

Ethiopia Amends Excise Tax Proclamation

Description

By DMLF Team

Ethiopia's new Excise Tax Proclamation No 1186/2020 was effective as of February 13, 2020. However, there arose a need to amend the existing excise tax proclamation. According to Ministry of Revenue, the amendment is required:

- To review goods that were subject for multiple tax
- To subject telecommunication services to excise tax and
- To lift the tax imposed on certain goods.

Consequently the Excise Tax (Amendment) Proclamation No 1287/2023 is promulgated. This proclamation will be effective as of April 27, 2023. The Preamble of the Amendment Proclamation provides the following reasons that necessitates the amendment and the Preamble reads:

- It has become necessary to lower the exaggerated excise tax rate imposed on imported new vehicles and some other items;
- 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 to the environment free of excise tax and
- It is believed that imposing excise tax on telecommunication services will help generate more revenue to finance development activities carried out by the government.

Accordingly, the Amendment Proclamation has attached a schedule that shows a) new additions to the excise tax, b) those goods and services whose excise tax is reduced and c) excise tax exempt goods and services.

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