



# **MINISTRY OF FINANCE**

## **A DIRECTIVE TO PROVIDE FOR THE MANAGEMENT SYSTEM OF EXCISE STAMP No. \_\_/2024**

**March, 2024**

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STAMP No. \_\_/2024**

Whereas effective management of excise stamps is essential in ensuring the integrity of excise duty collection systems, preventing illicit trade, and safeguarding public health and safety;

Whereas the proper affixation and tracking of excise stamps on excisable goods are fundamental for maintaining transparency, accountability, and compliance with the Excise Tax Proclamation;

Whereas it is imperative to establish clear guidelines and procedures governing the management system of excise stamps, including the identification of excisable goods requiring stamp affixation, determining the place and time of affixing the stamps, the methodologies for stamp issuance and monitoring, and the delineation of responsibilities among relevant stakeholders;

Whereas it is important to establish a comprehensive framework for the management system of excise stamps, encompassing the regulation, administration, and enforcement of excise duty obligations pertaining to excisable goods.

**SECTION ONE**  
**GENERAL PROVISIONS**

**1. SHORT TITLE**

This Directive may be cited as the Excise Stamp Management System Directive No \_\_\_\_\_/2024.

**2. DEFINITIONS**

In this Directive, unless the context otherwise requires:

1. "Authorized officer" means a person authorized by the head of the Tax Authority or his authorized representative to perform any function under this Directive;
2. "Prepared Spirit" means a spirit that is ready for consumption as a beverage and put up for retail;
3. "Excise stamp" means a paper stamp, digital stamp or any mark that the Minister may approve for affixation or printing on excisable goods in accordance with this Directive.

4. "Importer" means a person registered as an importer by the Tax Authority to import excisable goods specified under this Directive;
5. "Manufacturer" means a manufacturer licensed to manufacture excisable goods specified under this Directive;
6. "Package" means a packet, bottle or similar wholesale or retail unit of excisable goods specified under this Directive;
7. "Company" means a person appointed by the Tax Authority to print and supply excise stamps; and
8. "Management System" means the Excisable Goods Management System and includes excise stamps, a track and trace system, a production accounting system, and related software and hardware.
9. "Tax authority" means the Ministry of Revenue or the Customs Commission, as appropriate;
10. "Proclamation" means the Excise Tax Proclamation No 1186/2018 and its amendments;
11. Other words and Phrases used in this Directive shall have the meaning ascribed to them under the Proclamation.

## **SECTION TWO**

### **EXCISE STAMP**

#### **3. GOODS ON WHICH EXCISE STAMP SHALL BE AFFIXED**

- 1) Excise stamp shall be affixed on the following excisable goods:
  - a) Spirits;
  - b) Alcoholic and non-alcoholic Beers,
  - c) Cigarette, cigarillos, tobacco, and
  - d) Bottled water.
- 2) The Ministry may specify other goods on which Excise Stamp shall be affixed.
- 3) The Tax Authority shall specify the type, content and the manner of affixing Excise Stamps.

#### **4. REQUIREMENTS OF EXCISE STAMP**

Every excise stamp required to be affixed on excisable goods under Article 5 of this Directive shall fulfil the following specifications:

- 1) deter counterfeiting;
- 2) facilitate tracking of the stamps and excisable goods along the supply chain;
- 3) enable accounting for the production of excisable goods manufactured or imported;
- 4) enable anyone in the supply chain to verify the authenticity of the excise stamp affixed to the goods and the goods subject to excise duty; and
- 5) in the case of cigarettes and tobacco, marking specified by the World Health Organization.

#### **5. EXCISE STAMP FEES**

- 1) Excise stamp fees to be charged on excise stamps needed by the importer or manufacturer for each type of excisable goods shall be paid to the Printer as specified in a Schedule to be issued by the Ministry of Finance.
- 2) The excise stamp fees shall be payable before the stamps are issued to the manufacturer or importer.

#### **6. APPLICATION FOR EXCISE STAMP**

- 1) A manufacturer or importer of excisable goods shall apply to the Tax Authority for excise stamps in the prescribed form.
- 2) An application for excise stamps in accordance with sub article 1 of this Article shall be submitted to the Tax Authority at least sixty days before the manufacture or importation of the excisable goods.
- 3) A manufacturer or importer of excisable goods shall pay the excise stamp fees to the Printer within 15 days from the date of approval of the application by the Tax Authority.
- 4) An Importer shall provide evidence that he is importing excisable goods on which excise stamp is required listed under this Directive together with the application for excise stamps.
- 5) Notwithstanding the provisions of sub-article (4) of this article, ), the Tax Authority may, subject to an undertaking that may be imposed by the Tax Authority, authorize an

importer of excisable goods to receive excise stamps before submitting evidence of importation.

- 6) The Tax Authority shall maintain records of taxpayers who produce or import excisable goods on which excise stamp shall be affixed.

## **7. SUBMISSION OF EXCISE STAMP CONSUMPTION FORECAST**

The Tax Authority may require a manufacturer or importer of excisable goods to provide, at least sixty days before the beginning of the month in which the manufacturer or importer will require the stamps, a forecast of the quantities of excise stamps which the manufacturers or importer intends to use in each month for the subsequent period of six months.

## **8. APPOINTMENT OF A SUPPLIER**

- 1) Subject to the law regulating public procurement, the Ministry shall appoint a Company to carry out the following activities :
  - a) to print and supply excise stamps;
  - b) to develop and install the System; and
  - c) to install any other related systems.
- 2) The Company appointed under paragraph (1) shall not print any excise stamps required under this directive unless requested by the Tax Authority to do so.

## **9. DELIVERY OF EXCISE STAMP**

- 1) The Tax Authority may, where necessary and subject to such conditions as the Tax Authority may impose, require the Company appointed to print excise stamps to deliver the stamps directly to a manufacturer or importer of excisable goods.
- 2) The company shall execute the publication order received from the tax authority on the basis of sub-article 1 of this article within 10 (ten) working days.
- 3) The Company appointed to print excise stamps shall notify the Tax Authority of the quantity and type of excise stamps supplied under paragraph (1) within such period as the Tax Authority may require.

- 4) The tax authority shall monitor the correctness of the use of excise stamps received by the manufacturers and importers under this Article and take appropriate action.

## **10. PLACE AND TIME OF AFFIXING EXCISE STAMPS**

- 1) Excise stamps shall be affixed on excisable goods in the manner specified by the Tax Authority in the following manner:-
  - a) in case of locally manufactured goods, at the production facility immediately after packaging;
  - b) in the case of imported goods:
    - i) at the customs post; or
    - ii) at a place determined by the Tax Authority within five days of the clearance for importation of the goods:
  - c) Notwithstanding the provisions of (b) of this article, the Tax Authority may allow excise stamps on imported excisable goods to be affixed at the production facility in the exporting country in accordance with such conditions as the Tax Authority may specify.
- 2) The Tax Authority may, upon the application, permit digital stamps to be printed by the System on each package and in a visible place with indelible security ink to enable the authentication of, tracking and tracing of, and production accounting for excisable goods.
- 3) A manufacturer or importer of excisable goods shall declare in the System the excise stamps used immediately after affixing on the excisable goods or the package containing excisable goods.
- 4) A person who contravenes the provisions of this Directive commits an offence and shall be liable on conviction to a penalty provided under the Excise Tax Proclamation or the Tax Administration Proclamation.

## **11. RETURN OF EXCISE STAMP**

- 1) A manufacturer or an importer of excisable goods shall return the unused excise stamps to the Tax Authority upon the occurrence of the following:
  - a) the manufacturer stops manufacturing;
  - b) there are defects in the excise stamp sheets or reels;
  - c) there is a discrepancy between the declared and the verified imports of the excisable goods;
  - d) the excise stamps have been declared out of use by the Tax Authority; or
  - e) the excisable goods have been excluded from the requirements of this Directive by the Ministry.
  
- 2) The Company shall refund to the manufacturer or the importer of excisable goods, as the case may be, the excise stamp fees paid for excise stamps returned except those specified in sub-article 1(a) and (c) within ninety days of the return of the stamps.

## **12. WASTAGE OR DAMAGE OF EXCISE STAMP**

- 1) Damaged excise stamps shall be preserved for verification by an authorized officer. Wastage or damage of excise stamps shall after verification by the Tax Authority be destroyed in the presence of the representative of the Tax Authority.
- 2) Where a manufacturer or importer of excisable goods cannot account for any excise stamps issued to him by the Tax Authority, the Tax Authority shall compute the excise duty and other taxes on the unaccounted stamps based on the highest excise rate imposed on such category of goods, value and volume of excisable goods manufactured or imported by the manufacturer or importer, as the case may be.
- 3) In computing excise duty in the case of unaccounted for excise stamps, the Tax Authority shall allow for wastage and damages which shall not exceed one percent of the quantity of the issued stamps.

## **13. TRANSFER OF EXCISE STAMPS**

- 1) A manufacturer or importer of excisable goods may, with the prior approval of the Tax Authority, transfer excise stamps held in stock by the manufacturer or importer to another manufacturing or importing unit owned by the same manufacturer or importer.

- 2) The Tax Authority shall prescribe the procedure and conditions for the transfer and accounting of excise stamps to be made in accordance with sub-article 1 of this Article.

#### **14. RECORD KEEPING**

Manufacturers or importers shall, after receipt of excise stamps from the Company under this section, maintain records of the following;

- a) Summary of the amount of stamps stored and put to use until the last day of the previous month,
- b) a summary of the amount of stamps received from the company during the month,
- c) amount of stamps used in the month,
- d) remaining stock of stamps at the end of the month, and
- e) amount of Excise Stamps damaged and destroyed in the process of implementation.

### **SECTION THREE**

#### **EXCISE MANAGEMENT SYSTEM**

#### **15. INSTALLATION OF THE SYSTEM**

A manufacturer or importer of excisable goods specified in this Directive shall facilitate the installation of the System in the manufacturer's or importer's premises used for the manufacture or storage of imports, as the case may be, at its own cost.

#### **16. COMPOSITION OF THE SYSTEM**

The System to be installed in accordance with Article 15 of this Directive shall be composed of:

- a) excise stamps authentication and validation equipment;
- b) devices for identification and association of each package with an individual excise stamp;
- c) production accounting equipment; and
- d) devices for the control, registration, recording and transmission of data on quantities of excisable goods which have been stamped to the Tax Authority.

#### **17. INSTALLATION AND SYSTEM INTEGRATION**



The installation, integration, preventive and corrective maintenance procedures of all the equipment comprising the System at the manufacturers' or importers' premises, and the System at the main data center and disaster recovery center of the Tax Authority shall be done by a Company to be appointed in accordance with Article 10 of this Directive under the supervision of an authorized officer.

#### **18. DEVELOPMENT AND SUPERVISION**

The Tax Authority shall be responsible for:

- a) defining the functional, security and fiscal control requirements to be observed by the Company in developing the System;
- b) supervising and monitoring the process of installing the System.

#### **19. INSTALLATION OF EQUIPMENT AND DEVICES**

- 1) Equipment that are part of the Management System shall be installed;
  - a) on all production lines at the manufacturer's premises corresponding to each packaging machine or labeling machine;
  - b) at the main data center and disaster recovery center of the Tax Authority
- 2) The System for the management of imports shall be installed in the manner specified by the Tax Authority.

#### **20. NOTICE OF A NEW OR MODIFIED SYSTEM**

- 1) Where a new or modified System is required, the Tax Authority shall notify the manufacturers or importers of excisable goods in writing at least thirty days before the installation and integration of the new or modified System and the notice shall state—
  - a) the requirements for the equipment to facilitate use of System;
  - b) the adaptive features required, on each production line;
  - c) the connectivity features and operating environment for the installation and operation of computers and other equipment comprising the System; and

- d) the starting date of installation of the System.
- 2) Manufacturers or importers of excisable goods shall be responsible for the cost of excise stamps applicators, adjustments or adaptations of their equipment and premises necessary to install and integrate the new or modified System on each production line.
- 3) Where a manufacturer or importer of excisable goods is required to carry out adjustments or provide information required by the Tax Authority for the installation of the new or modified System, the manufacturer or importer shall carry out the adjustments or provide the information at least seven days before the date of the installation of the new or modified System.

## **21. ENSURING PROPER FUNCTIONING OF THE PRODUCTION LINE**

During the installation of the System, the manufacturer or importer of excisable goods shall ensure that the production lines are in proper operating condition.

## **22. REPORTING INOPERATIVE PRODUCTION LINES**

- 1) The manufacturer or importer of excisable goods shall report to the Tax Authority any non-operational production lines within twenty-four hours of the production lines becoming non- operational and the Tax Authority shall secure the lines using a security seal and register the seal in the System.
- 2) Manufacturer's or importers of excisable goods shall not resume operations on non-operational production lines without the authorization of the Tax Authority.

## **23. SECURITY OF EQUIPMENT**

- 1) A manufacturer or importer of excisable goods shall be responsible for conservation and security of the System installed in their premises.
- 2) Manufacturer or importer of excisable goods shall report any operating failure or tamper of the security seals within twenty-four hours.

## **24. PREVENTIVE AND CORRECTIVE MAINTENANCE OF THE SYSTEM**

- 1) The preventive or corrective maintenance of the System shall be performed by the Company under supervision of an authorized officer,
- 2) The Company shall provide the Tax Authority a list of technicians authorized to carry out the installation or maintenance of the System and their competence to do the job.

## **25. ADVANCE REPORTS OF NEW BRANDS**

A manufacturer or importer of excisable goods shall:

- a) declare to the Tax Authority the packages and labels of brands manufactured or imported including those for export and duty free shops;
- b) declare to the Tax Authority at least sixty days before the start of the production of new brands of goods or any change in the graphic art of existing brands of goods and the corresponding packages and labels;
- c) Submitting an application to the tax authority 60 days before establishing or removing the management system for the following reasons:
  - i) before installation or removal, for the installation or removal of the System, as the case may be, if the manufacturer or importer reactivates inoperative production lines;
  - ii) before deactivating production lines;
  - iii) before carrying out maintenance works on or reallocates production lines;
  - iv) before installing new production lines; or
  - v) before acquiring or selling industrial machinery or equipment.

## **26. OBLIGATION TO TRAIN**

The Company is obliged to provide appropriate training to the tax authority's staff and, as appropriate, to importers and manufacturers regarding the installation, maintenance, use and other related matters of the excise management system.

## **SECTION FOUR**

### **MISCELLANEOUS PROVISIONS**

## **27. MARKING OF DUTY FREE PRODUCTS AND PACKAGES**

- 1) All packages of duty free or export excisable goods specified in the Proclamation shall bear distinct markings to enable the goods to be trackable and traceable.
- 2) For the implementation of sub-article 1 of this article, the material wrapping the package for wholesale purposes shall have printed on it:
  - i) in the case of exports, the country of final destination;
  - ii) in the case of excisable goods for consumption in Ethiopia, "FOR USE IN ETHIOPIA";
  - iii) in the case of excisable goods for sale to duty-free shops, or Diplomatic shops, "DUTY FREE";

## **28. EXEMPTION FROM EXCISE STAMPS**

- 1) The following excisable goods shall be exempted from the requirement of excise stamps:
  - i) excisable goods imported or purchased from a duty free shop by privileged persons or institutions; and
  - ii) goods destined for export;
  - iii) goods on transit through Ethiopia,
  - iv) goods below a commercial quantity imported through international postal service; and
  - v) excisable goods imported into Ethiopia as samples.
- 2) Excisable Goods under sub-article 1 (i) of this Article shall be marked “Duty Free” as provided under Excise Tax Proclamation and council of Ministers Customs Regulations.

## **29. OBLIGATION TO VERIFY EXCISE STAMPS**

- 1) A manufacturer, importer, distributor, retailer or any other person involved in the supply chain of excisable goods, shall verify and authenticate the stamps placed on excisable goods before admitting the goods in the manufacturer's, importer's, distributor's, retailer's or other person's premises.
- 2) A person engaged in the distribution or retail of excisable goods shall:
  - a) keep delivery notes, invoices or such other documents from the supplier of the excisable goods; and
  - b) provide in that person's premises sufficient light as may be necessary for the verification or authentication of excise stamps;

### **30. REFUSAL TO ISSUE EXCISE STAMP**

The Tax Authority may refuse to issue excise stamps to a person if that person:

- a) has not fully accounted for excise stamps previously issued to him or her; and
- b) failed to fully comply with the provisions of the Excise Tax Proclamation relating to filing of returns and payment of excise tax.

### **31. SEIZURE OF EXCISE STAMPS, EQUIPMENT AND GOODS**

The Tax Authority shall, as provided in the Excise Tax Proclamation, the Customs Proclamation and Tax Administration Proclamation, seize excise stamps, equipment, vehicles or goods where:

- a) with regard to excise stamp;
  - (i) excise stamps have been counterfeited;
  - (ii) which were subject to be returned to the Tax Authority, were not returned;
  - or
  - (iii) have been found in the possession of persons other than those to whom they were supplied;
- b) the vehicle is used in the storage, concealment or transportation of excisable goods that have not met the requirements of these regulations;
- c) the equipment or plant is used in the manufacture of counterfeit excise stamps; or
- d) with regard to the excisable goods-
  - (i) bear counterfeited excise stamps;
  - (ii) bear excise stamps affixed in a manner not consistent with this Directive; or
  - (iii) do not bear excise stamps as required in accordance with this Directive .

### **32. DISPOSAL OF FORFEITED EXCISE STAMPS, AND SEIZED GOODS**

Any excisable goods, stamps, motor vehicle and equipment which are seized under this Directive shall be disposed of by the Tax Authority in the manner prescribed under the Customs Proclamation.

### **33. TRANSITORY PROVISION**

A manufacturer, importer, distributor, retailer or any other person involved in the supply chain of excisable goods, shall not transact with excisable goods in his hands on which excise stamp is not affixed or not marked after 120 days from the date of issuance of this Directive without affixing excise stamps or marks.

### **34. EFFECTIVE DATE**

This Directive shall enter into force and effect on the date published in the website of the Ministry.

Addis Ababa \_\_\_\_ day of \_\_\_\_\_ 2024

Ahmed Shide  
Minister of Finance