

Enhancements to Tax Invoice Management: Overview of Directive No. 188/2017

Description

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The Ethiopian Ministry of Revenue has introduced significant amendments to improve the management of tax invoices, in accordance with Article 19(4) of the Federal Tax Administration Proclamation No. 983/2008. The new directive, titled "Tax Invoice Management and Usage Directive (Amendment) No. 188/2017," amended the previous Directive No. 149/2011. The Directive shall be effective from the date of its registration by the Ministry of Justice and its publication on the website of the Ministry of Revenue. The new directive have the following purpose and Key updates.

Purpose of the Amendments

The primary objective of these amendments is to enhance tax administration across the country. By mandating the use of unique QR codes, the Ministry aims to bolster the security and traceability of tax-related activities. The requirement for distinct receipts for different business sectors and locations is intended to foster greater compliance and accountability among taxpayers, ensuring that all transactions are appropriately documented and monitored.

Mandatory unique QR codes – every manual tax invoice must now include a unique QR code for validation. Manual invoice without this feature will not be considered valid. Any taxpayer who printed tax invoices before the new directive takes effect can use them within three months of that date. Any unused invoices after this period must be reported to the tax authority and disposed of. Invoices printed after the directive takes effect must follow the new rules.

Positioning and specification of the QR code– the QR code must be generated by the tax law authority, included in every manual invoice, and placed at the top of –right corner. The QR code's dimension must be at last 2cm x 2 cm.

Separate Invoices for Multiple Branches or business sector– companies and private business with multiple branches or business sectors are now required to issue separate invoice for each branch and sector. Each tax invoice must include the branch address and the sector name for clarity and compliance

Printing Companies Duties-The new updates include several important duties for printing press enterprises regarding the security and confidentiality of data. Printing presses must ensure that any information shared through the manual receipt QR code web portal is kept private and cannot be shared with third parties. Additionally, they are required to use this data accurately to print invoices that include the correct QR codes, avoiding any mistakes or discrepancies.

Printing presses are not allowed to produce invoices for any taxpayer unless they have received explicit permission from the tax authority. They also have to use ink that is capable of penetrating the paper when printing a manual receipt that contains a QR code. Furthermore, printing presses must

provide timely reports about the invoices they are authorized to print, as well as the invoices they have actually printed, using the designated system established for this purpose.

These amendments clarify the duties of printing companies to protect data and ensure proper invoicing in alignment with the tax authority's guidelines.

In conclusion the updates to the tax invoice management system mark a critical advancement in modernizing Ethiopia's approach to tax administration. By implementing these changes, the Ministry of Revenue is taking significant steps towards streamlining processes and enhancing the integrity of tax transactions. These amendments not only improve the efficacy of tax collection but also support a more transparent and accountable tax system, ultimately benefiting the nation as a whole.

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