

9/30/2022

PERSPECTIVES OF GHANAIANS ON THE E-LEVY.

WIStat Article



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Abstract

In recent years, governments in some lower income countries have increasingly introduced specific taxes on mobile money transfers as a means to raise revenue. These are often explicitly promoted as a way of taxing informal economic activities. Critics have however, noted their potential negative impact on lower income groups. In the quest to increase revenue in Ghana, the government of Ghana announced the introduction of an electronic transfer levy (E-levy) during the presentation of the 2022 budget and economic policy statement. This paper uses data from a survey of 172 Ghanaians collected in September 2022 to examine the perception of Ghanaians on the E-levy. The study found out that majority of Ghanaians think that there has been too much tax imposition on them. Pertinently, the study revealed that the rate at which Ghanaians make transactions after the introduction of the levy reduced. In addition, the study showed that majority of Ghanaians disagree to the fact that the E-levy can solve Ghana's economic problem, and in effect, think that the levy should be halted.

Keywords: *E-levy, Mobile money, Taxation, Ghana, Transaction*

Background and Motivation

Electronic transaction levy (E-levy) is a tax applied on transactions on electronic or digital platforms. Anyidoho et al. (2022) reveal that the use of digital financial services, including money transfers, have expanded widely in lower-income countries in the past decade. The start of the Covid-19 pandemic saw countries like Tanzania and Cameroon introduce taxes on digital financial services, building on several other recent examples throughout Africa (Ackah & Opoku, 2021). In Ghana, the E-levy was passed in Parliament in March 2022, and rolled out on May 1, 2022 at the end of a series of heated public and political debate. The essential thing that characterizes the E-levy in Ghana is the goal of extracting revenue from the country's large informal sector and yet, sparing the most vulnerable by using a minimum threshold that keeps transactions under 100 cedi per day tax-free.

Research Problem

The Covid-19 pandemic has brought a serious peril on most economies. In an attempt to generate more revenue to help sustain the economy, the Government of Ghana introduced the E-levy. This decision was in line with underlying arguments that the tax base needs to be broadened, and that the informal sector is otherwise evading taxes or is under-taxed. It appears however that most Ghanaians do not side with the government on the need for the levy.

Objectives of the Study

Ultimately, this study seeks to find out Ghanaians' perception about the E-levy.

Specifically, the study will:

- i. Find out whether Ghanaians think there has been too much tax imposition on them
- ii. Describe how often Ghanaians made transactions prior to the introduction of the levy
- iii. Describe how often Ghanaians make transactions after the introduction of the levy
- iv. Ascertain whether Ghanaians support the e-levy

Research Significance

It is of no doubt that the citizens of every nation seek the betterment in the economy of that nation. This study thus, will help the government to come up with ways of educating the general populace about the worth of the levy, and the need for every citizen to be involved.

Limitations

First and most importantly, the use of the internet as a mode of administering the questionnaires limited the number of respondents. Having most tertiary students responding also means that our research did not cover a lot of workers in different sectors. In spite of these limitations, we argue that the analysis and findings in this study will provide an overview of how Ghanaians perceive the E-levy which will in turn, aid in policy making.

Data collection

Questionnaires in Google form format were administered online. The questions consisted of multiple choice, Likert scale, and a few open-ended questions. The questions encapsulated tax burdens, rate of transaction before and after implementing the e-levy and whether they side with the government on the decision. The survey took place from 12th to 28th September 2022. Participants were given enough time to fill the online questionnaire anonymously.

Sampling technique

Convenience sampling method was used since ease of access to respondents was the priority.

Statistical technique and software

The analyses were carried out with the aid of SPSS version 20. Descriptive statistics were mainly used to assess the nature of the variables, after which inferences were made.

Data Analysis and Discussion

Table 1: Descriptive statistics of respondents

Variable	Categories	Frequency	Percent	Valid Percent
Gender	Male	116	64.8	67.8
	Female	55	30.7	32.2
	Missing	8	4.5	
	Total	179	100	100
Age	13-20	19	10.6	11.1
	21-30	111	62	64.9
	31-50	40	22.3	23.4
	Above 50	1	0.6	0.6
	Missing	8	4.5	
Education	Basic	1	0.6	0.6
	Secondary	29	16.2	17
	Tertiary	141	78.8	82.5
	Missing	8	4.5	

Source: Researcher's computation (2022)

Table 1 is an output of the descriptive statistics of the demographical characteristics of respondents. It can be observed that out of the total of 171 responses, the number of females was 61 less than the number of males. Additionally, about 64.9% of the respondents were in the age range of 21 to 30 years. Notably, only one respondent was above 50 years. Most respondents were in the tertiary level and a few in the secondary and basic levels.

The perception of Ghanaians on tax imposition was analysed and the results presented in Figure 1.

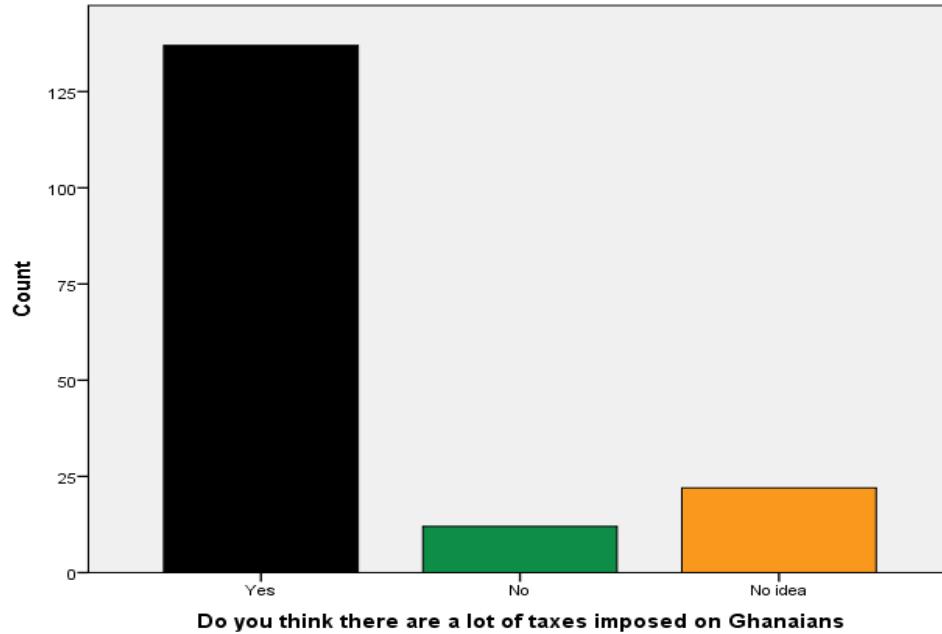


Figure 1: Perceptions of Ghanaians on tax imposition

From Figure 1, about 83.63% of Ghanaians are of the view that there are a lot of taxes imposed on them. Also, about 7.6% believe the taxes are not too many whereas about 14.62% claim they have no idea. Besides these views, results in Table 1 of Appendix B suggests that more than half the number of respondents do not think that the E-levy is an important measure to expand the tax base of Ghana.

The rate at which Ghanaians made transactions before the introduction of the levy, and the rate at which they make transactions after the introduction of the levy was also analysed, and the results were presented in Table 2.

Table 2: Descriptive statistics of how often Ghanaians made/make transaction

		Frequency	Percent	Valid Percent
Before the levy	Very often	103	57.5	57.5
	Often	45	25.1	25.1
	Not often	31	17.3	17.3
	Not at all	0	0.00	0.00
Amidst the levy	Very often	39	21.8	21.8
	Often	42	23.5	23.5
	Not often	92	51.4	51.4
	Not at all	6	3.4	3.4

Source: Researcher's computation (2022)

From the table, it can be seen that before the introduction of the levy, 103 respondents, representing about 57.5%, made transactions very often while 31 respondents did not make transactions often. On the contrary, after the introduction of the levy, the number of respondents who make transactions very often reduced drastically to 39, a percentage of about 21.8 while those who do not often make transactions shot up to 92. It is worth noting also that before the introduction of the levy, every respondent made transactions. After the introduction of the E-levy however, 6 respondents out of a total of 179 do not make transactions at all.

To assess Ghanaians' perception about the E-levy, respondents were asked their levels of agreement or otherwise about the E-levy and the results were summarized in Table 3.

Table 3: Descriptive Statistics of Ghanaians perception on the E-levy

	N	Mean	Std. Deviation
The E-levy is an important measure to expand the tax base of Ghana	179	2.06	0.588
The E-levy will generate considerable revenue for Ghana	179	2.36	1.125
The E-levy can solve Ghana's economic problems	179	1.84	1.012
The E-levy serves the interest of the common people	178	2.09	1.161
The E-levy has increased the rate of corruption in the country	177	3.36	1.241
The E-levy has collapsed the MM business	176	3.89	1.192
The E-levy is contributing to a high cost of living	178	3.93	1.500

Source: Researcher's computation (2022)

From Table 3, majority of Ghanaians strongly disagree (Mean=1.84, standard deviation=1.012) that the E-levy can solve Ghana's economic problems. They again disagree to the facts that the E-levy is an important measure to expand the tax base of Ghana and the E-levy will generate considerable revenue for Ghana. In addition, the responses shows that Ghanaians think that the E-levy does not serve the interest of the common people. It appears however that Ghanaians are quite indifferent that the E-levy has increased the rate of corruption in the country. The output also shows that respondents slightly agree that the E-levy has collapsed the Mobile Money business and is contributing to a high cost of living.

Overall, Figure 2 in Appendix B shows that majority of Ghanaians do not accept the E-levy and consequently, think that it should be stopped.

Conclusions and Recommendations

In conclusion, majority of Ghanaians have the perception that there has been too much tax imposition on them and therefore, are not in support of the E-levy. This has in turn contributed to a sharp decrease in the rate of transaction. It is therefore recommended that government should come up with ways of educating the general populace about the worth of the levy, and the need for every citizen to be involved.

References

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APPENDICES

APPENDIX A – QUESTIONNAIRE

Ghanaians' perception on the electronic levy

A survey conducted by Miss Emmanuella Frimpong, a level 200 bachelor of science Mathematics and statistics student in the University of cape coast. This questionnaire is to inquire your views on the recent introduction of the electronic levy in Ghana. Your responses are confidential.

Gender

Male
Female
Other

Age

13 – 20
21 – 30
31 – 50
Above 50

Level of education

Basic
Secondary
Tertiary
None

Do you think there are a lot of taxes imposed on Ghanaians?

Yes
No
Don't know

How do you understand electronic-levy?

Do you support the e-levy policy?

Yes
No

How often did you make transactions using mobile money before the introduction of e-levy?

- Very often
- Often
- Not often
- Not at all

Do you use mobile money despite the introduction of e-levy?

- Yes
- No

Which category of people do you think should pay the e-levy?

- Rich
- Middle class
- Poor
- All Ghanaians

Do you think the e-levy is an important measure to expand the tax base of Ghana?

- Yes
- No
- No idea

How often do you do transactions amid the e-levy?

- Very often
- Often
- Not often
- Not at all

Do you think e-levy will generate considerable revenue for Ghana?

- Strongly disagree
- Disagree
- Neutral
- Agree
- Strongly agree

The e-levy can solve the economic problems of Ghana.

- Strongly disagree
- Disagree
- Neutral
- Agree
- Strongly agree

The e-levy has increased the rate of corruption in Ghana.

- Strongly disagree
- Disagree
- Neutral
- Agree
- Strongly agree

***The e-levy serves the interest of Ghanaians* Mark only one oval.**

- Strongly disagree
- Disagree
- Neutral
- Agree
- Strongly Agree

***Should the president continue the e-levy policy?* Mark only one oval.**

- Strongly disagree
- Disagree
- Neutral
- Agree
- Strongly agree

E-levy is contributing to high cost of living in Ghana

- Strongly disagree
- Disagree
- Neutral
- Agree
- Strongly Agree

Should e-levy be abolished? *

- Yes
- No

If yes why

If no why

APPENDIX B

Figure 1: Perceptions of Ghanaians on the e-levy as an important measure to expand the tax base of Ghana

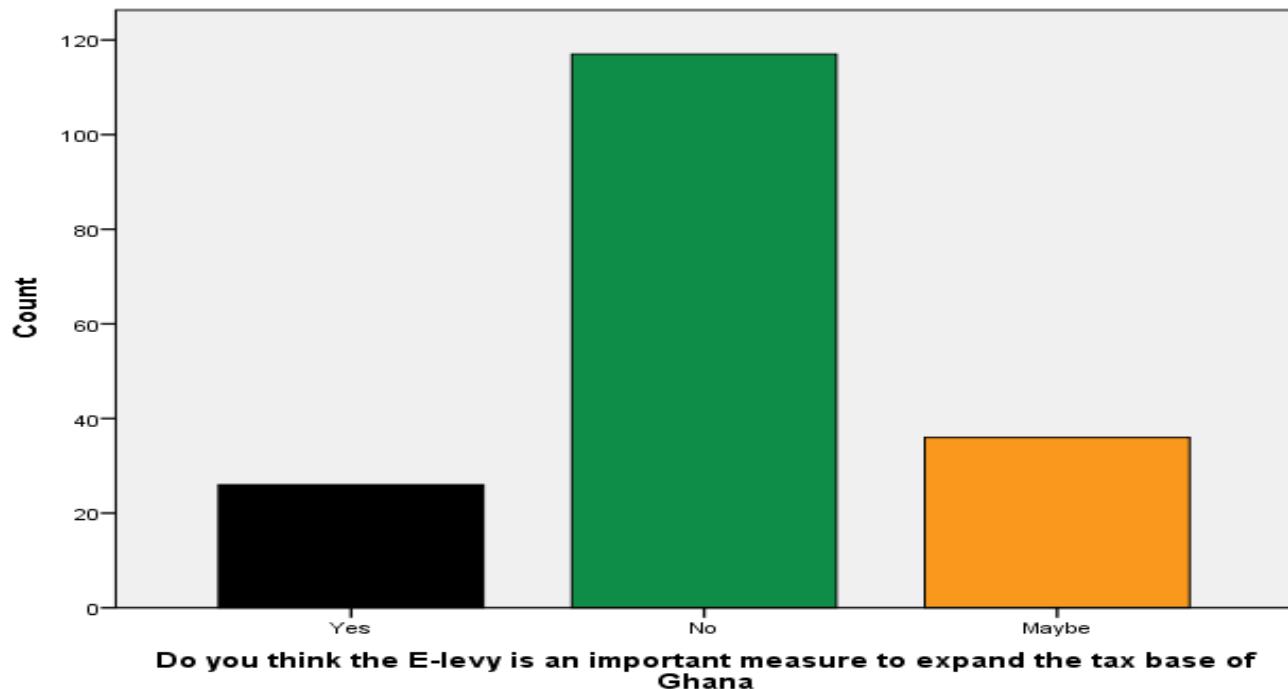


Table 1: Cross tabulation of how Ghanaians make/made transactions

		How often do you do transaction amidst the E-levy				Total
		Very often	Often	Not often	Not at all	
How often did you make transaction before the introduction of the levy	Very often	34	15	48	6	103
	Often	4	22	19	0	45
	Not often	1	5	25	0	31

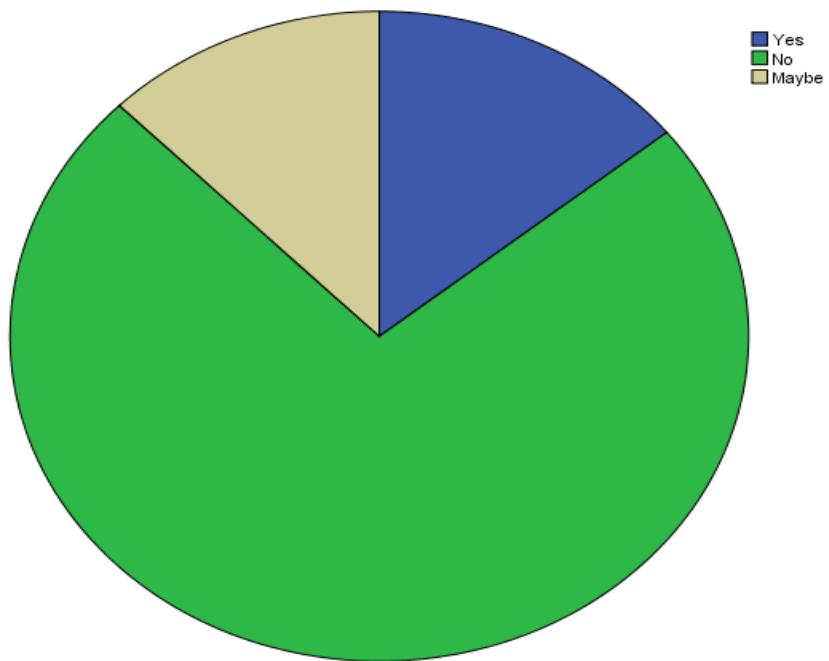


Figure 2: Pie chart of the acceptance of e-levy

From figure 3: More than half of the number of responses (green) does not accept the e-levy policy. A few accept (blue) and the rest are not really certain