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PRESS STATEMENT:

GALAMSEY AND TAX EVASION: A CALL FOR IMMEDIATE ACTION

The Chartered Institute of Taxation, Ghana (CITG), a statutory regulatory body under the Chartered Institute of Taxation Act, 2016 (Act 916), hereby expresses deep concern regarding the ongoing issue of illegal mining, commonly referred to as "Galamsey," and the significant tax evasion associated with it.

CITG joins other professional bodies and stakeholders in calling attention to the impact of illegal mining on the economy, the environment, and the rule of law. Beyond the environmental degradation, pollution of water bodies, and destruction of farmlands, illegal mining operations are fundamentally driven by, among others, **tax evasion**. Operators engage in these illicit activities to avoid falling under the regulatory framework, thus bypassing taxes that are imposed on legal mineral operations in Ghana.

The laws of Ghana clearly regulate the purchase and sale of gold, meaning the government should at all times know the total output from licensed mining activities. However, the illegal nature of Galamsey undermines this regulatory structure, creating a shadow economy that deprives the nation of critical revenue. CITG notes that the responsibility to address this issue does not lie only with the miners but also with all actors involved, including:

1. Those who supply the equipment for Galamsey operations.
2. Those who deal in chemicals used in the process.
3. Buyers and traders who purchase gold from illegal miners.

The Institute (CITG) highlights that under Ghanaian law, the illegality of an activity does not exempt it from taxation. This principle is globally accepted and has been affirmed by the courts. As such, CITG calls on the International Monetary Fund (IMF), World Bank and other international bodies to show concern in dealing with tax evasion caused by Galamsey in their recommendations and agreements with the Government of Ghana's Revenue Measures.

We also call on the Ministry of Finance and other regulatory bodies to utilize all available intelligence and resources to identify and tax those involved in these illegal transactions, in addition to any other legal consequences.

Illegal mining, has been found by some researchers as significantly impacting Ghana's gold sector, causing revenue losses due to unaccounted gold exports. This discrepancy, caused by smuggling and the undervaluation of gold exports, leads to tax revenue loss. Addressing Galamsey is crucial to safeguarding Ghana's tax revenue. It is crucial that we



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adopt a holistic approach, targeting not only the miners but also the entire supply chain, including financiers and those profiting from the illegal trade in gold. By taxing these entities, Ghana can recover significant revenues that are currently lost due to the evasion of taxes.

Value of Gold Export

Year	Value
2015	US\$3.22 billion
2016	US\$4.92 billion
2017	US\$5.79 billion
2018	US\$5.44 billion
2019	US\$6.23 billion
2020	US\$6.80 billion
2021	US\$5.08 billion
2022	US\$6.61 billion
2023	US\$ 7.60 billion

Source: Bank of Ghana (BOG) Annual Report

While the value of gold export is largely influenced by commodity prices, the Institute takes notice there are instances where official records of Gold exported from Ghana is different from information available from other countries. For example, President Nana Akufo-Addo revealed that, about \$5 billion dollars were unaccounted for in gold exports from Ghana to the United Arab Emirates (UAE) during an interaction with the media on Wednesday, 17 January 2018. President stated that the Senior Minister, on an official visit to Dubai in the UAE, received some praise from people who said: “last year we [UAE] recorded US\$7 billion worth of Gold imports from Ghana” but official records from Ghana stood about US\$2 billion for Gold exports to UAE – emphasis US\$7 billion to UAE alone which is more than the total Gold exports of US\$5.79 billion for 2017 per BOG Annual Report.

CITG urges the following actions:

1. **Intensify Surveillance and Regulation:** The Ministry of Finance and relevant agencies must increase surveillance to identify all participants in the supply chain in these unlawful activities.
2. **Enforce Strict Penalties:** The laws should be strictly enforced not only against illegal miners but also against those in the supply chain including persons who



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supply them with chemicals, equipment, and those who purchase Galamsey products.

3. **Promote Responsible Mining:** The government should encourage small-scale miners to regularise their operations to bring them under the formal tax structure, contributing to the nation's economic development.
4. **Tax Enforcement:** Galamsey operators and those involved in the supply chain must be taxed for the revenues generated from illegal mining activities, as their evasion of taxes is detrimental to national revenue and does not encourage other persons to be tax compliant.

Conclusion:

The CITG calls for immediate and coordinated action from all stakeholders (Government, Chiefs, IMF, World Bank etc) to curb illegal mining and its associated tax evasion. The nation stands to benefit significantly from a more regulated, transparent, and accountable mining industry. Illegal mining, in its current state, is robbing Ghana of vital revenue that could otherwise support national development projects and the welfare of citizens.

CITG reaffirms its commitment to working with the government and other relevant agencies to address this challenge and restore integrity to the mining sector in Ghana.

Signed:

George Ohene Kwatia

President,

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Accra, 12th September 2024