

DRAFT

PROCLAMATION NO. ____/2023

PROPERTY TAX PROCLAMATION

WHEREAS, the existing land rental and building tax system has not enabled urban areas in Ethiopia to meaningfully generate their own revenues to meet the expanding service and facility needs of their fast- growing resident population;

WHEREAS, it is believed that Property Tax will enhance fair wealth distribution among city dwellers as well as collection of more tax revenue from the increase in property value, which can be used for investment expenditures to be made for delivery, maintenance and sustainability of government services and facilities with better quality and with a wider scope;

WHEREAS, it has become necessary to put in place a property tax system applicable throughout the country which ensures transparency, strengthens market system, brings efficiency and effectiveness in the valuation of landed property as well as the levy and collection of property tax to help achieve the objectives of living as one economic community;

NOW, THEREFORE, in accordance with the power granted by the _____term and _____ joint decisions of the House of Federations and House of People’s Representatives on the basis of Article 99 of the Constitution and on the basis of Article 55(1) of the Constitution, it is hereby proclaimed as follows as follows:

PART ONE **GENERAL PROVISIONS**

1. Short Title

This Proclamation may be cited as the “The Federal Democratic Republic of Ethiopia Property Tax Proclamation No. ____ / 2023”.

2. Definitions

Unless the context otherwise requires, in this Proclamation:

1. **“Property”** means lease right, old possession right, building and land improvement on urban land.
2. **“Property Tax”** means tax levied in respect of Property in accordance with this Proclamation.
3. **“Property Market Value”** means the value of a Property determined taking into consideration the selling price of similar buildings, the area of the land or the building,

current market price, location of the buildings, current condition of the building, expenditures made for improvement of the land;

4. **“Valuation Role”** is a public register maintained in accordance with Article 21(1(a)) and Article 33 (1) of this Proclamation which contains periodic landed property valuation and consolidated information;
5. **“Taxable Value”** means 25% of the market value or replacement cost, as appropriate, of a property which is used as a base for computation of the Tax;
6. **“Tax payer”** means any person who has a use right to urban land under the public lease-hold or old possession tenure or owns a building or a land improvement on such urban land evidenced by a title deed or an acceptable document recognized as such by Proclamation, Regulations or directive issued by the concerned federal, regional or City Administration and may include:
 - a. The agent of a tax payer duly represented to handle tax matters in the name of the tax payer;
 - b. An executor or administrator, in the case of a property in a deceased estate;
 - c. A trustee or liquidator, in the case of a property in an insolvent estate;
 - d. A guardian or tutor, in the case of a property in the estate of a person under judicial interdiction;
 - e. A curator, in the case of a property in the estate of a person under curatorship;
 - f. a person in whose name a usufruct or other personal servitude is registered, in the case of a real property that is subject to a usufruct or other personal servitude;
 - g. a lessee, in the case of a real property that is registered in the name of a City Administration and is leased by it; or
 - h. A buyer, in the case of a real property that was sold by a City Administration and of which possession was given to the buyer pending registration of ownership in the name of the buyers.
7. **“Urban land”** means all land within the boundaries of an urban area;
8. **“Urban area”** means a city with established municipality or having a population size of 2000 or more residents, of which 50% of its labour force is primarily engaged in non-agricultural activities;

9. **“Region”** means any region established as per the Constitution of the federal Democratic Republic of Ethiopia and for purposes of this Proclamation includes Addis Ababa and Direedawa City Administrations;
10. **“Chartered City”** means an Urban area established through a Charter by a legislative Organ of the Federal or Regional Government;
11. **“Local Urban Government ”** means an autonomous administrative structure established with a view to rendering services of municipality in urban areas other than chartered cities;
12. **“Executive Organ of City”** means an administrative structure which administers a Chartered City or City Administration;
13. **“Land Improvement”** means any plot or space of urban land that is modified, adjusted or adapted for use other than buildings and includes stalls, roads, streets, open market places, culverts, pavements, parking’s, and public service structures ;
14. **“Public Service Structure”** includes government controlled infrastructure of the following kinds:
 - a. federal, regional or other public roads on which goods, services or labour move across inside or urban boundary;
 - b. Water or sewer pipes, ducts or other conduits, dams, water supply reservoirs, water treatment plants or water pumps forming part of a water or sewer network.
 - c. Power stations, power substations or power lines forming part of an electricity scheme serving the public;
 - d. gas or liquid fuel plants or refineries or pipelines for gas or liquid fuels, forming part of a scheme for transporting such fuels;
 - e. Railway lines forming part of a railway system serving the public;
 - f. Communication towers, masts, exchanges or lines forming part of a public network;
 - g. Runways or aprons at international or regional airports;
 - h. breakwaters, lake walls, channels, basins, quay walls, jetties, roads, railway or infrastructure used for the provision of water, lights, power, sewerage or similar services of ports, or navigational aids comprising light buildings, radio navigational aids, buoys, beacons or any other device or system used to assist the safe and efficient navigation of vessels across water bodies in the country;
 - i. Rights of way, easements or servitudes in connection with infrastructure; or

- j. Any other government controlled infrastructure as may be prescribed by law.
- 15) “**Building**” means any building whether fully constructed or under construction on urban land intended for residential or business or other purposes.
- 16) “**Residential Building**” means a building used for dwelling by an individual, family or the employees of an organization or persons under its responsibility or any other person;
- 17) “**Business building**” means a building on urban land used for running a business of any person;
- 18) “**Building for public Use**” means a building used for rendering public services such as an academic institution, health service facility, public library, conference hall, a recreational place, or any other similar building serving the public without profit making purpose.
- 19) “**Building for Commercial Purpose**” means a building built for the purpose of sale, rent or lease services.
- 20) “**Units**” means a part of or a building in a condominium building consisting of one or more rooms and designated for a specific purpose in a declaration and description of a condominium as envisaged in the appropriate legislation.
- 21) “**Condominium**” means a building for residential or other purpose with five or more separately owned units and common elements, in a high-rise building or in a row of buildings, and includes the land holding of the building.
- 22) “**Common elements**” means all that are part of the condominium except the units.
- 23) “**Lessor**” means any person that rents out his rights on an urban land or building.
- 24) “**Lessee**” means any person that pays to the lessor a rent for the acquisition of a right on urban land or building.
- 25) “**Use right**” means the right to personal or business use in respect of urban land, including the right to transfer it by will, donation, mortgage or sale.
- 26) “**Appropriate body**” means a regional public office entrusted by the regional government to dispense matters concerning urban areas in the respective region.
- 27) “**Regional government**” means the highest regional government organ entrusted by the regional Constitution or a subsidiary legislation to define the powers and functions of regional public offices in the respective region.

- 28) “**Ministry**” means the Ministry of Finance and Economic co-operation of the Federal Democratic Republic of Ethiopia.
- 29) “**Person**” means natural person or an organization bestowed with a legal personality.
- 30) “**Organization**” means any organization or association provided for in the commercial code or civil code of Ethiopia (as amended), Organization of Civil Societies Proclamation, in an agreement signed with the Federal Government and includes religious bodies;
- 31) “**Tax**” means the Property Tax imposed by this Proclamation;
- 32) Any expression in the masculine gender in this Proclamation includes the feminine.

3. Scope of Application

1. This Proclamation shall apply on property situated in urban areas all over the country.
2. Subject to the provisions of sub-article 1 of this Article, regional governments may enact detailed laws in accordance with this Proclamation.

4. Principles of Property tax

Assessment, rating, collection, and determination of the bases of the tax may comply with the following guiding principles, as appropriate:

- a) Sustainability;
- b) Economic efficiency;
- c) Equity;
- d) Buoyancy;
- e) Consistency;
- f) ease of administration;
- g) Benefit from development;
- h) Transparency; and
- i) Simplicity.

5. Imposition of Property Tax

Unless otherwise provided, Property Tax shall be payable in Ethiopia in accordance with this Proclamation:

- a) On all land use right acquired on urban land under lease hold tenure;
- b) On all land use right acquired on urban land through old possession outside lease hold tenure;
- c) On all urban land improvement and/or ownership of a building.

PART TWO

CATEGORIES OF PROPERTY TAX, LAND USE, BUILDINGS AND URBAN AREAS

6. General Categories of Property Tax

Property Tax shall be classified in the following two categories:

- a) Tax that applies on urban land use right; and
- b) Tax that applies on land improvement and ownership of buildings on urban land.

7. Separate and Joint Assessment of Urban Land Use Right and Building Tax

Urban land use tax and building tax shall be assessed separately and charged jointly in the following manner:

1. The value of the urban land use and the rate of the tax shall be determined based on the Taxable Value and may vary depending on the category of the urban area and the nature and purpose of the land use.
2. The value of the Land Improvement and Building and the applicable tax rate shall be assessed and rated taking into account the following:
 - (a) On the taxable value of residential buildings, commercial buildings, industrial shades, and related buildings, assessed based on the market value of the building and may vary depending on the category of the urban area in which the building is situated and the nature and purpose of the building.
 - (b) Without prejudice to variation in the rates of land improvement or building tax depending on the purpose for which the building is designated, the governing rate of multi-purpose buildings or land improvements shall be that of the prevailing purpose for which the larger part of the building or the improvement is committed. If the

building or improvement provides an equally varied service, the tax shall be levied on the basis of the service.

3. The Ministry of Urban and Infrastructure shall prescribe the list of land improvements and buildings for which no or assumed not to have Property Market Value.

8. Categorization of Land Uses

For the purpose of property tax assessment, land uses shall be categorized into types of uses recognized and adopted according to the relevant federal urban plan legislation.

9. Categorization of Urban Buildings

For the purpose of property tax assessment, buildings shall be categorized into the following types based on the grade of the urban land, category of the urban area, the type/s of service that the building provides and the extent and intensity of its consumption of infrastructural and other municipal services:

- a) Residential building;
- b) Manufacturing Industry;
- c) Social service Building
- d) Commercial Building;
- e) Mixed Service Building
- f) Environmentally High risk industry building; and
- g) Other types of buildings to be identified and issued by regional legislation in respect of other buildings and the nature of their land use for which a specific category is not stipulated by this Proclamation.

10. Categorization of Urban Areas and Urban Land Grades

For the purpose of the assessment of property tax:-

1. Urban areas are hereby categorized into chartered cities and city administration;
2. Chartered cities and city administrations shall further be classified by regional legislation of the respective regional governments based on the categorization specified by the Ministry of Urban and Infrastructure.

3. Urban land in each major urban category shall be graded and sub graded as appropriate by the respective regional government and published in widely read newspaper or posted in an electronic media.

PART THREE

RATING, APPROVAL AND COMMUNICATION OF PROPERTY TAX

11. Property Tax Rating and Calculation

1. Property tax rating in local level shall take into account estimated annual capital expenditures demand divided by total assessed value of all taxable land use rights, land improvements and buildings.
2. Subject to sub Article (1) of this Article, the Council of Ministers shall determine the minimum and maximum range of Property Tax for macro-economic stabilization and balanced development reasons based on the studies conducted by the Ministry of Finance.
3. Subject to sub Article (2) of this Article, until the Council of ministers determines the range as a starting point:
 - a) the urban land use tax rate shall not be less than 0.2% and more than 1% of the taxable value;
 - b) the tax on buildings and/or on land improvements shall not be less than 0.1% and more than 1% of the taxable value;
 - c) The annual increment excluding inflation shall not be more than 0.5% of the taxable value at most.
 - d) The property tax rate specified in this Article shall be implemented gradually beginning from the lower rate to reach at the higher rate within four years.
4. Regional governments shall following the range specified in this Article determine the rate based on the land use and categorization of buildings.
5. Subject to the provisions of sub-article 3 of this Article, Regional governments may apply the highest rate on land use right if the land is not developed within the period specified by other legislations and the highest rate on ownership of buildings if the building is not in use after the construction is completed.

6. Revenues generated from different sources of urban areas other than property tax as well as federal and regional government subsidies shall not be considered in the rating of property tax.

12. Adoption, Approval, Communication and Review of Tax Rating

1. The annual schedule of tax rating of a City Administration shall be adopted by its council where it has such an organ or by another ultimate urban government body to be specified by regional legislation.
2. The annual tax rating schedule shall take into account:
 - a) the annual taxable value of all property assessed in the valuation roll applicable to the concerned urban area;
 - b) total assessed annual value of tax exemptions and in lieu of tax good will contributions assessed as in the valuation roll and expected to be made;
 - c) Component factors of property tax calculation and related matters specified under Art. 11;
 - d) The categories of urban area, urban land grade, land use and type of building specified from Arts. 6 to 10, to which the property tax assessment applies;
 - e) minimum and maximum ranges of tax rating set in accordance with this proclamation; and
 - f) Other tax rating requirements set by regional legislation with a view to avoiding unfair competition among urban areas and facilitating macro-economic stability.
3. The property tax rating schedule shall further indicate the rates assigned per each grade of land use and category of building, including the total assessed value expected compensatory good will contributions in lieu of tax to be made by federal and regional governments as well as by federal government agencies and charitable institutions who are exempted from property tax.

4. The annual schedule of property tax rating adopted by each city administration shall be communicated to the appropriate body of the regional government in which it is situated.
5. The appropriate body of the regional government may review and vary the rates of property tax adopted by a city administration in the event when the conflict of the relevant provisions of this proclamation and regional legislation; and the concerned city administration shall comply with the variations of rating thus made by the appropriate body.

13. The Importance of Community Participation

1. Annual schedule of property tax rating prepared by any city shall be made open for public scrutiny and hearing for sixty days before it is adopted by the council or alternative ultimate city administration body as appropriate.
2. The mechanisms and procedures of the public scrutiny and hearing to be held by each City Administration shall be specified by regional legislation in compliance with the provision of this Proclamation, including the principles of transparency, equity and accountability.
3. The Ministry shall, with a view to collectively promoting interests of a common political and economic community and guided by the principles of democratic governance and predictability of rule of law, develop prototype legislation stipulating mechanisms and procedures of public scrutiny and hearing and forward it to regional governments for their considered use upon making their own legislation.

14. Tax Exemptions

1. The following land use right, land improvement and building shall be exempt from property tax:
 - a) subject to the decisions to be made on the amount of taxable value of a Property based on the local conditions, a residential building serving for a single household,

- b) land holding and building used by religious institutions for religious and cemetery purposes; and
 - c) Urban land wholly used for agricultural purposes.
2. Land uses and buildings owned by the organs of the federal government, bilateral or multi-lateral intergovernmental organizations and properties dedicated for public use that are not specifically exempted by the Ministry of Finance and are hereby exempted from property tax obligation subject to compensatory goodwill contributions to be made in lieu of tax.
 3. Without prejudice to the provisions of sub Arts (1), (2) and (4) of this Article, regional level property tax exemptions and compensatory goodwill contributions in lieu of tax shall be determined by regional legislation.
 4. The rates of compensatory goodwill contributions under sub-Art (3) and (4) of this Article and conditions under which they are paid shall be determined in compliance with the directive issued by the Ministry of Finance in compliance with the principles stipulated under Article 15 of this Proclamation.

15. Principles of exemptions of in-lieu-of-Tax Contributions

Both federal and regional governments shall take into account the following principles in their respective determination of in lieu of tax goodwill contributions:

- a) The relationship that exists between the in-lieu-of-tax contribution and the type of the tax and its category;
- b) The fairness and meaningfulness of the in-lieu-of-tax contribution;
- c) The exemption protects the interest of the public; and
- d) The tax to which the determination of in-lieu-of-tax contribution exists does not interfere with the taxing jurisdiction of the federal or regional governments; and
- e) Equitable exemptions from property tax of low income urban residents set forth under Sub Art. (1) Of Article 14 hereof and charitable organizations that work for the benefit of orphans, elderly people and persons with disabilities.

PART FOUR

ADMINISTRATIVE AND PROCEDURAL PROVISIONS

16. Applicability of Tax Administration Proclamation

The Tax Administration Proclamation shall apply, as appropriate, for the purposes of the administration of this Proclamation but subject to this Part.

CHAPTER ONE

OBLIGATION TO PAY TAX, PAYMENT METHODS AND TIME FOR DECLARATION

17. Tax Liability and Penalty

1. Unless exempted according to this Proclamation, the following persons who acquire the right to use urban land and owners of buildings shall be liable to pay tax:
 - (a) A holder of a leased land use right, old possession right and owner of a building;
 - (b) joint holders of lease-hold land use right and old possession right and/or joint owners of a building, whether such a land use right or building is held or owned by an organization or a group of individuals; or
2. Property tax payment obligation for existing property owners will be levied starting from the enactment of this Proclamation and for newly acquired rights the tax obligation will be counted from the date of the acquiring of property right.
3. In the case of joint land use right holders or owners, they shall be liable jointly or severally to pay tax.
4. A person liable to pay tax who fails to pay the tax by the final date specified by tax notice and has not lodged a formal written complaint with the tax review committee or appeal before the tax appeal tribunal according to the relevant provisions of this proclamation shall be liable to pay:
 - a) a penalty of 5% (five percent) of the amount of unpaid tax on the first working day after the due date has passed;
 - b) An additional penalty of 2% (two percent) of the amount of the tax that remains unpaid on the first working day of each month thereafter;
 - c) The total penalty imposed under this Article shall not exceed 100% of the property tax that the taxpayer is liable to pay. However, the taxpayer is liable to pay interest at a rate higher than 3% of an average lending interest rate of

commercial banks until the amount due is fully paid when the total penalty reaches 100% of the unpaid tax amount.

18. Method and Time of Payment

1. Tax shall be paid and collected in a total amount or in installments as may be determined by regional legislation.
2. The tax shall be paid and collected annually or quarterly within the Ethiopian Fiscal Year-Hamle up to Sene as may be determined by regional legislation.
3. The amount of the tax to be paid may be varied based on the results of periodic property consumer price indexing readjustments and annual tax assessment and rating considerations conducted as per this Proclamation.
4. Deferral of payment may be granted only in exceptional circumstances as per the procedures to be laid down by regional legislation.
5. Persons who are proved to have no income by the relevant government organ of the Urban area may be allowed to pay the tax when transferring their building to third parties by sale or any other means by entering into an agreement.
6. The Taxpayer whose liability to pay Property Tax is deferred as per the provisions of Sub-article 5 of this Article is obliged to pay only the amount due in the last five years and the tax due prior to such period shall be waived.

19. Priority Status

1. Financial institutions or other lenders may only grant loans by having a property as collateral if they have received tax clearance certificate from the relevant organ of the City Government which confirms that the tax is paid on such property.
2. A financial institution which granted loan without obtaining tax clearance certificate, as provided under sub-article 1 of this Article, may not have priority right for claims over the loan.

20. Service of Tax Notice

1. Written or electronic tax notice shall be served to each taxpayer by specifying:
 - (a) The taxpayer and property identifier,
 - (b) The amount of tax due;
 - (c) The day on or before which the tax is due;

- (d) How the tax is calculated and rated; and
 - (e) The end of the period in which complaints can be lodged.
2. The tax notice shall be served on the taxpayer in person or his/her authorized legal representative:
- (a) By hand, the receipt of which shall be verified by dated signature and statement acknowledging the delivery thereof.
 - (b) By posting it on the gate of the taxable property where hand delivery has not been feasible.
3. A taxpayer, on whom tax notice has not been served, shall communicate in writing to the appropriate body of the City Administration in his/her locality, stating such an omission. Such an omission cannot be presented as a reason for not fulfilling the obligation to pay taxes.

CHAPTER TWO

PUBLIC REGISTERS AND HANDLING OF VALUATION

21. Types and Contents of Tax-Related Public Register

1. The following two public registries shall be established at every urban area:
 - a) a public register of property tax related valuation roll for each lowest level of City Administration in which the conduct of periodic landed property valuation is stated and recorded; and
 - b) a public register for property tax related to each lowest level of City Administration in which periodic tax exemptions and in-lieu of tax contributions are stated and recorded.
2. The contents and procedures of both registers shall be specified by regional legislation, provided that model formats developed and made available by the Ministry of Urban and Infrastructure are complied with by such legislation.
3. Both registers shall be open for public scrutiny during office hours and electronic formats shall be made available alternatively, including by uploading them on website where such exists.

4. Public register of valuation rolls shall be updated every 5 years. If improvements have been made to the property before 5 years, evaluation shall be done at the time of the improvements.
5. The public register of tax exemptions and in-lieu of tax contributions annually updated.

CHAPTER THREE

GRIEVANCE HANDLING

22. Designation of Tax Review Committee and Assignment of Members

1. In due consideration of the population of taxpayers, the volume of complaints and physical accessibility to service users, one or more review committee/s shall be designated by the concerned City Administration which shall further take the following into account:
 - a) An urban area recognized as such by a regional government shall itself decide on the number and designation of the committee.
 - b) The regional government shall decide on the number and designation of the establishment of the committee for two or more urban areas whose property tax revenues and/or complaints are not sufficient enough to warrant more than one review committee.
2. The membership of a tax review committee shall range from three to five and shall have multidisciplinary professionals consisting of:
 - a) One or two accountants having experience in tax and auditing;
 - b) One or two experts having education and work experience in land management/administration;
 - c) A professional who has educational background and experience in property valuation; and
 - d) A lawyer well qualified and/or having legal practice experience in land or tax matters.
3. The legal expert shall be the chairperson of any tax review committee, whether the membership of the committee is decided at 3 or 5.

4. Members of the tax review committee shall be appointed by the cabinet of urban area upon the recommendation of the head of the respective tax authority.

23. Powers and Responsibilities of Tax Review Committee

1. The Tax Review Committee shall be accountable to the head of the respective Tax Authority and shall have the following functions and responsibilities:
 - a) examining and deciding on all complaints lodged by taxpayers for adjustment of stated matters or omission in the valuation roll, data translation correction of tax amount specified by a tax notice, waiver or compromise of penalty and amnesty of tax liability;
 - b) Gathering any written evidence or information relevant to the complaint lodged;
 - c) Summoning any person, who directly or indirectly has dealt with translation of valuation, information, and/or issuer of tax notice to appear before it for questioning him about the case under its investigation; and
 - d) Reviewing general valuation roll data translation the calculation of tax conducted by Tax Authority or considerations of fairness, accuracy, completeness in compliance with this Proclamation.
2. The Committee shall only entertain and review complaints submitted to it within 21 days of receipt of tax notice or receipt of the copy of the relevant part of the valuation roll.
3. The Committee shall submit to the head of the respective tax authority its recommendations as soon as it has completed its review.
4. The head of the tax authority may approve or amend their recommendations or remand the case, with his observations, to the committee for further review that it shall conduct according to Sub-Arts. (1) & (2).

24. Waiver of Penalty

1. Administrative penalty imposed on a taxpayer may be waived by the relevant official of the tax authority or by the concerned review committee, as appropriate, in accordance with the directives to be issued by the tax authority of the regional government.

2. The tax authority of the regional government shall, by a directive, prescribe the conditions under which the administrative penalty may be waived, and the amount of penalty that the head of the appropriate tax authority or review committee are authorized to waive.
3. The interest imposed because of failure of the taxpayer to pay the tax due shall not be waived.

CHAPTER FOUR

APPEAL PROCEDURES

25. Right of Appeal

1. Any taxpayer who objects the decision of the tax review committee or the concerned official may appeal to the Property Tax Appeal Tribunal (hereinafter referred to as the "Appeal Tribunal") upon the fulfillment of the requirements hereunder.
2. Subject to the recording and opening of a file for the appeal lodged by a tax payer, no appeal shall be referred to the examination by the Appeal Tribunal, unless:
 - a) Evidence of a deposit of fifty percent (50%) of the disputed amount excluding penalty and interest with which it is made to the tax authority; and
 - b) The appeal is lodged before the Appeal Tribunal within thirty (30) days following the day of receipt of the tax notice or the copy of the relevant part of the valuation roll, or from the date of decision of the review committee.

26. Procedures for Lodging of Appeal and Time

1. Lodging and appeal and decision on same may be made in writing or in an electronic form;
2. The date on which an appeal is lodged shall be the date of:
 - a) Registration by the post office if sent by registered mail;
 - b) Its registration by the archives of the Appeal Tribunal if it is delivered other than by registered mail;
 - c) If submitted through electronic means the date on which confirmation is received.

27. Contents of Memorandum of Appeal

1. The memorandum of appeal shall include the following:
 - a. The name and physical address of the Appeal Tribunal;
 - b. The taxpayer's name, address, and Tax Identification Number;
 - c. The name of the respondent (s) and physical address;
 - d. The estimate of the amount of claim objected (to be indicated as a subject/topic);
 - e. A statement of the specific subject matter of the appeal and the reason/s for the appeal;
 - f. The relief sought to be granted; and
 - g. As attachments, any relevant supporting documents and a photocopy of the receipt of the deposit of the 50% (fifty percent) of the disputed amount of tax made presented during or after the opening of the file for the appeal memorandum.
2. The memorandum of appeal shall be made in writing and be submitted in four copies.
3. Where anyone of the first seven conditions under Sub-Article (1) is missing, the Appeal Tribunal shall require the appellant to correct the deficiency within five (5) days, failing of which shall result in the rejection of the appeal.

28. Service of Summonses

1. Prior to the first hearing of any appeal:
 - a) A copy of the memorandum of appeal together with summon shall be served on the respondent/s by the Appeal Tribunal.
 - b) The respondent/s shall submit written reply to the Appeal Tribunal while at the same time giving a copy thereof to the appellant.
 - c) Failure to submit reply shall result in the examination and decision based on the appeal memorandum.
2. The appellant shall have the burden of proof with a view to establishing his claim.

29. Decision of Appeal Tribunal

1. Having examined the case, the Appeal Tribunal shall issue a written decision.
2. The decision of the Appeal Tribunal shall specify the Appeal number, the date of decision, the names of the members of the Appeal Tribunal and the name of the chairperson of the Tribunal, as well as the names and respective Tax Identification Numbers of the litigants.
3. In addition to what is provided under sub-article 2 of this Article, the decision shall further state:
 - a) Concise statement of the litigations and evidences of the parties;
 - b) The factual findings, citation to the applicable law, legal interpretation, a conclusion on each relevant issue presented;
 - c) The ruling (whether the appellant's claim is justified and accepted partly or wholly, whether the claim is remanded with instructions to the Tax Authority, the amount of tax the appellant is required to pay, if any, and other necessary details of appellant's liabilities); and any dissenting opinion; and
 - d) A declaration of the appellant's second appeal right.
4. The decision shall be signed by the panel members present, and the seal of the Appeal Tribunal shall be affixed thereon.
5. The Appeal Tribunal may decide, ex-parte where:
 - (a) Any appellant fails to give counter reply when necessary, or to appear before it on two occasions, after the appeal is referred to its examination; or
 - (b) The respondent/s, after receiving the memorandum of appeal, fails to give reply or to appear before the Tribunal on two occasions.

30. Appeal against the Decision of Appeal Tribunal

1. Any party dissatisfied with the decision of the Appeal Tribunal may appeal to the high court on the ground that it is erroneous on any matter of law within 30 days from the date of receipt of the written decision of the Appeal Tribunal.
2. The court of appeal shall hear and determine any question of law arising on appeal and shall, after reaching its decision there on, return the case to the Tribunal.

3. An appeal to the supreme court from the decision of the lower court of appeal maybe lodged by either party, within thirty (30) days of the decision of the lower court of appeal.
4. A taxpayer's appeal shall not be accepted by the supreme court unless he has paid the tax liability determined in accordance with the decision of the high court..

31. Establishment and Accountability of Appeal Tribunal

1. Appeal Tribunal shall be established in each urban area.
2. Notwithstanding the provisions of Sub-Art. (1), a region shall make an arrangement in such a way that two or more urban areas and sub cities may be covered as appropriate by the Appeal Tribunal established in a neighboring urban area, sub city or at zone level where it finds it unnecessary to have a separate Appeal Tribunal at any of the above mentioned levels.
3. Property Tax Appeal Tribunal established in regions shall be accountable to the executive organ of the respective city administration, region, zone administration, or worda administration, as the case may be.

32. Qualifications and Appointment of Members of Appeal Tribunal

1. Members of Appeal Tribunal at every level shall have the following measure of good conduct and qualifications:
 - a) good reputation, acceptability, integrity, general and professional knowledge, and free record from any conviction on account of offense in connection with tax and tax administration;
 - b) first degree qualification and at least four years' experience or for a second degree with at least two years of work experience in such disciplines as law, economics, land management/administration, accounting, tax inspection or property valuation; and

- c) Free from mental problem and curatorship.
- 2. The number of legal experts in a panel of a Tax Appeal Tribunal with no extra panels or in each panel thereof shall be at least two and one of the legal experts shall be the chairperson of any panel of the Tribunal.
- 3. The president and members of Appeal Tribunal shall be appointed or removed by appropriate region or executive organ of urban area.
- 4. The term of office of Appeal Tribunal member shall be two (2) years.
- 5. A member appointed to chair an Appeal Tribunal shall serve in that capacity for the remaining period of that other member's term if he is a substitute.
- 6. The Chairperson and other members of the Appeal Tribunal shall be entitled to receive such attendance allowance for seating on panels as shall be fixed from time to time by the cabinet of regional or federal city government as appropriate.
- 7. A member of Appeal Tribunal may be removed by the organ that has appointed him where it is proven that he fails to meet one or more of the moral traits and expertise specified under sub-Art. (1).

33. Powers and Responsibilities of Appeal Tribunal and its Chairperson

- 1. The Appeal Tribunal shall have power to:
 - a) confirm, reduce or annul any rating and calculation of tax and general valuation roll or readjustment appealed against on the basis of established factual and legal grounds, and make such further consequential order thereon as may seem just and necessary for the final disposition of the matter;
 - b) Instruct the Tax Authority or the taxpayer to submit new facts, if any; and
 - c) Order the Tax Authority or the taxpayer or any other person or governmental department or agency, as the case may be, to produce supporting evidence relevant to the taxpayer's allegation.
- 2. Appeal Tribunal's President or Chairperson of the Panel thereof shall:
 - a) Make preliminary examination of memorandum of appeal;
 - b) Prepare the agenda for the Appeal Tribunal or for the panel thereof;
 - c) Preside over and guide the proceedings of the Appeal Tribunal or the panel thereof;

- d) Ensure that the arguments are properly recorded in the minutes and that the decision conforms to the prescribed form; and
- e) Submit an annual report about the accomplishment (performance) of the Appeal Tribunal or the panel thereof he presides over.

34. Burden of Proof

The burden of proving that an assessment, rating or calculation of tax is excessive, or that wrong statement in or omission from a general valuation roll or readjustment exists, or that a decision of the concerned Authority is wrong lies on the party appealing against.

PART FOUR POWERS AND FUNCTIONS OF EXECUTIVE ORGANS

35. Powers and Functions of the Ministry

In addition to the specific powers and functions conferred on it by other provisions of this Proclamation, the Ministry shall:

1. Ensure that the Property tax is line with the national economic and fiscal policy, propose an amendment to the property tax law, seek the approval of the same by the House of People's representatives and follow up and support its implementation;
2. Evaluate the performance of the property tax system at a national level;
3. Prepare and seek the approval of national level property tax range framework and tax exemption rights and ensure consistent compliance therewith by regions and city governments accountable to the federal government;
4. Develop and issue a national list of exemptions to be granted and total exemptions made to the properties of organs of the federal government, intergovernmental organizations, diplomatic institutions and other organizations registered/licensed by the federal government;
5. Set and ensure the consistent application of criteria for the assessment, rating and grant by the federal, regional and city governments as well as by other tax-exempt institutions of in-lieu-of tax compensatory contributions to be made in respect of Property Tax exemptions;

6. In-lieu-of tax compensatory contributions are transferred for, by or through the latter to regional governments for the benefit of urban local governments in which appropriate tax exemptions for real properties that belong to organizations of the federal government, intergovernmental organizations and diplomatic institutions are made.

36. Power and Functions of the Ministry of Urban and Infrastructure

In addition to the specific powers and functions conferred on it by other provisions of this Proclamation, the Ministry of Urban and Infrastructure shall:

1. Develop standards that guide categorization of urban areas for property tax base valuation and ensure that such standards are uniformly applied in all urban areas of the regions.
2. Develop a system that can be used for property valuation and follow up its implementation.
3. Provide capacity building support to the regions in establishing data base for collection of Property Tax as well as on similar matters.

37. Powers and Functions of the Ministry of Revenue

In addition to the specific powers and functions conferred on it by other Proclamations and Regulations, the Ministry of Revenue shall have the following powers and duties under this Proclamation:

1. Based on studies, develop a technology that help modernize the procedures and organization of Property Tax System and provide implementation support to the regions.
2. Assist regional and federal city governments through ongoing capacity building programs designed to enhance their technical, material and manpower capacity in the field of property tax collection, data management, administration and related matters.

38. Powers and Functions of Regional Governments and Federal City Governments

In addition to the specific powers and functions conferred on them by other provisions of this Proclamation, each region shall:

1. Ensure the implementation of the basic principles of property tax adopted by this Proclamation;
2. In compliance with this law enact appropriate legislations enabling urban areas to levy, impose and collect the tax;
3. In compliance with the national level property tax range framework and tax exemption rights, periodically approve and review, the regions property tax range framework and tax exemption rights and ensure its implementation therewith by cities in the region;
4. Support and collaborate with the federal government in the conduct of periodic tax impact assessment, livelihood impact assessment and other types of socioeconomic assessments in their jurisdictions, on the basis of which property tax rates and exemptions can be determined and re-evaluated periodically;
5. Develop and issue a directive which provides a regional list of exemptions of property tax concerning the properties of the organizations of the regional government and other organizations registered/licensed by the respective region or city government combined with the list of federal exemptions issued by the Ministry to the extent it concerns the region or city administration;
6. Ensure that goodwill financial contributions are transferred by the appropriate regional bureau to urban areas in respect of the tax exemptions made by the regional /federal city government for properties that belong to the organizations listed in sub-article 5 of this Article;
7. Determine infrastructure and service priorities for allocation of revenues generated through property tax based on the needs of the city residents.
8. Build the human resource, material and technical capacity of local urban areas through ongoing concerted and effective capacity building interventions.
9. Develop and implement regional or citywide communication and mobilization program strategies and periodic action plans within national framework of public education and engagement programs to promote the culture of voluntary compliance by taxpayers.
10. Designate members of Property Tax Appeals Tribunal that serve two or more urban areas and make the Tribunal operational as per the national and regional enabling legislations.

11. Develop and submit to the Ministry and the Ministry of Revenues periodic reports concerning property tax.

SECTION SIX

MISCELLANEOUS PROVISIONS

39. Penalties

Whosoever contravenes this Proclamation shall be liable to conviction and punishment as prescribed by the Criminal Code of Ethiopia or Tax Administration Proclamation upon prosecution by the appropriate federal or regional court.

40. Power to Issue Regulations and Directives

Without prejudice to the legislative powers of regional governments specifically envisaged by this Proclamation:

1. The Council of Ministers shall issue regulations for the proper implementation of this Proclamation.
2. The Minister of Finance shall issue directives in accordance with this Proclamation and Council of Ministers Regulations.

41. Transitional Provisions

1. The collection of building and land taxes shall continue based on the repealed laws and the current building and land valuation system until the Regional Governments enact property tax laws in accordance with this Proclamation.
2. Notwithstanding the provisions of sub-article 1 of this Article collection of building and land taxes based on the repealed laws shall not continue after two years from the effective date of this Proclamation.
3. The repealed laws shall be applicable for collection of arrears of urban land and building tax and administrative penalties thereof due before the effective date of this Proclamation.

42. Repeal and Inapplicability of Laws

1. Subject to their application during the transitory period provided under Article 41, the following legislations are hereby repealed:
 - a) Urban Land Rent and Urban Houses Tax Proclamation No. 80/1976; and
 - b) Urban Land Rent and Urban Houses Tax (Amendment) Proclamation No. 161/1979.
2. No law, directive or practice of the federal, regional or City Administration inconsistent with this Proclamation shall have effect.

43. Effective Date

This Proclamation shall become effective as of the day it is published in the Federal Negarit Gazette.

Addis Ababa this ____ day of _____ 2023.

Sahlework Zewdie

PRESIDENT OF THE FEDERAL DEMOCRATIC REPUBLIC OF ETHIOPIA