment is observed (Roy, 2000). The assessment of tax rates for the multinational category is done using fees charged on similar firms in other districts. In terms of elasticity, this seems to be leading considering the increase in yields over the period as displayed in table 4.3 (Helmsing, 1997).

The categorization of the tax base of licenses is such that it is more of a revenue mechanism than a regulatory measure. This is been due to convenience in administration (Roy et al 2001:37; Helmsing, 1997). An estimated number of 1590 potential licence paying individuals and businesses are in the metropolis. Out of this number are over 1000 unregulated self employed artisans operating in the corners of their homes. The cost of acquiring licences as provided by the fee-fixing resolution for this category ranges from GH¢ 50 to GH¢ 200. Averagely this category of licences has the potential to generate a sum of GH¢ 198750, and with the growth of economic activities in the area this is likely to witness an increase in tax base over time. Yields have over the years increased more in relation to the tax base which is indicative of a good local tax (see Table 4.3). The other category is the transnational companies in the telecommunication industry, media houses and financial institutions. The annual sum realized from this source is currently at about GH¢ 140,800. Together this tax base has an average potential to generate about GH¢ 339,550 annually.

The metropolis has a total of 16 bungalows, 115 public toilets and a few equipments for rent. The charges for these are what constitute rent in the books of the assembly. This has no growth potential like the other taxes. Receipts on rent of equipments are not viable. The only predictable one is rent for bungalows deducted at source which unfortunately is not buoyant enough. It suffice to conclude that in terms of viability rent is the least compared to rates, lands, fees and fines and licences. This cannot be relied upon to finance local projects (Bahl et al, 1984; Bahl and Bird, 2008).

Figure 2 shows a comparison of the viability of revenues over the period of 2006 to June 2011. It reveals licences as the most viable in terms of yield since 2008. Rent on the other hand continues to record low yields.

Figure 2: Comparison of Revenues



Source: TaMA, 2011.

4.3 Equity of Local Taxes

Rates are suitable such that the incidence of taxes is not easily pushed on to the tenants in a particular property. An increase in property tax is not suppose to affect rent agreement with tenants (LG Act 462). This has a progressive character and since properties are categorized into classes based on which assessment is made, depending on factors like the type of material or location etc. In terms of basic rate the flat rate imposed on everybody does not reflect equity as suggested by theory. It does not treat people with different economic circumstances differently (Musgrave and Musgrave, 1984; Helmsing, 1997; Bahl et al, 1984).

Rural lands or stool lands that constitute about 70% of lands in the metropolis are not taxed either on their value or potential economic yields due to poor regulation on land related taxes. Economic incidence in this sense could have been avoided where land taxes where based on the potential economic yield lands (Helmsing, 1997).

Fees and fines and licence taxpayers are categorized but this categorization is often wrongly done since economic activities with different earning capacities are put in same groups and therefore charged similarly. This makes the taxes appear to be regressive and unfair to some businesses and the propensity to shift burden to consumers becomes high with its related consequences (Helmsing, 1997).

The economic incidence of rent as a local tax in TaMA can hardly be determined. Rent is largely progressive considering the rent of bungalows. Charges on bungalows are a percentage on once income Charges on the use of public toilets do not consider the economic situation of individual which seems regressive in character (Helmsing, 1997).

4.4 Cost to Returns Ratio and Capacity in Local Taxation

Valuation appears to be the major problem of property rates. This in the case of TaMA is not been done because of lack of funds to finance it. *“The last time we met the land valuation board, they charged us GH¢120,000 which we can’t afford.”* (Budget

Officer- TaMA, 03/08/2011) This has been the reason why TaMA has resorted to imagining values in tax assessment.

On the part of land, administration is simply not in the domain of TaMA. However on the part of fees and fines and licenses which are issued to businesses, there is difficulty in administering them. Determining the taxes charged on these has often been a major issue and due to the difficulties associated with them. A system of categorization is done to determine the assessment of taxes. For the sake of convenience similar charges from elsewhere have been the bases for these charges.

The administration of rent on the other hand is quite easy as taxes are deducted at source. The difficulty has been with the management of proceeds from public toilets as indicated in chapter 3.

The assembly has no funds to conduct surveys to enhance the identification of tax bases for all types of taxes and valuation of tax bases. *“The last time we met the land valuation board, they charged us GH¢120,000 which we can’t afford.”* (Interview with budget officer- TaMA, 03/08/2011) This has been the reason why they have resorted to imagining values in tax assessment.

There are a total of 19 rate collectors tasked with the responsibility to collect taxes in the area that have not been contracted out to private firms. In terms of numbers the capacity to deliver on their duties is limited. Each collector is assigned to at least 10 communities. (Grindle and Hilderbrand, 1995:445-449). Research revealed that the metropolis has stopped recruiting rate collectors so the capacity of the remaining staff to collect taxes is gradually eroding. Rate collectors are poorly remunerated like many civil servants in Ghana. In the past there have been no incentives put in place to reward hard working rate collectors and those who meet their revenue targets. This in part explains why reports of embezzlement of funds are a recurrent issue. This confirms Bahl et al (1984) about the absence of reward systems and incentives to motivate performing staff and vice versa.

Logistics are completely unavailable to enhance revenue generation activities. Transportation is not available for rate collectors. One thing however is clear that some of the rate collectors are not doing their work. The presiding member describes some rate collectors as *“lazy and nonperforming persons who do not go to all the areas assigned to them”* (08/08/2011). Again in the era of automation in the financial sector, billing of prospective taxpayers is still been done manually. There are gabs in billing that leads to the elimination of many taxpayers. *“We just send bills to the businesses we know. I can just prepare a bill for you right now without going to the office.”*(Interview with rate collector, 04/08/2011). Computers and software are not available to undertake billing in order to reduce gabs. This confirms the lack of coordination and incentives in revenue systems (Bahl et al, 1984:221).

There is no legal officer to prosecute people to recover unpaid taxes. *“We used to have a lawyer but he went away because we could not pay him. We don’t even go to court so why do we need a legal officer?”* (Interview with presiding member, 08/08/2011).

Related to the capacity problem is financial management expertise. The revenue mobilization subcommittee has among its functions to strategize on revenue mobilization and to examine the overall financial position of the metropolis. Members of this committee are required to as a matter of necessity

have the requisite skills and expertise in financial management and at least understanding financial information that bother on revenue mobilization. There is also the need for professional budgeting staff and other financial managers to undertake scientific budgeting since this is where important decisions are made (Cothran, 1986). However, a look at the appointments to the revenue mobilization subcommittee reveals that appointments are not based on merit. Newly elected members of the Assembly are simply asked to choose the committees they want to join without recourse to their areas of knowledge and abilities. Out of the 13 members of the committee only 3 including the chairman, have the relevant skills to be on the committee. The other 10 members have no skills relevant to the committee. *“Some people chose to join the committee because it is about money matters; they think there will be some ‘chop-chop’”* (Interview with chairman, revenue mobilization subcommittee 05/08/2011). It is certain that people who can hardly understand the budget statement of the metropolis are put on the committee. *“Some members are influenced by power blocks within the metropolitan management to join the committee in order to champion their agenda”* (Interview with former assembly member, 14/08/2011). A similar study by Inanga et al (2004) confirms the lack of expertise by financial related decision makers in LGs in Ghana. This research reflects Cothran’s position that most LGs are less likely to have professional and finance or budget managers which impedes on budgeting and financial decision making (1986).

Local Tax Efforts

Table 4.3 shows the performance of seven local taxes in the metropolis. This is to give an overall picture of the tax efforts; however the analysis is concentrated on the selected five taxes. Analysis shows a rather fluctuating trend. For instance in 2009 and 2010 licences recorded the highest taxes collected which stood at GH¢ 348028.36 and GH¢ 2683361.60 representing 58 % and 33% of total IGFs for the periods respectively. Rates, Lands and Fees and fines have over the years recorded impressive amounts relative to total tax revenues which is an indicative of potential as viable local taxes (see also figure 2). The remarkable increase in lands in 2009 and 2010 is attributed to the relative peace in the area since 2008 that lead to more land acquisitions for development. Rent however, continuous to record low amounts with its highest in 2007 representing 18% of total local tax revenues for the period. However, there is an increasing trend in total IGFs over the period since 2006 (see figure 3).

It is correct to mention that the continuous increase in tax yields from 2007 to 2011 can be attributed to the collection efforts of private firms to whom revenues were contracted out to. This confirms the assertion that private involvement in LG business brings about efficiency (Awortwi, 2004; Magala, and Rubagumya,2007:3) This however reveals that indeed metropolitan rate collectors were inefficient in the discharge of duties (Boko:2007). The question therefore is if private firms can improve upon revenue yields, what prevents LG from doing same. This raises issues of management and other administrative difficulties (Bahl et al, 1984).

Table 4.3 also gives an indication of the tax efforts of TaMA which shows a rather unclear picture in terms of estimates and achievements in tax collection. It

Table 4.3: Local Rates and Collection Performance (in GH¢)

DESCRIPTION	2006 JAN.-DEC.	2007 JAN.-DEC.	2008 JAN.-DEC.	2009 JAN.-DEC.	2010 JAN.-DEC.	2011 JAN -JUNE
Rates						
Budgeted	87,007.00	542,701.50	550,470.00	55,504.02	455,402.00	551,102.00
Actual	20,751.54	36,340.91	61,866.58	121,554.01	183,664.46	134,170.03
	24%	7%	11%	219%	40%	24%
Lands						
Budgeted	7,500.00	12,000.00	30,000.00	35,000.00	45,000.00	95,000.00
Actual	8,348.31	26,454.71	29,800.74	39,739.96	104,490.77	76,781.00
	111%	220%	99%	114%	232%	81%
fees and Fines						
Budgeted	43,122.00	88,160.00	77,260.00	70,050.00	67,890.00	92,500.00
Actual	62,055.05	68,479.76	49,775.14	52,258.99	124,485.54	47,046.65
	144%	78%	64%	75%	183%	51%
Licences						
Budgeted	36,376.05	91,716.40	86,556.00	162,816.00	190,676.00	414,956.00
Actual	58,819.49	63,579.44	102,733.37	348,028.36	268,361.60	146,498.64
	162%	69%	119%	214%	141%	35%
Rent						
Budgeted	20,820.00	39,050.00	43,450.00	43,550.00	39,000.00	44,000.00
Actual	27,318.20	44,761.61	20,637.35	26,311.50	24,121.80	15,048.00
	131%	115%	47%	60%	62%	34%
Investment Income						
Budgeted	1,517.00	2,102.00	1,323.00	1,354.00	3,080.00	11,350.00
Actual	282.96	745.99	-	2,259.57	9,007.30	
	19%	35%	0%	167%	292%	0%
Miscellaneous In- come						
Budgeted	1,022.00	3,102.00	2,400.00	1,600.00	13,100.00	55,100.00
Actual	2,403.52	3,455.20	260.00	10,794.00	91,403.00	12,443.09
	235%	111%	11%	675%	698%	23%
TOTAL-IGF BUDGETED	197,364.05	778,831.90	791,459.00	369,874.02	814,148.00	1,264,008.00
TOTAL-IGF ACTUAL	179,979.07	243,817.62	265,073.18	600,946.39	805,534.47	431,987.41
% of Collection	91%	31%	33%	162%	99%	34%

Source: TaMA, 2011.

appears the budgeted sums are often unrealistic, considering tax effort records of 232% for lands and 183% for fees and fines in 2010. Clearly an area that can barely raise up to 14% of total income from local taxes cannot be genuinely exceeding professionally budgeted estimates like this. This holds for rates, licenses and rents. This evidence is enough to conclude that the unprofessional conduct of budgeting activities is actually undermining local revenue efforts (Cothran, 1986).

4.5 The Politics of Local Taxation

Increasing property rates have always been met with some resistance due to its visibility and direct impact. Local political elites use their influence to obliterate efforts to increase property rates (Owilli, 2010; Bahl, 1999). TaMA does not need the approval of CG to increase taxes but when this happens the mayor for fear of losing popularity including his political party becomes reluctant to increase rates to realistic levels. A former assembly member (13/08/2011) recalls the role of ruling political parties saying that *“They use their invisible influence to undermine any tax increase or attempts to get the people to pay local taxes. It is therefore not surprising at the attitude of people in authority towards local taxation.”* What is lacking generally in TaMA is tax education. This has compounded the problem of political justification of taxes. Most people largely illiterates don't even understand why they should pay taxes to LG. This explains why especially the third class category of property owners would resist taxes. Politically basic rate is not suitable due to the fact that not all persons are employed. This explains why there is zero collection (Helmsing, 1997; Musgrave and Musgrave, 1984).

Political factors seldom affect taxes on lands. However on fees and fines and licenses, there has always been little or no justification for increases. This refers to the problem of poor taxpayer education (Roy, 2000). Part of the job specification of assembly members is to engage residents in tax education, but *“a member of the assembly who continuously talks about taxes may not be attractive during the next local election.”*(Interview with member, revenue subcommittee, 11/08/2011). Tax education is therefore ignored making it difficult for residents to accept taxes. On the part of rent, the politically contested tax is the user fees for public toilets. This has often been protested even though no channels are available for recall (Roy, 2000).

As part of the identification of tax bases, assembly members are required to report to the metropolitan revenue mobilization committee, for further processing of new buildings and other economic activities that could potentially contribute to the revenue basket. However, due to the desire of assembly members to seek re-election, they simply renege on reporting these taxable bases to the assembly.

Most of the owners of big properties in the metropolis are political financiers. They used this influence to obliterate any effort to increase property rates or other taxes that may affect their businesses. Most businesses owned by political faithful often had a way of evading taxes and getting away with it. They simply refuse to honour tax obligations and LG ignores them because of their political affiliations. This confirms the position that people use their political machines to evade taxes (Boko, 2007).

“There are many areas in this city where you could not go and ask of property or any other local tax because they are known strong holds of the then ruling party. They tell you that they cannot suffer and bring a government to power and still be paying money to the Assembly. We the revenue collectors cannot do anything because if you report them to the Assembly nothing will happen.” (Interview with supervisor of revenues 04/08/2011).

User charges collected by managers of public toilets are not paid to the assembly because those in charge are largely party loyalists. Managing public toilets by these groups is seen as a reward from the government for their hard work in

bringing the party to power. This is characterized by the forceful takeover of ownership and management of these facilities by party followers known in the Ghanaian political circles as *'foot soldiers'* whenever there is a change in government.

Market stalls were reallocated to political party faithful. This makes it difficult to collect market dues from these occupants because of their political affiliation to the ruling party. This political influence is seen in the local tax system across the different local taxes except lands with its negative influence manifesting in the low revenue generated. *"When they came to power the stalls were reallocated to their people. Can you go and ask them to pay?"*(Interview with rate collector, 04/08/2011).

Revenue collectors often under declare amounts collected from the fields. There are also reports of missing tax rolls with its attendant problems. It has also been realized amidst suspicion among management that some *"members of management are conniving with rate collectors to print their own receipt books which are issued instead of the assembly's own receipt books"* (Interview with ex-rate collector, 04/08/2011). Contracts are awarded to private firms with close association to the ruling party. This is one of the many ways of finding jobs for political affiliates. *"Does it not ring a bell that even though these private firms are not meeting their targets they are still been maintained?"*(Interview with former assembly member-14/08/2011). This confirms the position of Awortwi, (2004) of collusion and corruption in contracting out services, and that of Boko (2007) that revenue collectors embezzle funds.

4.6 The Ease of Free Riding and Local Taxation

Because there is no proper system of tax enforcement due to the absence of a legal person, the free riding problem in the metropolis has exacerbated for all taxes. It is observed that due to the polygamous nature of the area, after the demise of the first owner of a house it becomes difficult to locate someone who will readily accept responsibility of tax bills especially the third class category of houses which forms 72% of houses. Lack of tax enforcement mechanism to enhance rate collection efficiency has led to the lost of this potentially buoyant local tax. No sanctions are applied to residence who do not pay hence collection is zero with the third class category (Roy, 2000; Helmsing, 1997).

With regard to fees and fines and licenses, the ability to apply sanctions has been limited by the fact that most prospective taxpayers are not regulated. This could be effective with properly organised tax system. Even though stores and other businesses are visible enough to reduce tax evasion, the problem of free ridding aided by political patronage has made it impossible to prosecute tax defaulters.

Land tax is not in the domain of LG and it is not easy to evade this once a piece of land is bought. Tax evasion on rent is not also possible since they are deducted at source and also public toilet charges cannot be avoided because payment is made before the use of the facility.

Interestingly there is a trend of indigenes evading taxes. Immigrants are those that are seen to be honouring tax obligations. This can be traced to the conflict in the area. This is similar to a study conducted in Benin (Boko, 2007) where indigenes of an area constantly renege in paying taxes.

The non-enforcement of tax laws is that the ruling party stands the chance of becoming unpopular if tax defaulters are prosecuted and punished. Management do not therefore make efforts towards getting people prosecuted. Also opinion leaders such as chiefs and political financiers have always been used to evade taxes. A point in case is that an operation was held in the metropolis to arrest all let loose animals. The animals were confined in a place and owners of those animals went and broke into the place and let loose the animals again. When attempts were made to fine them, chiefs were brought in to plead, making the whole exercise a fiasco.

4.7 Viability and Buoyancy of Local Revenues

At this point it becomes necessary to show the viability of the taxes in order of their conformity to the basic indicators of suitable local taxes. In doing so weights are assigned to the taxes based on the researcher's conviction and contextualization of the applicability of these indicators to the local taxes in TaMA. It is important to indicate that the definition of political acceptability of taxes transcends the definition of Helmsing (1997). In the local context, any taxes or efforts seen to be coming from a government certain residents do not support, it is seen with political implications. Because of the polarized nature of the area along the two major political parties, local tax efforts inevitably becomes political even if it has to do with simply tax enforcement hence the weight of 3 assigned to it. The weight of 4 given to sanctions is due to the poor enforcement of taxes in the area and its impact on tax yields. Yield is given a weight of 5 because of its relative significance in determining revenue mobilization. Economic incidence is weighed 1 due to its little applicability in the local context. Administrative capacity is weighed 2 considering its influence in local taxation.

Table 4.4: Ranking of the Viability of Local Taxes

Description	Weight	Rates	Lands	Fees and fines	Licenses	Rent
Economic Incidence	1	0	0	2	2	1
Administrative capacity	2	3	0	1	1	0
Political acceptability	3	2	1	1	2	2
Sanctions	4	0	2	0	0	1
Yields	5	2	1	2	2	0
Total Score		22	16	17	20	11
Rank		1	4	3	2	5

Source: Own construction, 2011.

Score: 0- Not compatible, 1- Neutral, 2- Compatible

Table 4.4 shows the viability of taxes using the indicators of a suitable local tax as the basis of comparison. The score of each tax is multiplied by the corresponding weight to arrive at the total score. This reveals the potential of rates as

the most viable local tax followed by licenses and fees and fines. Rent is said to be the less viable tax with less potential. The revenue assignment policy on land as it is does not enhance the utilization of its benefits.

4.8 Other Factors that Influence Local Revenues

CG Regulations

CG influences the activities of LGs in revenue mobilization through policies and other regulations. Licensing of vehicles is stipulated as a LG tax by the LG Act; however a CG body is mandated to collect this lucrative tax exposing the dilemma as posited by Litvack and Seddon (1998:23) in the assignment of revenues to LGs. This confirms Bahl et al (1984) assertion that certain taxes are reserved for CG while the less viable ones are given to LGs. A competition between CG and LG arises over the elastic vehicle licence (Helmsing, 1997).

Another regulatory issue is the policy on valuation of tax bases. This regulation is clear on the methods of valuation of properties but silent on fees and fines, licences and rent. This policy dilemma leaves LG with no option but to resort to imagination of values for assessment of tax rates. This policy choice of CG has therefore influenced the administrative choices of LG leading to use of discretion of tax administrators which impinge on local revenue mobilization as observed by Roy (2000).

Expenditure Responsibility of LG

The provisions of services for which LG can charge fees are in the domain of CG. LGs are expected to deliver 86 functions including basic education, primary health care, and agriculture, sanitation, water, roads and streets cottage industry etc. The reality however is that CG still keeps most of these functions except waste management which is in the domain of TaMA either due to the lucrative returns or managerial capacity issues (Common Wealth Secretariat, 2010:28). This is in total disregard to the spirit of fiscal federalism as observed by Smoke (1994). The relationship observed by Helmsing (1997: 18) between expenditure responsibilities of LG and taxation is lost since LGs are left with not many services to charge for. The link is therefore missing when taxes imposed by LG cannot be justified making it politically not acceptable (Helmsing, 1997).

Inter-Governmental Transfers

Soft budget constraints on LG have tended to discourage it from working harder to improve its local resources. The Table below shows the percentage of LG resources that comes from the CG transfers. These transfers are used as substitute or a disincentive to local tax efforts due to the political acceptability and other capacity issues of LG taxes. *“We rely on the DACF. It helps us a lot because we are able to meet all our expenditures” (Interview with mayor, 16/08/2011).* They therefore point to CG when there are no funds for local projects (Martinez-Vazquez and Alm, 2003:125; Bahl et al, 1984, Helmsing et al 1987). This explains why TaMA is not working hard to improve upon its local tax bases.

Table 4.5: CG Transfers and IGFs (in GH¢)

Description	Total Income	Transfers and Donor Funds	IGF	% of IGF
2006	2,995,711.03	2,815,731.96	179,979.07	6.01
2007	2,513,058.56	2,269,240.94	243,817.62	9.70
2008	971,287.55	706,214.37	265,073.18	27.29
2009	4,077,922.79	3,476,976.40	600,946.39	14.74
2010	3,990,379.14	3,184,844.67	805,534.47	20.19
2011(June)	73,617,357.16	73,185,369.75	431,987.41	0.59
Total	88,165,716.23	85,638,378.09	2,527,338.14	2.87

Source: TaMA, 2011

Table 4.5 shows that apart from 2008 and 2010 when IGF constituted up to 27.29 and 20.97, the figures for the other years have not been encouraging. It shows that CG transfers and other donor funds have been the main source of income for TaMA. These transfers are used as substitutes to IGFs and LG is not put under budget constraints that will compel it to raise resources locally (Bahl et al, 1984).

The Abudu-Andani Canker

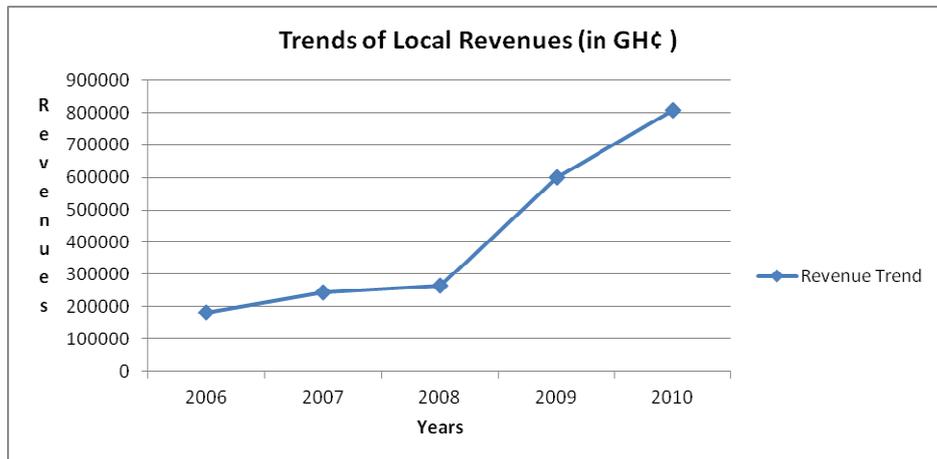
Firstly it is worth iterating that due to the polygamous nature of the area, after the demise of the first owner of a house it becomes difficult to locate someone who will readily accept tax bills especially the third class category of houses. About 72% of houses fall in this category. This in no small way affects revenue mobilization. The Abudu-Andani conflict has affected all facets of social and economic lives of the people since a decade ago. “*each time we go to collect rates, the Andani people tells us that they will not pay for government to use the money to buy guns and kill their chief again*”. The emotional issue of the murder of the chief is introduced anytime efforts are made to recover taxes. Either of the gates depending on which government is in power often sees tax collection efforts as a calculated attempt to punish them. This has in most cases erupted violence. Therefore to keep the peace in the area, LG prefers to avoid confrontations (Interview with revenue inspector, 02/08/2011).

The trend of indigenes evading taxes can be traced to this conflict. The taxpayer-collector relationship as underscored by Magala and Rubagumya (2007) is important. Some of the taxpayers are known to belong to either of the chief-taincy gates. They have a sour relationship with members of other gates and that

reflects in their inability to collect taxes from those people and localities (Interview with revenue inspector, 02/08/2011).

However, total revenue yield has maintained a continuous increase since 2008. This trend is attributable to the relative peace that has since returned to the area. This has brought more economic activities, land acquisitions and other development projects into the area

Figure 3: Trends of Local Revenues



Source: TaMA, 2011

Transparency, Accountability and Patronage

When revenue generated locally is used to finance local projects it contributes in making a LG accountable to taxpayers. Taxpayers feel the impact of local taxes when there are increases in taxes. This also puts a LG in check and the people in response to local taxes expects of LG to provide for local needs and services. The study revealed that LG is not in any way accountable to the people. The desires and needs of the people are not provided by LG. What taxes are used for is not known to majority of the people. The people therefore do not feel a sense of duty in paying taxes and only see LG as an exploitative agency (Bahl 1999). The metropolis has rather decided as mentioned earlier to renovate chief palaces to the neglect of development priorities. This has angered some sections of the populace especially those who do not support those chiefs. Taxes are therefore politically not acceptable hence the evasion of taxes in the metropolis (Helm-sing, 1997). There seem to be no transparency in the operations of private firms to whom revenues have been contracted to. None of these firms nor the assembly is prepared to provide records of revenue collection, with the excuse that no third party is supposed to know the details of a contract. This again agrees with Awortwi, (2003) on collusion and corruption in engagement of the private sector in LG business.

Monitoring and Evaluation

Monitoring and evaluation is important in that it helps to measure successes and shortfalls of any undertaken to enhance the development of new ideas in subsequent decision making (Inanga et al, 2004). The involvement of staff beyond the

design of rates is not satisfactory. The collection of revenue is left to rate collectors and inspectors to prepare tax rolls without any supervision and monitoring. This has exposed the system to corruption and other malpractices. Staffs of TaMA are only involved in activities of revenue mobilization when the year is getting to an end without a significant achievement in revenue mobilization. Again the only mechanism of checking prove of payment of taxes is the ability of the taxpayer to show receipt of payment. Therefore own receipt books allegedly printed by some staff are hardly detected. This is worsened by the poor coordination among tax administrators and rate collectors. Proper valuation of revenue strategies is not done to improve the situation owing to the poor coordination.

4.9 Conclusion

In conclusion, it is right to assert that indeed taxes in the metropolis have equally a great potential and viable like other endowed LG in the country. The inability of LG to substantially maximise this can be attributed to administrative choices and revenue assignment policy impediments. The infamous abudu- andani conflict and other cultural issues have also worsened the free riding behaviours of some residents. This potential could be utilized with improved management and revenue assignment policy reforms in the local tax system to enhance the activities in the tax chain.

Chapter Five: Summary of Findings, Conclusion, Policy and Theoretical Reflections

5.1 Introduction

Fiscal decentralisation as a deliberate policy was introduced in 1994 which recognised the increasing demand by the increasing population to be provided with local services. Taxing powers were transferred to LGs to enable them to raise substantial local revenues to meet the cost of local services and to improve on the decentralisation agenda (Awortwi, 2010:625). The fact however is that LGs have not been able to mobilise much revenues as anticipated and still relies on CG transfers to meet the cost of local capital projects and services courtesy DACF (Helmsing, 2005; Bahl et al, 1984). This chapter presents summary of findings, conclusion, policy and theoretical reflections.

5.2 Summary of Findings

This research was set to find answers to the following: 1) How the functions in the local tax chain ranging from tax base identification to taxpayer service are conducted for rates, lands, fees and fines, licenses and rent and its influence on local revenue mobilization, 2) The potential viability and buoyancy of local taxes in TaMA and 3) The other factors (often ignored) that impinge local taxation. A rigorous field work was conducted and below is the main findings:

The Local Tax Chain

Evidence gathered in this research has shown a lot of shortfalls in the performance of the functions in the local tax chain ranging from identification of tax bases to taxpayer services. These gaps are attributable to poor tax base identification, the lack of valuation of properties or professional assessment of taxes (the use of imagination and discretion of administrative staff), poor collection efforts, and complete lack of enforcement of tax laws, poor avenues of tax appeals and finally inadequate taxpayer education and services.

Viability and Buoyancy of local Taxes

The persistent argument put forward has been that most LGs in Ghana have small revenue bases except metropolises that can boast of relatively broader and viable revenue bases, with some of them having many but less viable local taxes (Common Wealth Secretariat, 2010). The comparison of rates, lands, fees and fines, licenses and rent as local taxes in TaMA has indeed revealed the potentials and viable nature of local taxes with rates been the most buoyant and viable tax followed by licences, fees and fines, lands and rent. Putting these taxes to test on the their suitability as good local taxes, there is a satisfaction that rates, lands,

fees and fines and licenses are indeed good local with great potentials to generate substantial revenues to meet the cost of LG expenditure on service provision.

The improper revenue assignment policy and Administrative impediments embedded in the tax chain have undermined the viability and buoyancy of some taxes, for instance lands. These have impinged on the efforts of LG to mobilize enough resources for local development.

The Often Ignored Challenges of Local Revenue Mobilization

Analysis in this research has further revealed the constraints that impinge on revenue mobilization. A striking revelation is the free riding attitude of indigent people towards payment of taxes where the ethnic conflict is used as a cover up. The polygamous culture of the people is a contributory factor. Some of the constraints include CG regulations; expenditure responsibilities of LG; CG transfers to LG; corruption and political patronage; inadequate capacity in terms of logistical constraints and financial management expertise; lack of transparency, accountability in contracting out local tax collection; enforcement of taxes and LG responses to local needs. The rest are inadequate monitoring and evaluation of revenue mobilization strategies.

5.3 Conclusion

In the last two decades since the implementation of the current fiscal decentralisation policy, the country has witnessed less successful outcomes in ensuring fiscal independence of LGs through mobilizing local revenues. Evidence indicates that LGs do not work hard enough to improve upon the revenue responsibilities assigned to them but instead prefers to be financed by CG. The reluctance of LGs in Ghana to improve upon revenue mobilization lies in the local revenue assignment policies at their disposal and also the administrative and managerial choices they make in dealing with the entire tax chain especially valuation and collection of revenues.

This paper has argued that LGs may continue to perform below satisfaction in terms of mobilizing the needed revenues to meet local service budgets, until such a time that the functions in the local tax chain are professionally conducted according to standard practice. It must however be stated that local revenues in TaMA are as viable as there are in other endowed metropolises. The problem indeed is in the administration and management of these revenues.

The paper has further brought to the fore the politics of revenue mobilization and how that has perversely affected the implementation of revenue mobilization strategies. It has been revealed that political elites obstruct the process of revenue mobilization through representation on the revenue sub-committee where power blocks are represented to perpetuate negative attitudes towards revenue mobilization. This has reflected in the lack of prosecutions and tax enforcement and the compounding free ridding attitude citizens. Prominent among this is the art of contracting out revenue collection to party loyalists known as “foot soldiers” that have no experience and do not account for proceeds.

Also manifested in the research is the manner in which the ethnic tension has metamorphosed into a political problem under which indigenes who are affected by the Abudu- Andani problem seek protection from the payment of taxes. The amazing revelation of a trend of indigenes becoming the victims of tax evasion finds answers in the intertwined nature of politics and the ethnic or cultural problem with revenue mobilization. This has resulted in a situation where nothing really works. Is it surprising that instead of proper taxpayer services that would enhance tax collection, chief palaces are being renovated to fulfil the ethnic-cultural- political mission of the Mayor?

A striking revelation of how the polygamous culture of the people has negatively affected revenues cannot be underestimated. It revealed that the demise of the first owner of a property makes it difficult to find somebody who is willing to accept tax bills. This is indeed striking and equally enormous in terms of its negative impact on revenue collection.

With the current state of local revenue mobilization, Ghana's quest to improve upon the fiscal autonomy of LGs is failing to materialize and this continues to reflect in the failure of LG to deliver essential services to citizens as part of its taxpayer service responsibilities. The basic objective of bringing services closer to the people through decentralisation remains a mirage as LGs are unable to initiate and fund local services from locally generated resources. The implication for the future of decentralisation of Ghana is enormous. This calls for a concerted effort towards realizing the true benefits of local autonomy which will inevitably impact on the fiscal autonomy of the country as a whole in terms of reducing its dependence on related donor agencies for funding (Awortwi et al, 2008).

5.4 Policy and Theoretical Reflections

The need for comprehensive policy and administrative measures are of necessity in order to improve upon the state of local taxation in TaMA. Below are some suggestions:

TaMA needs to update continuously the tax register to include new spatial developments. A professional valuation of these properties should be instituted and constantly updated to meet the expenditure needs. Quiet apart from a data system that could computerize records of tax bases and billing, the need for rigorous enforcement of tax laws through incentives and punishment is important (Helmsing 1997).

Until steps are taken to review the policy on land taxes that puts it in the domain of office of stool land, revenues shall continue to elude LG (Martinez-Vazquez, and Alm, 2003). This may however be beyond TaMA as the issue of policy assumes a national character.

Just like rates a lot more needs to be done in bringing potential taxpayers into the tax registers. A system of data management is equally important to ensure that LG keeps records of the coverage level of tax bases. Even though policy does not provide for valuation of these taxes, a point or hybrid system could be developed to determine rates without having to import or imagine values. A survey could be conducted to see and place values on the tax bases of fees and

finances. This will reduce over assessment and the vice versa. Like other taxes, collection and enforcement need to be stepped up (Roy, 2000)

On the part of licenses, which are both a regulatory and revenue measure, the policy allows LGs to vary rates. Therefore a strict adherence to the rules of the game is suggested to avoid the importing and importation of charges from other districts. Again the policy on licensing of vehicles should be enforced to ensure that the power to issue these licenses is controlled and executed by LG. This may also be beyond the scope of TaMA as it has to do with the entire LG system in Ghana (Helmsing, 1997; Bahl et al, 1984)

The lack of accountability on user charges collected on public toilets ought to be corrected to ensure probity and accountability in LG revenues and confidence in the taxpayer (Bahl, 1999)

Generally there is the need to improve tax education to minimize the rate of resistance to taxes due to poor justification of rates. LG should also provide basic services to make a justification for tax collection for all five taxes. If the sharp end of collection is not given attention all efforts will be a fiasco (Roy, 2000).

The involvement of the private sector could be complimented by improving upon transparency in the award of contracts. The capacity of metropolitan budgeting and tax administrators should be improved to ensure professional budgeting and financial planning. There is the need to put in place checks and balances to prevent embezzlement. Incentives are also necessary if the goal of increase revenues is to be achieved (Awortwi, 2004).

Finally, the separation of national politics from local politics is of eminent need. De-politicization of the age long ethnic conflict could also contribute a lot but all these may take some time to achieve. A gradual and continuous effort is recommended.

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Appendices

Appendix 1

Interview Guide for Research on Revenue Mobilization in Ghana: A Comparative Analysis of Local taxes in the Tamale Metropolis

I Questions for Metropolitan Officials

a Rates

Tax Base Identification

1. What are the items that constitute the revenue base of rates?
2. How do you determine what items constitute the revenues base of property taxes?
3. May you provide data on all the taxable properties in the metropolis?
4. What is the coverage ratio?
5. Do you think this source of revenue is viable? And why?
6. What challenges do you encounter in defining the revenue base?

Tax base Valuation

1. How is valuation of tax base done in the metropolis?
2. Is valuation done on a yearly basis? If not how are taxes charged?
3. What is the valuation ratio?
4. Do you engage the services of professional assessors and valuers? And How?
5. What are the difficulties in the valuation of tax bases?

Tax Assessment

1. Do you have the power to set and vary rates at your own discretion?
2. What are the issues you consider before setting taxes? And how do these issues affect the rates set?
3. What is the tax ratio?
4. Are there any legal or any other challenges in setting of tax rates?

Tax Collection

1. How is billing of revenues in the metropolis done?
2. Have you been able to send bills to all prospective tax payers? How do you do this?
3. Has this been successful? And why?
4. How is revenue collection done?

5. Who does the collection? Or has this been contracted out?
6. If revenue collectors are hired by the metropolis do you think they are doing a good job? And why?
7. Do you rely on the prospective tax payers to come and pay voluntarily or you go after them?
8. Has revenue targets been met? If no why?
9. What is the revenue collection ratio?
10. What do you think are the specific problems that hinder revenue collection?
11. If revenues have been contracted out, what will you say about the performance of the contractor? And Why?
12. How is revenue contracted out? Any problems?
13. What will you say about revenue targets as far as contracting out is concern.

Tax enforcement

1. How do you treat tax defaulters?
2. Do you have the power to prosecute tax defaulters? If yes, have you been doing it
3. How successful has this been in the past?
4. What is the tax enforcement ratio?
5. What are the challenges in dealing with tax defaulters?

Tax Appeals Resolution

1. Is there a tax appeals board or committee in the metropolis? And how are disputes over data on prospective taxable areas, valuation and assessment resolved?
2. How does this impact on revenue mobilization.

Taxpayer Services

1. Is there tax payer education in the metropolis? And how is it done?
2. Do you think tax payers receive the services for which they are taxed? If yes, how will you describe tax payer service in the metropolis?

The above questions will be repeated for the other kinds of local revenues below:

- b. Fees and Fines
- c. Licences
- d. Lands
- e. Rent

II Questions for Local Political Leaders

1. What is your view on the local revenue mobilization situation of the metropolis?
2. What has been your role in strategizing toward revenue mobilization in the Metropolis?
3. What do you think the metropolis is doing right?
4. What will you say are the specific issues that challenge the metropolis' efforts in revenue mobilization? Please explain your answer.

Appendix 2

Interviews

Number	Position of Interviewee	Place	Date
1	Inspector of Revenues	Tamale	02/08/2011
2	Budget Officer	Tamale	01 and 03/08/2011
3	Member of budget Committee	Tamale	10/08/2011
4	Secretary of Budget Committee	Tamale	11/08/2011
5	Member of Budget Committee	Tamale	12/08/2011
6	Head of revenue Mobilization, Tamale North	Tamale North	06/08/2011
7	Head of Revenue Mobilization, Tamale Central	Tamale Central	05/08/2011
8	Head of Revenues, Tamale South	Tamale South	05/08/2011
9	Tamale North Sub Metropolitan Director	Tamale North	
10	The Mayor	Tamale	16/08/2011
11	Deputy Coordinating Director	Tamale	15/08/2011
12	Presiding Member	Tamale	15/08/2011
13	Chairman of the Finance and Revenue Mobilization Subcommittee	Tamale	06/08/2011
14	Secretary of Finance and Revenue Mobilization Subcommittee	Tamale	07/08/2011
15	Member, Finance and Revenue Mobilization Subcommittee	Tamale	09/08/2011
16	Member, Finance and Revenue Mobilization	Tamale	11/08/2011

	Subcommittee		
17	Treasurer Association of Hoteliers	Tamale	02/08/2011
18	Managing Director of Farmec Consult	Tamale	08/08/2011
19	Secretary, PTA	Accra via telephone	07/08/2011
20	Former Assembly Member	Saveligu	13/08/2011
21	Former Assembly Member	Nyankpala	14/08/2011
22	Revenue Supervisor	Tamale	04/08/2011
23	Former Rate collector	Tamale	04/08/2011

Appendix 3

The taxes used locally by the TaMA reflects the provision of the sixth schedule (section 86) of the LG Act 462 which identifies the sources of revenue for LG bodies as presented below:

1. Entertainments Duty under the Entertainments Duty Act, 1962 (Act 150)
2. Casino Revenue under Casino Revenue Tax Decree, 1973 (NRCD 200)
3. Betting Tax under the Betting Tax Act, 1965 (Act 268)
4. Income Tax (Registration of Trade, Businesses, Profession or Vocation) Law, 1986 (PNDCL 156)
5. Gambling Tax under Gambling Machines Decree, 1973 (NRCD, 174)
6. Rates and Levies
 - a) Levies on crops other than cocoa, coffee, cotton and she nuts
7. Fees:
 - i) Cattle Pounds
 - ii) Conservancy
 - iii) Slaughter House
 - iv) Market Dues
 - v) Market Stalls/Stores
 - vi) Lorry Park Dues
 - vii) Advertisements
 - viii) Trading Kiosks
 - ix) Restoration of Conservancy Service
 - x) Graveyard Receipts
 - xi) Bread Bakers
 - xii) Chop Bars

- xiii) Corn Mills
- xiv) Dressing Stations
- 8. Licences:
 - i) Dog Licences
 - ii) Hawkers
 - iii) Extension of Hours
 - iv) Hotel and Restaurants
 - v) Beer and Wine Sellers
 - vi) Petroleum Installations
 - vii) Palm-wine sellers
 - viii) Akpeteshie Distillers/Sellers
 - ix) Herbalists
 - x) Taxi Cabs
 - xi) Lorry Parks Overseers
 - xii) Taxi Drivers (Drivers' Licence)
 - xiii) Self-employed Artisans
 - xiv) Fishing Tolls
 - xv) Births and Deaths

9. Taxes chargeable on the income of the following categories of self-employed

Person –

- a) Spare parts dealers
- b) Chemical sellers
- c) Tailors and dressmakers
- d) Sandcrete blocks manufacturers
- e) Musical spinners
- f) Radio and television repairs
- g) Gold and silver smiths
- h) Drink bar operators
- i) Professional photographers
- j) Chop bar keepers and cooked food sellers
- k) Butchers
- l) Refrigeration and air conditioning workshop owners
- m) Hairdressers
- n) Garage owners
- o) Video operators
- p) Corn mill owners
- q) Co-operative distillers
- r) Scrap dealers
- s) Livestock breeders and traders

- t) Traders; and
 - u) Liquor sellers
 - 10. Miscellaneous:
 - i) Town Hall/Community Centre Receipts
 - ii) District Hearse Hiring
 - iii) Dislodging of Latrines
 - iv) Hire of Bulldozers/Grader
 - v) Collection of Sand/Grave/Stone
 - vi) Slot Machines
 - vii) Stool Land Revenue
 - viii) Toilets Receipts
- Source: Sixth Schedule, Act 462, section 86.

Appendix 4

Fee Fixing Resolution, 2011.

Item	Description of Business				
1.					
Property Rate:		BOPF 2010	BOPF 2011	BOPF 2012	
	A general rate per cedi on the ratable value of immovable property situated within the statutory planning area of the Tamale Metropolitan Assembly under Section 96(6) except properties exempted from assessment and rating under Section 99, is imposed as set out in the following table				
	Rating Type of Residential				
	First Class	Im-			
	Kamina Barracks Residences, Education Ridge, Old Airport, SOC rest House, Russian Bungalows, Watherson and Kpamboero road Bungalows, Kalpohin Estates, Agric Ridge, Choggu Manayili Low Cost Bungalows	0.09	0.04	0.04	
	Airforce, Base, Mile 9 Officers Residence, Vitting Estates, Kukuo New Residence Area, VRA/Norrip, Rice City Area, Kanvilli Residential Area, Sanerigu, Residential Area, Naluru Estates				
	Second Class	0.08	0.01	0.01	
	Mile 9, NGOs Quarters, Gumbihini Choggu, Mmanayili Village, Sakasaka, Tishegu, Nyohini, Moshie Zongo Accra Town, Changni, Gov't Low Cost House, Kalpohini, Zogbeli, Gurugu Residential Area, Police Quarters, Catholic Guest House.				
	Third Class	0.08	0.001	0.001	
	Zagyuri, Kanvilli Tuunayili, Choggu Yapalsi, Sagnerigu, Kukuo Village, Vitting Village, Dabokpa, Kalariga, Bulipela, Jesonayili, Kalphin Village, All Urban Village.				
Rating Type of Commercial					
	A. First Class	0.09	0.05	0.05	
	Area Bounded along the road from Sakasaka to Taysec Yard				
	B. Second Class	0.07	0.03	0.03	

	Aboabo Market Area, Banks, Commercial House, Firms and Corporations, the Industrial Area.				
	C.Third Class	0.05	0.01	0.01	
	Lamashegu, Daboya Road, Old Airport, V.R.A and Ministries Area.				
Amount Per Cedi					
C	Mixed Development				
	(a) Commercial Properties	0.05	0.05	0.05	
	(b) Industrial Properties	0.001	0.001	0.001	
	All properties not yet valued				
		Flat Rate			
	(a) Land crete Building	5.00	20.00	24.00	per annum
	(b) Swish Buildigs	4.00	15.00	18.00	per annum
	(c) One Storey Sandcrete Building			-	
	2 room fenced sandcrete	14.40	20.00	24.00	per annum
	2 room unfence sandcrete	24.00	15.00	18.00	per annum
	•3 room fenced sandcrete house	35.00	30.00	36.00	per annum
	•3 room unfenced sandcrete house	30.00	40.00	48.00	per annum
	•4 room fenced sand Crete	45.00	40.00	48.00	per annum
	•4 room unfencedsand Crete	30.00	55.00	66.00	per annum
	5 or more room fenced sand-crete Residential/Office	86.00	100.00	120.00	per annum
	5 or more room unfenced sand-crete Residential/Office	55.00	80.00	96.00	per annum
	(d) Two storey sandcrete Building			-	
	Up to 5 room two storey Residential/Office Block	100.00	150.00	180.00	per annum
	More than 5 room two storey Residential/Office Block	150.00	200.00	240.00	per annum
	(e) Three storey sandcrete building:			-	per annum
	Three storey residential/Office Block	150.00	200.00	240.00	per annum
	Four storey and above Residential/Office Block	200.00	250.00	300.00	per annum
	Industrial Building/Complex	200.00	300.00	360.00	per annum
				-	
	Basic Rate:			-	
	A general rate of (10pesewas) is payable by all persons of or above the age of eighteen (18) years who reside or own immovable property within the area of authority of the Tamale Metropolitan Assembly or registered as a voter within the Tamale Metropolitan Assemble area of authority (96(5)	Gh¢1.00	1.00	1.20	per annum
	2. Bicycle Rate:			-	
	a. Every bicycle owner should pay	1.00	1.00	1.20	per annum
	b All Bicycle Hires will pay...	15.00	15.00	18.00	per annum
	c. All Bicycle Repairers will pay	17.00	17.00	20.40	per annum

	d. All Motor cycle repairers...	20.00	20.00	24.00	per annum
4			30.00	36.00	
	Bovine Rate (i.e. Cattle and Pigs)			-	
				-	
	All persons who own adult bovine (ox, bull or cow) shall pay (€0.50 per adult bovine)	50.00	1.00	1.20	
5				-	
	MARKET RATE			-	
	Type of Store: Central Market			-	
	a. Type 'A' Store	18.00	36.00	43.20	per annum
	b. Type 'B' Store	14.00	24.00	28.80	per annum
	c. Type 'C' Store	12.00	18.00	21.60	per annum
6				-	
	Aboabo Market:			-	
	a. Type 'A' Store	72.00	72.00	86.40	per annum
	b. Type 'B' Store	60.00	60.00	72.00	per annum
	c. Type 'C' Store	36.00	36.00	43.20	per annum
	d. Type 'E' & 'F' Store	36.00	36.00	43.20	per annum
	e. Type 'D' Store	18.00	18.00	21.60	per annum
	Aboabu Lorry park 32 storey stores (wholesale)		84.00	100.80	
			72.00	86.40	
	f. Open Stalls	14.40	14.40	17.28	per annum
	g. Daily sellers in open space...			-	
	i. Hawkers 'A'	2.00	2.00	2.40	per day
	j. Hawkers 'B'	1.00	1.00	1.20	per day
	k. Stores at Yam market '	18.00	18.00	21.60	per annum
	l. New Supermarket	18.00	18.00	21.60	per annum
	Lamashegu Market			-	
	a. Type A Store	60.00	60.00	72.00	per annum
	b. Type B Store	48.00	48.00	57.60	per annum
	c. Type C –Open Store	12.00	12.00	14.40	per annum
				-	
				-	
	Exports of foodstuffs:			-	
	(Corn, rice, guinea corn, sheanuts, millets, beans, Konkonte, gari etc)	0.50	0.50	0.60	per bag
	Charcoal Sellers	12.00	12.00	14.40	per annum
	Firewood Sellers	8.40	8.40	10.08	per annum
	Export of Tobacco	3.00	3.00	3.60	per bag
	Export of Groundnut Oil	4.00	4.00	4.80	per jericen

	Cola Nut Sellers	6.00	6.00	7.20	per annum
	Fruit Sellers	6.00	6.00	7.20	per annum
	Export of cotton	0.40	5.00	6.00	per bale
	Export of Yam	€1 per 100 tubers	2.00	2.40	per 100 tubers
	Export of Kapok	€0.50 per bag	0.50	0.60	per bag
				-	
	Imports Of Foodstuff			-	
	Fruits and Vegetable	3.00	4.00	4.80	per truck
	Cola nut	4.00	5.00	6.00	per bag
	Grains	0.20	0.50	0.60	per bag
	Fruits(Mangoes /Tomatoes)...	0.10	0.20	0.24	per crate
	Onions	0.30	0.40	0.48	per bag
7				-	
	Second-hand Cloth Dealers:			-	
	Category 'A' (bale)	14.40	24.00	28.80	per annum
	Category 'B' (retailer)	12.00	18.00	21.60	per annum
				-	
	"A" Second-hand Fridge/TV Dealers...	18.00	30.00	36.00	per annum
	"B" – Second-hand Motor Bike	18.00	30.00	36.00	per annum
	"C" – Second hand Car/Auto & Dealers...	36.00	50.00	60.00	per annum
	"D"- Second hand Bicycle Dealers	18.00	24.00	28.80	per annum
				-	
	8. Garages/Car Dealers Outlets:			-	
	Category 'A'	1,000.00	1,200.00	1,440.00	per annum
	Category 'B'	800.00	1,000.00	1,200.00	per annum
	Category 'C'	600.00	800.00	960.00	per annum
	Category 'D'	400.00	600.00	720.00	per annum
	New Motor bike Dealers:			-	
	category 'A'		100.00	120.00	per annum
	category 'B'		60.00	72.00	per annum
	category 'C'		30.00	36.00	per annum
	Car Rental Registration		200.00	240.00	per annum
9	Car Rental Renewals		200.00	240.00	per annum
	Commercial Transport Companies:			-	
	State Transport Company (Inter City)	1,500.00	1,500.00	1,800.00	per annum
	City Express/Metro Mass Transit ...	1,000.00	1,000.00	1,200.00	per annum
	Imperial Bus Services	1,200.00	1,200.00	1,440.00	per annum
	Trans-Ecowas KTs O&A ...	300.00	500.00	600.00	per annum
10				-	
	Cold Stores:			-	

	Category 'A'	100.00	150.00	180.00	per annum
	Category 'B'	80.00	100.00	120.00	per annum
	Category 'C'	50.00	80.00	96.00	per annum
	Category 'D'...	30.00	50.00	60.00	per annum
11	Registration of New Cold store	20.00	20.00	24.00	
	Barbers:			-	
	Category 'A'	18.00	24.00	28.80	per annum
	Category 'B'	15.00	18.00	21.60	per annum
12	Category 'C'	12.00	15.00	18.00	per annum
	Lorry Park Fees (Entrance Fee)			-	
				-	
	a. 1 – 5 tons vehicles	0.40	0.50	0.60	per day
	b. 7 – 10 tons vehicles	0.80	1.00	1.20	per day
	c. Articulators	1.50	2.00	2.40	per day
	d. Cargo Vehicles	0.80	1.00	1.20	per day
	e. Parking Fees Ordinary	0.40	0.50	0.60	per day
	f. Private Car Park		100.00	120.00	per annum
13				-	
a.	Long Distance Articulators/Double Axle Mummy Trucks (Loading)			-	
	Tamale - Wa/Bole	1.50	2.00	2.40	per truck
	Tamale – Bawku/Navrongo	1.50	2.00	2.40	per truck
	Tamale – Ejura/Mampong/Kumasi	1.50	2.00	2.40	per truck
a	Tamale – Cape Coast/Accra/Takoradi	3.00	4.00	4.80	per truck
b.	Tamale Nkoranza/Techiman/Sunyani	2.50	3.00	3.60	per truck
c.	Long Distance Mummy Trucks	1.50	2.00	2.40	per truck
d.	Local Market Trucks	1.50	2.00	2.40	per truck
e.	Large Buses	1.80	2.40	2.88	per truck
f.	Medium Buses	1.50	2.00	2.40	per truck
	Small/Mini Buses	1.50	2.00	2.40	per truck
	a. Transport Union/Association	26.00	30.00	36.00	per annum
14	b. BOPF by lorry parks/porters	7.20	7.20	8.64	per annum
	Traffic Offences			-	
	a. Vehicle entering one Way routes offences			-	
	Vehicle	20.00	20.00	24.00	per time
	Bicycle	5.00	5.00	6.00	per time
	Motor Cycle	15.00	15.00	18.00	per time
	No. Parking Offences - Vehicles...	50.00	20.00	50.00	per time
	b. Sitting on Hand Cart.	2.00	2.00	2.40	per time
	Riding Motor Bike/cycle in the market	10.00	10.00	12.00	per time

	Cinema, Video, Disco Hse, spinners and Standing Ent. Group				
	a. Registration fee for each Cinema				
b.	Video, Disco House and Spinners	12.00	12.00	14.40	per annum
	- Video Category 'A'	14.40	14.40	17.28	per annum
	- Video Category 'B'	12.00	12.00	14.40	per annum
c.	- Video Category 'C'	9.60	9.60	11.52	per annum
	Standing entertainment Groups Fees per Night/Ship			-	
	- (Concert show, Magic show, record dance, drumming & Dancing.)	12.00	12.00	14.40	
16.	Extension of hours of performance in the Night.	2.00	2.00	2.40	
	Public Kiosks (Approved Temporary Structures)Type:			-	
	a. Permit for Construction of Lotto Kiosks	6.00	10.00	12.00	
	b. Permit for Construction of Other Kiosks	40.00	50.00	60.00	
	c. Renewal of Permit			-	
	(Lotto & other Kiosks, container)		20.00	24.00	
	d. Permit for Construction of Metal Container	50.00	60.00	72.00	
	Building Permit Fees:			-	
	Activity:			-	
	a. Construction of Building Structure 0.20% of construction cost			-	
	b. Renewal of Building Permit (Approval)...	10.00	10.00	12.00	per annum
17	c. Building Permit Application Form	10.00	10.00	12.00	per annum
	Penalty for Unauthorized Development:			-	
				-	
	a. Removal/Alteration/Demolition			-	
	Recover of Total Expenses from unauthorized developers			-	
	b. Court Action.			-	
18	If found guilty, a fine not exceeding €20.00 or a term of imprisonment not exceeding six months or to both and in the case of a continuing offences to a further not exceeding €2,000.00 for each day that contravention continues after written notice has been served on offender (Section 64(6) of Act 462, 1993).			-	
	Type of Structure:			-	
	Metal containers	24.00	24.00	28.80	per annum
	Metal container with enclosure ...	30.00	30.00	36.00	per annum
	Kiosk without enclosure	12.00	12.00	14.40	per annum
19	Kiosk with enclosure	15.00	15.00	18.00	per annum
	Toilet Service:			-	

	a. Public toilet User Fees Type 'A' eg. Aboabo	0.05	0.50	0.60	per entry
	b. Public Toilet User Fees ...	0.03	0.30	0.36	per entry
	c. Dislodgement of Public Toilet	20.00	20.00	24.00	per trip
	d. Dislodgement of Private Septic Tank	25.00	25.00	30.00	per trip
	e. Dislodgement of Hotel Septic Tank	45.00	45.00	54.00	per trip
	f. Dislodgement of Industrial Premises	45.00	45.00	54.00	per trip
	g. External Service	200.00	200.00	240.00	per day
20				-	
	Slaughter House (Abattoir), Meat Shop, Cold Store			-	
	a. Slaughter house fee per sheep/goat/Pig slaughtered...	1.00	1.50	1.80	per animal
	b. Slaughter house fee per cow slaughtered	1.80	2.00	2.40	per animal
	c. Meat conveyance fee per cow	0.30	0.50	0.60	per animal
	d. Meat conveyance fee per sheep/goat/Pig	0.20	0.20	0.24	per animal
	e. Meat contract suppliers per cow	0.30	0.30	0.36	per animal
	f. Meat contract suppliers per goat/sheep/Pig	0.30	0.30	0.36	per animal
21	g. Meat shop fees	0.30	0.50	0.60	per table
	Liquor, Beer, Minerals and Beverages cigarettes (I.e. Bear			-	
	Bars, Drinking spots, pito houses, Akpeteshie Distillers,			-	
	Cigarette Distributors/Sellers etc.			-	
	a. Wholesale direct from distributors:			-	
	(Liquor, Beer, Minerals, Cigarette)	300.00	300.00	360.00	per annum
	b. Retailers premises bar sport club etc.			-	
	Beer and Spirit			-	per annum
	Cat. A	30.00	30.00	36.00	
	Cat. B	24.00	24.00	28.80	
	Akpeteshie only	18.00	18.00	21.60	per annum
	Snack Bars	12.00	15.00	18.00	per annum
	Cigarettes	10.00	12.00	14.40	per annum
22	Medical Fitness Fee for Sellers/Servers	2.00	5.00	6.00	per annum
	Pounding of Animals:			-	
	Storage Fee: per goat, sheep	5.00	5.00	6.00	per day
	Storage Fee: per cow	18.00	20.00	24.00	per day
	Feeding Fee: per goat/sheep	15.00	20.00	24.00	per day
	Feeding Feed: per cow	18.00	20.00	24.00	per day
	Treatment Fee: per goat/sheep	1.00	5.00	6.00	per day
	Fee for let Loose animals (sheep/goat)	5.00	10.00	12.00	
	Fee for let Loose animals (cow)	20.00	20.00	24.00	
23				-	
	Private Educational Institutions			-	
	a. Tertiary Institutions	30.00	100.00	120.00	per annum

	b. Vocational/Technical School	20.00	60.00	72.00	per annum
	c. Day Care Centre: Cat. 'A'	25.00	50.00	60.00	per annum
	Day Care Centre: Cat. 'B'	20.00	30.00	36.00	per annum
24	Day Care Centre: Cat. 'C'	15.00	20.00	24.00	per annum
	Hearse and Burial Fees			-	
	a. Hiring of Hearse per corpse to cemetery	5.00	5.00	6.00	
	b. Burial Fees: Per adult grave	2.00	2.00	2.40	
25	c. Per child grave (under 10 years)	0.50	0.50	0.60	
	Bakers, Floor Kneading Machines, Bread Sellers			-	
	a. Bakers Category 'A'	15.00	25.00	30.00	per annum
Item	b. Bakers Category 'B'	12.00	15.00	18.00	per annum
	Description of Business	BOPF 2011		-	
	c. Bakeries	15.00	25.00	30.00	per annum
26	d. Flour Kneading Machines ...	15.00	25.00	30.00	per annum
27	Corn Mill	15.00	15.00	18.00	per annum
	Office of Travel Agent			-	per annum
	Cat. A Haj./Tourism	200.00	200.00	240.00	
28	Cat. B	250.00	250.00	300.00	
	Computer Training Centre			-	
	Category 'A'	50.00	60.00	72.00	per annum
	Category 'B'	40.00	50.00	60.00	per annum
	Category 'C'	30.00	40.00	48.00	per annum
29	Self-employed Artisans			-	
	Category 'A' (Fitters, Black-Smiths, Masons Carpenters, Steel benders, plumber)	15.00	20.00	24.00	per annum
	Category 'B'	12.00	18.00	21.60	per annum
	Category 'C' (Electricians)	12.00	18.00	21.60	per annum
	Sign writers category 'A'	40.00	45.00	54.00	per annum
	Sign writers category 'B'	30.00	40.00	48.00	per annum
	Sign writers category 'C'	20.00	30.00	36.00	per annum
30	Professional Photographers	12.00	18.00	21.60	
	(B) Itinerant General Goods Hawkers			-	
	Category 'A'	0.50	0.50	0.60	per day
31	Category 'B'	0.03	0.20	0.24	per day
	Petroleum/Gas Installation/Vehicle Alignment	15.00	20.00	24.00	per annum
	Car Washing 'A' Water Jet User	15.00	20.00	24.00	per annum
	'B' Hand Wash User	10.00	15.00	18.00	per annum
	"C" Mobile Car Washing	-	15.00	18.00	
	Surface Tank Operations	50.00	60.00	72.00	per annum
	Established Filling Stations	300.00	400.00	480.00	per annum

	Kerosene Retailer Tanker	100.00	150.00	180.00	per annum
	Gas Cylinder Distributors	40.00	50.00	60.00	per annum
32. (a)	Gas Cylinder Filling Depot	300.00	400.00	480.00	per annum
Service Fee per bin (120 Lit) per month	Refuse Collection			-	
	Category 'A' (Hotel, Industries, Commercial Houses)...	5.00	15.00	18.00	per month
	Category 'B' (Norrip, VRA Bungalows	3.00	12.00	14.40	per month
	Category 'C' Kalpohin, SSNIT Gov't Bung./JSQ	2.50	5.00	6.00	per month
	Category 'D'Police Barracks 'A' Offices	2.00	4.00	4.80	per month
	'B' Officers Qtrs.	1.50	3.00	3.60	per month
	'C' Block	0.80	2.00	2.40	per month
(b)	15m ³ Refuse container ...				
	Tipping Fee:			-	
	Liquid waste	1.50	3.00	3.60	
	Solid waste		4.00	4.80	
	Sanitation service Providers				
	Cat. A		800.00	960.00	per annum
	Cat. B		500.00	600.00	per annum
	Hotel, Guest Houses, Hotels				
	Hotel Category '5 Star'	96.00	1,000.00	1,200.00	per annum
	Hotel Category '4 Star'	76.00	800.00	960.00	per annum
	Hotel Category '3 Star'	50.00	600.00	720.00	per annum
	Hotel Category '2Star'		500.00	600.00	per annum
	Hotel Category '1 Star'		400.00	480.00	per annum
	Hotel Category 'Budget'		300.00	360.00	per annum
	Guest House Cat. 'A	60.00	200.00	240.00	per annum
34	Guest House Cat. 'B		180.00	216.00	per annum
	Guest House Cat. 'C		100.00	120.00	per annum
				-	
35	District Weekly Lotto:			-	
	a. Registration/Renewal Fee	100.00	100.00	120.00	per annum
36	b. Operational Fee	6.00	6.00	7.20	weekly
				-	
	Forex Bureau	70.00	70.00	84.00	per annum
				-	
	Private Medical Dental, Pharmaceutical,, Nursing, Mid-wifery				
	Laboratory Services and Psychic, Traditional Healers and				
	Herbalists:			-	
	Herbal drugs		50.00	60.00	per annum

	Traditional herbalist	18.00	30.00	36.00	per annum
	Private Midwifery Practice			-	
	a. Maternity Home	18.00	20.00	24.00	per annum
	b. Clinic	12.00	15.00	18.00	per annum
	a. Private Medical/dental Practice			-	per annum
	a. Hospital	60.00	100.00	120.00	per annum
	b. Clinic	30.00	50.00	60.00	per annum
	c. Dressing Centre	20.00	20.00	24.00	per annum
	d. Tania	100.00	100.00	120.00	per annum
	b. Private Laboratory			-	per annum
	a. Category 'A'	60.00	80.00	96.00	per annum
	b. Category 'B'	40.00	60.00	72.00	per annum
	c. Category 'C'	30.00	50.00	60.00	per annum
	c. Private Pharmacy:			-	
	a. Pharmacy 'A' Ricky, OPAC, African)...	60.00	80.00	96.00	per annum
	b. Pharmacy 'B'	30.00	50.00	60.00	per annum
	c. Pharmacy 'C'	20.00	40.00	48.00	per annum
	d. Drug/chemical Store 'A'	60.00	70.00	84.00	per annum
	e. Drug/Chemical Store 'B' ...	40.00	50.00	60.00	per annum
	f. Drug/chemical Store 'C'	30.00	36.00	43.20	per annum
	g. Itinerant Chemical Seller-on vehicle	15.00	20.00	24.00	per annum
	h. Itinerant Chemical Seller	8.00	10.00	12.00	per annum
	i. Optical services		50.00	60.00	per annum
37	Agro-chemicals:			-	
	Category A		50.00	60.00	per annum
	Category B		30.00	36.00	per annum
	Category C		20.00	24.00	per annum
	Spare Parts Dealers			-	
	a. Category 'A' (Lorry Parts)	120.00	120.00	144.00	per annum
	b. Category 'B' (Lorry Parts)	100.00	100.00	120.00	per annum
	c. Category 'A' (Motor Parts)	80.00	80.00	96.00	per annum
38	d. Category "B" (Motor Parts)	60.00	60.00	72.00	per annum
	e. Category 'A' (Bicycle)	50.00	50.00	60.00	per annum
	f. Category "B" (Bicycle)	25.00	25.00	30.00	per annum
				-	
Item	Commercial House/Departmental Store/Supermarket			-	
	a. Category 'A' e.g. Melcom/Quality First	250.00	300.00	360.00	per annum
	b. Category 'B' Shell/Mobil Mart	150.00	200.00	240.00	per annum

	c. Category 'C' Shop	120.00	170.00	204.00	per annum
39	d. Category 'D' Shop	100.00	120.00	144.00	per annum
	e. Category 'E' Shop	35.00	40.00	48.00	per annum
	f. Category 'F' Shop	18.00	24.00	28.80	per annum
				-	
40	Book/stationery shops:			-	
	a. Category. 'A'	100.00	100.00	120.00	per annum
	b. Category. 'B'	70.00	70.00	84.00	per annum
41	c. Category 'C'	50.00	50.00	60.00	per annum
	Professionals Consultants...	1,000.00	1,000.00	1,200.00	per annum
	Professionals Private Consultants...	500.00	500.00	600.00	per annum
	Professionals Private Practitioners...	100.00	100.00	120.00	per annum
42	Communication Centre 'A'			-	
	a. Category 'B'	26.00	26.00	31.20	per annum
	b. Category 'C'	19.00	19.00	22.80	per annum
	c. Category 'D'	16.00	16.00	19.20	per annum
	Bill Boards			-	
	a. Prismatic/Electronic/Neon Light	600.00	1,000.00	1,200.00	per annum
	b. Super Bulletin		800.00	960.00	per annum
	c. Bill Board (Big Size)	400.00	600.00	720.00	per annum
	Advert Boards			-	
	a. 40-48 sheets	400.00	600.00	720.00	per annum
	a. 20-40 sheets		400.00	480.00	per annum
	b. Less than 20 sheets	200.00	200.00	240.00	
	c. Banners	10.00	10.00	12.00	per annum
	d. Market signs	2.50	4.00	4.80	per annum
	e. Signs Boards(4x4)...	18.00	20.00	24.00	per annum
	f. Signs Boards (4x8)...	36.00	40.00	48.00	per annum
	Sign Boards less or equal to 2x2	10.00	10.00	12.00	per annum
	Group Directional signs (Franchise)	20.00	20.00	24.00	per annum
	Street light Advert on poles	20.00	20.00	24.00	per annum
	Branding to market and shed (15m wall)	200.00	200.00	240.00	per annum
	Flag poles	12.00	12.00	14.40	per annum
	Lorry park	35.00	35.00	42.00	per annum
	Fuel service stations signs	40.00	40.00	48.00	per annum
43	Road Arch (Double lane)	4,000.00	4,000.00	4,800.00	per annum
	Road Arch (Single lane)	2,000.00	2,000.00	2,400.00	per annum
	Branding container /House	40.00	40.00	48.00	per annum
	g. Walls signs	5.00	10.00	12.00	per annum

	Contractors Registration Fee			-	
	Category 'A' (Class A1,D1,B1)	600.00	600.00	720.00	per annum
44	Category 'B' (Class A2,D2,B2)	250.00	250.00	300.00	per annum
	Category 'C' (Class A3,D3,B3)	100.00	100.00	120.00	per annum
	Category 'D' (Class A4,D4,B4)	50.00	50.00	60.00	per annum
	Note % charge on contractors of awarded projects			-	
	Financial Institutions:			-	
	Bank of Ghana (Regional Premises)	3,000.00	2,000.00	2,400.00	per annum
	Barclays Bank	3,500.00	4,000.00	4,800.00	per annum
	Standard Chartered Bank	3,500.00	4,000.00	4,800.00	per annum
	SSB Bank	3,500.00	4,000.00	4,800.00	per annum
	GCB (Main) and Aboabo Branch	4,000.00	4,000.00	4,800.00	per annum
	GCB Aboabo and Hospital Road Branch		1,000.00	1,200.00	
	ADB (Main)	4,000.00	4,000.00	4,800.00	per annum
	ADB Aboabo Branch		1,000.00	1,200.00	
	Intercontinental Bank		3,000.00	3,600.00	
	Zenith Bank		3,000.00	3,600.00	
	Fidelity Bank		3,000.00	3,600.00	
	Stanbic Bank		3,000.00	3,600.00	
	Prudential Bank		3,000.00	3,600.00	
	Apex Bank		2,000.00	2,400.00	
	National Investment Bank	3,500.00	4,000.00	4,800.00	per annum
Item	First Ghana Building Society	1,500.00	2,000.00	2,400.00	per annum
	Bonzali Rural Bank (Main)	1,500.00	2,000.00	2,400.00	per annum
	Bonzali Rural Bank (Lamashegu)		500.00	600.00	
	Amal Bank	2,000.00	3,000.00	3,600.00	per annum
	HFC	2,000.00	3,000.00	3,600.00	per annum
	Bayport financial services	1,500.00	2,000.00	2,400.00	per annum
	Sinapi aba	1,500.00	2,000.00	2,400.00	per annum
45	Baobab Loans and services		1,000.00	1,200.00	per annum
	Loans and savings		800.00	960.00	per annum
	Other Financial Institutions		500.00	600.00	per annum
	Registration of new banks		200.00	240.00	per annum
	Furniture Shops:			-	per annum
46	a. Category 'A' with machine	50.00	50.00	60.00	per annum
	b. Category 'B' Carpentry Shops ...	40.00	40.00	48.00	per annum
	c. Category 'C' Furniture showroom	30.00	30.00	36.00	per annum
	Commercial Institutions:			-	

	a. VRA-NED	3,200.00	4,000.00	4,800.00	per annum
	b. Ghana Telecom	3,200.00	6,000.00	7,200.00	per annum
	c. Ghana Postal Service	1,200.00	2,000.00	2,400.00	per annum
	d. SSNIT	3,000.00	5,000.00	6,000.00	per annum
	e. SIC	3,000.00	4,000.00	4,800.00	per annum
	f. Millicom (GH) Ltd – Tigo	1,200.00	5,000.00	6,000.00	per annum
	g. Spacefon MTN...	1,200.00	6,000.00	7,200.00	per annum
	h. Celltel	1,200.00	4,000.00	4,800.00	per annum
	i. Kasapa (espresso)		3,000.00	3,600.00	
	j. Insurance Companies:			-	
	Category A		3,000.00	3,600.00	per annum
	Category B		2,000.00	2,400.00	per annum
	Category C		1,000.00	1,200.00	per annum
	k. African on Line	1,200.00	2,000.00	2,400.00	per annum
47	l. Radio Stations	300.00	300.00	360.00	per annum
48	m. Ghana Water Company...	450.00	500.00	600.00	per annum
<input type="checkbox"/>	n. Ghacem	800.00	1,500.00	1,800.00	per annum
<input type="checkbox"/>	o. Diamond Cement	750.00	1,200.00	1,440.00	per annum
<input type="checkbox"/>	Real Estate Developers ...	600.00	800.00	960.00	per annum
<input type="checkbox"/>	Industrial Firms:			-	
<input type="checkbox"/>	<input type="checkbox"/> OLAM	600.00	600.00	720.00	per annum
<input type="checkbox"/>	<input type="checkbox"/> Ghaneen	600.00	600.00	720.00	per annum
<input type="checkbox"/>	<input type="checkbox"/> Uniliver	600.00	600.00	720.00	per annum
	<input type="checkbox"/> GBL (Distributors)	600.00	600.00	720.00	per annum
49	<input type="checkbox"/> Ghafco	600.00	600.00	720.00	per annum
	<input type="checkbox"/> Goil (Head Office, Tamale)	9.00	9.00	10.80	per annum
	<input type="checkbox"/> I K K	900.00	900.00	1,080.00	per annum
	<input type="checkbox"/> P Z Cussons			-	
	Hiring of Assembly's properties & Equipment			-	
				-	
	<input type="checkbox"/> Grader	420.00	420.00	504.00	per day
	<input type="checkbox"/> Pay loader	250.00	250.00	300.00	per day
	<input type="checkbox"/> Bulldozer	450.00	450.00	540.00	per day
	<input type="checkbox"/> Tipper Truck (sand)	60.00	60.00	72.00	per trip
50	<input type="checkbox"/> Generator	5.00	5.00	6.00	per day
	<input type="checkbox"/> Tipper Truck gravel	25.00	25.00	30.00	per trip
	<input type="checkbox"/> Water Tank	35.00	35.00	42.00	per trip
				-	
51	Breweries:			-	
	<input type="checkbox"/> Akpeteshie Distillers	12.00 p.a.	15.00	18.00	per annum

	<input type="checkbox"/> Pito Brewing - Category 'A'	p.a 12.00	15.00	18.00	per annum
	<input type="checkbox"/> Pito Brewing – Category 'B'	p.a. 8.40	10.00	12.00	per annum
				-	
	<input type="checkbox"/> Taxi , Trotro, and Hiring Cars Registration and Renewal:			-	
	<input type="checkbox"/> a. Taxi	2.00	6.00	7.20	
52	b. Trotro	1.50	5.00	6.00	
	c. Hiring car	€15	20.00	24.00	
	d. Daily Tolls			-	
	Taxi	0.30	0.30	0.36	per day
	Trotro	0.20	0.20	0.24	per day
	Restaurants, Chop Bars and Cooked Food Sellers			-	
	<input type="checkbox"/> Restaurants Class 'A'			-	
	(Picorna, Las, Gariba Lodge, sparkles,Giddipas, Crest)...€80 p.a	80.00	100.00	120.00	
	<input type="checkbox"/> Restaurant Class 'B'			-	
	(Eveack and Swad Fast Food)	60.00	80.00	96.00	per annum
	<input type="checkbox"/> Restaurant Class 'C'	36.00	40.00	48.00	per annum
	<input type="checkbox"/> Chop Bar Class 'A'	24.00	36.00	43.20	per annum
	<input type="checkbox"/> Chop Bar Class 'B'	18.00	24.00	28.80	per annum
	<input type="checkbox"/> Chop Bar Class 'C'	12.00	18.00	21.60	per annum
	<input type="checkbox"/> Chop bar Class 'D'	10.00	12.00	14.40	per annum
	<input type="checkbox"/> Medical fines for all above sellers/servers	9.00	5.00	6.00	per annum
	<input type="checkbox"/> Dumping at the Landfill Sites	2.00	2.00	2.40	per annum
	a. Private septic emptier to be charged	3.00	30.00	36.00	per annum
	b. Refuse trucks to pay	2.00	2.00	2.40	
	<input type="checkbox"/> Sanitation Levy	2.00	2.00	2.40	
53	-Hawkers to pay	1.50	1.50	1.80	per month
	-Stores/shop owners to pay	€2.0 per month/store /kiosk/shop		-	per month
				-	
	Miscellaneous:			-	
	a. Felling of Economic Trees	5.00	5.00	6.00	per tree
	b. Licensed letter writers	8.00	8.00	9.60	per annum
	c. Refrigeration mechanics	12.00	15.00	18.00	per annum
	d. ITTU	200.00	250.00	300.00	per annum
	e. Retail cement Sellers	40.00	50.00	60.00	per annum
	f. Wholesale Cement Distributors	60.00	80.00	96.00	per annum
	g. Watch Sellers	9.00	10.00	12.00	per annum
	h. Sand/Gravel Winning	1.00	1.00	1.20	per trip
	i. Dog License	0.50	0.50	0.60	per annum

Item	j. Marriage Registration Fee (Per Marriage)	5.00	25.00	30.00	per annum
	k. Divorce Registration (Per Marriage)	20.00	50.00	60.00	per annum
	Renting of Assembly staff Quarters 10% of occupants basic salary				
	m. Fees Per Certified True Copy	2.00		-	per annum
	n. Renting of Assembly Staff Quarters 12% of occupant's			-	
	Basic salary per month			-	
	o. Timber Sellers (BOPF)	26.00	30.00	36.00	per annum
	P. Photostat copying machines	22.00	22.00	26.40	per annum
	q. Photo studios ...	50.00	50.00	60.00	per annum
	r. Block Manufactures ...	24.00	36.00	43.20	per annum
	s. Saw mills	50.00	50.00	60.00	per annum
	t. Scrap Dealers		50.00	60.00	per annum
	u. Pure water producers:			-	per annum
	Category A	200.00	300.00	360.00	per annum
	Category B		200.00	240.00	per annum
	Category C		150.00	180.00	per annum
	u. Commissioning of Oaths (No-Lawyers)	12.00	12.00	14.40	per annum
	v. Rubber Stamp Makers	18.00	18.00	21.60	per annum
	w. Flour Dealers	100.00	100.00	120.00	per annum
	x. Street name to honor Donors	60.00	60.00	72.00	per annum
	y. Tipper Trucks Association	20.00	20.00	24.00	per annum
	z. ATL Depot	300.00	300.00	360.00	per annum
	Unilever Distributors (Forsmuel)	300.00	300.00	360.00	per annum
	Nestle Ghana Limited	600.00	600.00	720.00	per annum
	1. VRA Club House	72.00	72.00	86.40	per annum
	2. Assembly Guest House	6.00		-	per night
	3. Internet Café	30.00	30.00	36.00	per annum
	4. Hire of Jubilee Park...	40.00	40.00	48.00	per occasion
	5. Associations Rate	40.00	40.00	48.00	per registration
	6. Communications mast permit	3,500.00	5,000.00	6,000.00	
	7. Motor Tricycle –registration	10.00	5.00	6.00	per annum
	8. Motor Tricycle –bopf	10.00	12.00	14.40	per annum
	J.B ATOGIBA	HON. PRINCE A.A MOHAMMED			
	(Metropolitan Co-ordinating Director)	(Presiding Member)			

Sources: TaMA, 2011

Appendix 5

Economic viability of Revenues

a. Rates

Fixed rates of 40, 30 and 15 Ghana cedis are charged for each class (first, second and third class respectively). 2% of the first class properties (105) are commercial properties with a fixed rate of 100 Ghana cedis.

Thus:

$$40(595) = 28000$$

$$30(850) = 25500$$

$$15(38950) = 584250$$

$$\text{Sub-total} = 633550$$

$$100(105) = 10500$$

$$633550 + 10500 = 644050 \text{ Ghana cedis}$$

Basic rate of 1 Ghana Cedis will result in 157500 Ghana cedis per the population. This will bring the total estimated yield or viability of rates to 801550 Ghana Cedis.

b. Fees and fines

The average of charges for fees and fines is taken to be 20 Ghana cedis, and there are about 4500 tax items under coverage.

$$20(4500) = 90000 \text{ Ghana cedis}$$

c. Licenses

Amount realized from big transnational companies and banks is 140,800

There are about 1590 licence payers thus the average charges of 125(1590) = 198750.

$$140800 + 198750 = 339550 \text{ Ghana cedis.}$$