

Sources of Government Revenue in Ghana, It is the task of government to provide essential services to the community- the maintenance of law and order, building of roads and ports, schools and hospitals and countless other activities necessary to the modern nation.

But in order to provide these services, the government must be able to finance them by ensuring that there is a sufficient flow of money into its hands to enable it to pay for the work it must undertake, thus its operation must depend on having an adequate financial system, which, properly managed, will provide the necessary resources and enable them to be put to use in the national interest.

Sources of Government Revenue in Ghana pdf

Over the past decades, the financial system of the central government has become increasingly complex. Not only has the amount of money flowing in and out of the public treasury every year increased tremendously, but its flows in from many more different sources, and it is disbursed for a very greater variety of activities.

Revenue constitutes the ordinary income of the government, being composed of taxation (the major part of revenue) and earnings (charges raised by government departments for services renders to the public, rents received for the lease of government lands or buildings, interest on investment by the government and so on). This is the inflow of money available to finance expenditure. This flow goes on all the time, year-in, year-out. Its magnitude can, however, be varied from year to year, either by government decision (by increasing or decreasing taxation or earnings) or by the natural development of the economy (for example, if everyone in Ghana receives more income, the share of the tax collector will also automatically rise).

Revenue

Revenue is an increase in net worth resulting from a transaction. There are four main sources of revenues. Tax and other compulsory transfer imposed by government units, property income derived from the ownership of assets, sales of goods and services, and voluntary transfers received from other units.

Tax revenue

Tax Revenue which forms the dominant share of revenues for many government units is composed of compulsory transfers to the government sector. Certain compulsory transfers, such as fines, penalties and most social security contributions are excluded from tax revenue. Refunds and corrections of erroneously collected tax revenue have the appearance of transactions that decrease the net worth of the government unit imposing the tax. More accurately, they are adjustments that allow the excessive increase in net worth previously recorded to be correct. As such, these transactions are treated as negative revenue.

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All other types of revenue are frequently combined into a heterogeneous category on non-tax revenue.

Grants are noncompulsory transfers received by government units or international organizations. Grants from the foreign government are international organizations would appear in the consolidated Fund Accounts. Grants may be classified as capital or current and can be received in cash or in kind.

Sales of goods and services include sales by market establishments, administrative fees, incidental sales by no-market establishments, and imputed sales of goods and services. Some administrative fees are so high that they are clearly out of proportion to the cost of the services provided. Such fees are classified as taxes.

Sales of goods and services are recorded as revenue without deduction of the expenses incurred in a generation that revenue. It is quite possible for government units to sell their output at prices that are less than the cost of production. Indeed, as non-market producers, most government units distribute their output without charge or for prices that are not economically significant. In these cases, the net worth of the unit has decreased because the expense from productions higher than the revenue from the sales of the goods and services

TAX REVENUE



TAXES

[Tax Revenue sources include the following:](#)

Direct Tax:

Direct Taxes are taxes amount earned by individuals and corporations, like tax, corporate tax and duty. It also includes Capital Gains Tax and tax.

Indirect Tax:

This is a tax which isn't paid directly by the one that suffers or bears the burden. this sort of tax is placed on goods and services that are bought and consumed by individuals. They include taxes on general goods and services, excises, customs and other imports, taxes on Export and levies.

Non- tax revenue: All other sorts of revenue aside from taxes are mentioned as Non-tax revenue. An example may include grants, loans, royalties, sale of products and services, etc.

Grants are non-compulsory transfers received by government or government units from international organizations and other developed countries like Uk, America, China, France, among others.

In the consolidated Fund Accounts, the following list of items are classified as constituting tax revenue:

INTERNATIONAL TRADE AND TRANSACTIONS

IMPORT DUTIES

General import duties

VAT on imports

Penalties on import duties

Others (non-tax revenue)

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- [PUBLIC SECTOR ACCOUNTING CONCEPTS](#)
- [REGULATORY FRAMEWORK OF PUBLIC SECTOR ACCOUNTING | 2020](#)
- [Introduction to Public Sector Accounting](#)

EXPORT DUTIES ON

Cocoa

Timber

Diamond

Kola Nuts

Re-Export Levy

Other export duties

DOMESTIC TAXES ON GOODS AND SERVICES

Beer

Cigarettes

Spirits

Mineral water

VALUE ADDED TAX ON

Beer

Cigarettes

Spirits

Mineral waters

Textiles (Fabric)

Textile (Apparels)

Soap

Cosmetics

Furniture

Salt

Radio & TV/Elect. Prod

Rubber products

metal products

plasticware

glassware

aluminium ware

roofing sheet

paints

food items

nonalcoholic Beverage

paper production/printing

sawn timber

flour

chemical

cement

misc. other local industries

professional services

electricity

water

telecommunication

quarrying

sand winning

hotels & restaurant

entertainment

advertisement

miscellaneous

PETROLEUM TAXES ON

Premium

Kerosene

Gas oil

Amortization free-LPG

Promotional Levy-LPG

Jet Fuel (ATK)

Industrial diesel oil

Unified gasoline

Bunkers

Petroleum road fund

Petroleum exploration Levy

Petroleum strategic stock Levy

Petroleum energy fund

TAXES ON INCOME, PROFIT AND CAPITAL GAINS

Personal (Employee)

Self-employed

State enterprises

Capital gains tax

Gift tax

Rent tax

Mineral royalties

Service tax

Stamp tax

Banderoles tax

Penalties

Dividend tax

Interest

Commission

Management and tech. ser.

Ceded misc. Tax

Property rate

Non-tax Revenue

Whereas tax revenue is compulsory in nature, non-tax revenue constitutes user fees, rent, sales of goods and services and others.

Below is a list of items recognized as not-tax revenue in the consolidated Fund Accounts.