

PROCLAMATION NO ____/2022

EXCISE TAX (AMENDMENT) PROCLAMATION

WHEREAS, it has become necessary to lower the exaggerated excise tax rate imposed on imported new vehicles and some other items;

WHEREAS, it is found not proper to grant persons and organizations with special tax and duty privileges to also import goods on which excise tax is imposed because of the damage they inflict on the environment free of excise tax;

WHEREAS, it is believed that imposing excise tax on telecommunication services will help generate more revenue to finance development activities carried out by the Government;

NOW THEREFORE, in accordance with Article 55(1) of Constitution of the Federal Democratic Republic of Ethiopia it is hereby proclaimed as follows:

1. Short Title

This Proclamation may be cited as “Excise Tax (Amendment) Proclamation No. ____/2022”.

2. Amendment

The Excise Tax Proclamation No. 1186/2020 (as amended) is hereby further amended as follows:

1. The following new sub-articles (23), (24) and (25) are added after sub-article (22) of Article 2 and the existing sub-articles (23)-(34) are renumbered from (26)-(37) respectively:

“23. “**Ethyl alcohol**” means alcohol of purity of 80 degrees or more;”

“24. “**New Vehicle**” means a vehicle that has not been used over what is stated in this sub-article since its manufacturing year and includes the following:

- a. imported in semi-knocked Down (SKD) or Complete Knocked Down (CKD) form to be assembled by local industry ;
- b. a Complete Built Up (CBU) vehicle of tariff heading 87.02, 87.03, 87.04, 87.05 and 87.11 which arrives at the Ethiopian customs territory (entry point) within a time period of three Gregorian calendar years including the manufacturing calendar year of the vehicle and when the number of kilometers driven abroad at the time it arrives at the Ethiopian custom territory (entry point) does not exceed 4,000 kilometers;
- c. If the vehicle is not covered under sub-letter (b) of this sub-article it arrives at Ethiopian custom territory (entry point) within a time period of four Gregorian calendar years including the manufacturing calendar year of the vehicle;”

“25. “ **Used Vehicle**” means a vehicle not covered under sub-article 24 of this Article and the age is counted beginning the manufacturing Gregorian calendar year to the Gregorian calendar year of its arrival at Ethiopian customs territory (entry point);”

2. Sub-Article (2) Article 5 of the Proclamation is deleted and replaced by the following new sub-article 2:

“2. Excise Tax shall be charged at the rate specified in the first Schedule attached herewith for the excisable goods and services in force at the time the liability arises for excise tax as determined under Article 9 of this Proclamation.”

3. Sub-article 1 (a) of Article 8 is deleted and replaced by the following new “a”:

“a. exempt goods which meet the conditions set out under the Second Schedule attached with this Proclamation;”

4. The following new sub-article (5) is added after sub-article (4) of Article 43

“ 5. Excise tax on goods to be imported into Ethiopia free of any taxes and duties, for which bank permit has been obtained prior to the enactment of this Proclamation and imported within two months from the effective date of this Proclamation shall be assessed and collected in accordance with the Excise Tax Proclamation No. 1186/2020 (as amended).”

3. Effective Date

This Proclamation shall enter into force on this ____day of _____2022.

Done at Addis Ababa this ____day of ____2022.

SAHLEWORK ZEWDE
PRESIDENT OF THE FEDERAL
DEMOCRATIC REPUBLIC OF ETHIOPIA

SECOND SCHEDULE
PART A

EXEMPT EXCISABLE GOODS

The following excisable goods shall be exempt from excise duty:

1. Excisable goods that are bona fide stores for aircraft, being goods for use or consumption by passengers or crew of aircraft while on board and while the aircraft is in international traffic;
2. Excisable goods imported into Ethiopia or purchased in Ethiopia by a diplomatic or consular mission, or by a diplomat or consul, or a member of the diplomat or consul's family forming part of the diplomat or consul's household in Ethiopia to the extent provided for under the Privileges and Immunities Regulations;
3. imported consignments for emergency relief in response to an emergency call issued by the Government;
4. All goods imported or purchased locally for the official use by the Ethiopian Defense Forces and the Federal and State Police Commissions as provided in a Directive issued by the Minister;
5. Excisable goods except vehicle imported by, and in the possession of a passenger subject to limitations provided for in the appropriate law.

PART B
EXEMPT EXCISABLE SERVICES

The following excisable services shall be exempt from excise duty:

- Excisable services supplied in Ethiopia to a diplomatic or consular mission or to a diplomat or consul, or a member of the diplomat or consul's family forming part of the diplomat or consul's household in Ethiopia to the extent provided for under the Privileges and Immunities Regulations.