

VALUE ADDED TAX PROCLAMATION

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PROCLAMATION NO. []/2023

VALUE ADDED TAX PROCLAMATION

WHEREAS,

NOW, THEREFORE, in accordance with Article 55(1) and (11) of the Constitution, it is hereby proclaimed as follows:

PART ONE

GENERAL

1. Short Title

This Proclamation may be cited as the "Value Added Tax Proclamation No.[]/2023."

2. Definitions

A term used in this Proclamation that is defined in the Tax Administration Proclamation shall have the meaning in the Tax Administration Proclamation unless defined otherwise in this Proclamation. In addition, for the purposes of this Proclamation:

- 1/ "Accounting period", means a calendar month. The month of Nehase and Pagumen shall be aggregated and treated as one calendar month.
- 2/ "Adjustment event", in relation to a supply, means:
 - (a) where the supply is cancelled;
 - (b) where the nature of the supply is fundamentally varied or altered;
 - (c) where the consideration for the supply is altered, whether due to an offer of a discount or for any other reason; or
 - (d) for a supply of goods, where the goods, or some of the goods, that are the subject of the supply are returned to the supplier;
- 3/ "Administrative penalty" means an administrative penalty imposed under Chapter Two of Part Fifteen of the Tax Administration Proclamation;
- 4/ "Agent", in relation to a person means a person who acts on behalf of, or on instruction from, the first-mentioned person;
- 5/ "Capital goods" means an asset for use in a person's taxable activity that has a useful economic life of at least one year used solely in the manufacture of goods or the supply of services, and includes buildings, vehicles, machinery, equipment, and other similar tangible assets, but does not include trading stock;

- 6/ “Commission” means the Customs Commission established under Definition of Powers and Duties of Executive Organs Proclamation No 1263/2021;
- 7/ “Consideration” has the meaning assigned to it under Article 4 of this Proclamation;
- 8/ “Credit note” means a document provided by a registered person as required under Article 54 of this Proclamation;
- 9/ “Creditable acquisition”, in relation to a registered person, means:
- (a) a taxable supply made to the person by another registered person;
 - (b) a reverse charged supply made to the person; or
 - (c) a taxable import made by the person;
- 10/ “Customs legislation” means:
- (a) the Customs Proclamation No. 859/2014 and its amendments;
 - (b) any Regulations made under the Customs Proclamation; and
 - (c) any Directives made under the Customs Proclamation or under Regulations referred to in Paragraph (b) of this Sub-Article.
- 11/ “Debit note” means a document provided by a registered person as required under Article 54 of this Proclamation;
- 12/ “Digital currency” has the meaning assigned to it in the Regulations;
- 13/ “Duty” means duty imposed under the Customs legislation;
- 14/ “Electronic distribution platform” means a website, internet portal, gateway, store, marketplace, distribution platform, or other similar platform that is operated electronically through which a supplier makes a supply of remote services or electronically ordered goods through another person (the operator of the distribution platform) to a third person (the recipient);
- 15/ “Electronically ordered goods” means goods that are ordered by way of an electronic communication;
- 16/ “Employee” and “Employer” have the meanings in the Income Tax Proclamation;
- 17/ “Exempt import” means an import that, by virtue of Article 10 of this Proclamation, is an exempt import under Schedule 3 attached to this Proclamation;

- 18/ “Exempt supply” means a supply that, by virtue of Article 9 of this Proclamation, is an exempt supply under Schedule 2 attached to this Proclamation;
- 19/ “Finance lease” has the meaning under the Capital Goods Leasing Business Proclamation No. 103/1998 (as amended);
- 20/ “Goods” means all kinds of corporeal movable or immovable property, but does not include:
- (a) money, or
 - (b) a product that is transmitted by means of a wire, cable, radio, optical, or other electromagnetic system or by means of a similar technical system.
- 21/ “Government entity” means a Federal Government ministry, department, agency, or institution or other entity of the Federal Government or an entity of the regional government with similar status;
- 22/ “Hire purchase agreement” has the meaning under the Capital Goods Leasing Business Proclamation No. 103/1998 (as amended);
- 23/ “Import” and “Importer” have the meanings in the Customs legislation;
- 24/ “Inbound tourism product” means accommodation, meals, transportation, tours, or other tourist activities in Ethiopia;
- 25/ “Input tax”, in relation to a registered person, means:
- (a) the VAT payable in respect of a creditable acquisition made by the person, but does not include any administrative penalty payable in respect of a creditable acquisition; and
 - (b) an amount that is treated as input tax of the registered person for the purposes of this Proclamation.
- 26/ “Input tax credit” means the credit for input tax allowed under this Proclamation;
- 27/ “Invoice” means any document stating an obligation to make a payment and includes a tax invoice;
- 28/ “Large unregistered person” means a person:
- (a) making supplies with a total annual value in excess of the amount specified in Sub-Article (2) of Article 12 of this Proclamation; and
 - (b) who is not a registered person or Government entity.
- 29/ “Money” means:

- (a) a coin or note that is legal tender in Ethiopia or in a foreign country or territory, other than a coin or note that is a collector's piece, investment article, or item of numismatic interest;
 - (b) a bill of exchange, bank draft, promissory note, postal order, or money order;
 - (c) a stamp, form, or card that has a monetary value and is sold or issued by the Government for the payment of any fiscal charge levied under any law; or
 - (d) a payment provided by way of:
 - (i) a credit card or debit card; or
 - (ii) the crediting or debiting of an account operated by any person.
- 30/ "Output tax", in relation to a registered person, means:
- (a) the VAT receivable by the registered person in respect of a taxable supply made by such person;
 - (b) The VAT paid as Reverse Charged Supply for the supply made from outside of Ethiopia or by a non-resident person or
 - (b) an amount that is treated as output tax of the registered person for the purposes of this Proclamation.
- 31/ "Prepaid telecommunications product" means a phone card, prepaid card, recharge card, or any other form of prepayment for telecommunication services, including in electronic format;
- 32/ "Recipient", in relation to a supply, means the person to whom the supply is made.
- 33/ "Registered person" means a person who is registered or liable to be registered under this Proclamation.
- 34/ "Registration threshold" means the registration threshold in Article 12(2) of this Proclamation;
- 35/ "Remote services" means services that are supplied by a supplier from a place of business outside Ethiopia to a recipient in Ethiopia;
- 36/ "Reverse charged supply" means a supply that is a reverse charged supply under Article 5 of this Proclamation;
- 37/ "Services" means anything that is not goods or money.

- 38/ “Supplier”, in relation to a supply, means the person making the supply.
- 39/ “Supply” means a supply of goods, a supply of services, or a reverse charged supply.
- 40/ “Supply of goods” means:
- (a) a sale, exchange, or other transfer of the right to dispose of goods as owner; or
 - (b) the hire or lease of goods under a hire purchase agreement or finance lease.
- 41/ “Supply of services” means anything done that is not a supply of goods or a supply of money or digital currency, and includes:
- (a) the grant, assignment, cessation, or surrender of any right;
 - (b) the making available of any facility or advantage;
 - (c) the toleration of any situation or the refraining from the doing any act;
 - (d) the transfer or provision of thermal or electric energy, gas, or water; or
 - (e) the transmission of a product by means of a wire, cable, radio, optical, or other electromagnetic system or by means of a similar technical system.
- 42/ “Tax Authority” means, as the case may be, the Ministry of Revenue established under Definition of Powers and Duties of Executive Organs Proclamation No 1263/2021, or a Regional or City Administration Revenue Bureau.
- 43/ “Tax fraction” means the fraction calculated in accordance with the following formula:
- $$\frac{r}{100 + r}$$
- where “**r**” is the rate of VAT applicable under Article 7(2)(b) of this Proclamation.
- 44/ “Tax invoice” means a document provided by a registered person as required under Article 53 of this Proclamation.
- 45/ “Taxable activity” has the meaning assigned to it under Article 6 of this Proclamation.
- 46/ “Taxable import” means an import of goods other than:
- (a) an exempt import; or

- (b) electronically ordered goods in respect of which an operator of an electronic distribution platform who is a registered person has collected VAT from the recipient of the goods in advance of the import of the goods.
- 47/ “Taxable supply” means:
- (a) a supply of goods or services that is made in Ethiopia by a person in the course or furtherance of a taxable activity carried on by the person, other than an exempt supply; or
- (b) anything treated as a taxable supply under this Proclamation.
- 48/ “Telecommunications services” means the transmission, emission, or reception of signals, writing, images, sounds, or information of any kind by wire, radio, optical, cable, or other electromagnetic systems, or by a similar technical system, and includes:
- (a) the related transfer or assignment of the right to use capacity for such transmission, emission, or reception; or
- (b) the provision of access to global or local information networks, but does not include the supply of the underlying writing, images, sounds, or information;
- 49/ “Telecommunications services supplier” means a person licensed in Ethiopia or elsewhere to make supplies of telecommunications services.
- 50/ “Trading stock” means:
- a) anything produced, manufactured, purchased or otherwise acquired for manufacture, sale or exchange;
- b) any raw materials or consumables used in a production or manufacturing process; or
- c) livestock, but not including animals used as beasts of burden or working beasts.
- 51/ “VAT” means Value Added Tax imposed under this Proclamation;
- 52/ “Voucher” means a voucher, stamp, token, coupon, or similar article, including an article issued electronically, that can be redeemed by the holder only for supplies of goods or services, and includes a prepaid telecommunications product, but does not include a postage stamp;
- 53/ “Zero-rated supply” means a supply that, by virtue of Article 8 of this Proclamation, is a zero-rated supply under Schedule 1 attached to this Proclamation;
- 54/ For the purposes of this Proclamation, the months of Nahase and Pagumen shall be aggregated and treated as a single calendar month;

- 55/ If words and phrases used in this Proclamation are defined in the Tax Administration Proclamation they shall have the meanings ascribed to them in the Tax Administration Proclamation.
- 56/ Any expression in the masculine gender includes the feminine gender.
- 57/ The citation of any law in this Proclamation includes all amendments of the same law cited herein. If the law or its provisions cited herein are replaced by a new law or provision the citation in this Proclamation applies to the replacement law or provision.

3. Scope of Application

1. The Value Added Tax imposed by this Proclamation is applicable on Taxable Transactions carried out within the territory of Ethiopia, Taxable Import and Reverse Charged Supply made by a person outside of Ethiopia without a fixed place of business in Ethiopia.
2. The Value Added Tax imposed by this Proclamation shall be assessed and collected by the Ministry of Revenue and the Customs Commission, as appropriate. However, the Ministry of Revenue may delegate the Regional Revenue Bureaus to assess and collect the Value Added Tax on its behalf.

4. Consideration

- 1/ Subject to this Article, the consideration for a supply shall be the total of the following amounts:
 - (a) the amount in money paid or payable by any person, directly or indirectly, for the supply;
 - (b) the fair market value of an amount in kind paid or payable by any person, directly or indirectly, for the supply;
 - (c) a service charge paid or payable in respect of the supply; and
 - (d) any duty, excise tax, sur-tax, levy, fee, and charge paid or payable on, or by reason of the supply.
- 2/ The consideration for a supply under Sub-Article (1) of this Article shall not include any VAT paid or payable in respect of the supply.
- 3/ The amount determined under Sub-Article (1) of this Article as the consideration for a supply shall be reduced by any discounts or rebates allowed and accounted for at the time of supply.
- 4/ A discount, rebate, or other adjustment to the price for a supply shall be accounted for under the adjustment rules in Articles 43 and 44 of this Proclamation.

- 5/ The consideration for a supply shall not include a deposit paid or payable in connection with a supply unless and until the supplier applies the deposit in payment for the supply.
- 6/ Article 35 of this Proclamation shall apply where a deposit paid or payable in connection with a supply is forfeited to the supplier.
- 7/ The consideration for a supply of goods made under a hire purchase agreement or finance lease to which Article 20(7) of this Proclamation applies shall not include any amount payable in relation to the supply of financial services under the agreement or lease.
- 8/ In this Article:
 - (a) “excise tax” means excise tax imposed under the Excise Tax Proclamation No. 1186/2020; and
 - (b) “sur-tax” means sur-tax imposed under the Council of Ministers Regulations No. 133/2007 Council of Ministers Regulations and its amendment to Provide for the Payment of Sur-Tax on Import of Goods.

5. Reverse Charged Supply

- 1/ A reverse charged supply is a supply of services where:
 - (a) the supply is made by a person outside Ethiopia, whether or not a registered person, who does not carry on a taxable activity through a fixed place of business in Ethiopia;
 - (b) the supply is made to a registered person, a Government entity, or a large unregistered person; and
 - (c) the supply would have been a taxable supply if the supply had been made from a place of business in Ethiopia.
- 2/ Where a registered person or large unregistered person carries on a taxable activity both in and outside Ethiopia and there is an internal provision of services from the part of the taxable activity carried on outside Ethiopia (referred to as the “overseas part”) to the part of the taxable activity carried on in Ethiopia (referred to as the “Ethiopia part”), the internal provision of services shall be treated as a reverse charged supply unless the provision of the services is an exempt supply.
- 3/ Where Sub-Article (2) of this Article applies, the overseas part and Ethiopia part shall be treated as separate persons that are related persons for the purposes of this Proclamation.

6. Taxable Activity

- 1/ For the purposes of this Proclamation and subject to Article 5 of this Proclamation and Sub-Article (3) of this Article, any activity carried on continuously or regularly by a person that involves, or is intended to involve, in whole or part, the supply of goods or services to any other person for consideration shall be a taxable activity.
- 2/ Any activity done by a person in the course of commencing, terminating, or reorganising a taxable activity shall be treated as done in the course or furtherance of the taxable activity.
- 3/ The following shall not be treated as a taxable activity:
 - (a) the activity of an employee;
 - (b) a hobby or recreational activity of an individual; or
 - (c) an activity of a person, other than an individual, that is essentially carried on as a hobby or recreational activity for the benefit of a member or owner of the person, or a related person.

PART TWO

IMPOSITION OF VAT AND EXEMPTIONS

7. Imposition of Value Added Tax

- 1/ Value added tax shall be imposed at the rate specified in Sub-Article (2) of this Article on the following:
 - (a) a taxable supply made by a registered person;
 - (b) a taxable import made by any person; and
 - (c) a reverse charged supply made to a registered person, Government entity, or large unregistered person.
- 2/ The rate of VAT shall be:
 - (a) for a taxable supply that is a zero-rated supply, zero percent; or
 - (b) in any other case, 15 percent.
- 3/ The amount of VAT payable in respect of a taxable supply, taxable import, or reverse charged supply shall be calculated by applying the rate specified in Sub-Article (2) of this Article to the value of the supply or import.

- 4/ The liability for VAT on a taxable supply arises at the time of the supply and shall be accounted for to the Tax Authority by the registered person making the supply in accordance with Article 60(1) of this Proclamation.
- 5/ Despite anything contained in any law but subject to Sub-Article (6) of this Article, the VAT payable by a registered person in respect of a taxable supply shall be recoverable by the person from the recipient of the supply.
- 6/ Sub-Article (5) of this Article shall not apply to taxable supplies made by a person registered by the Tax Authority under Article 14(2) of this Proclamation that are made prior to the date that the person is actually registered by the Tax Authority.
- 7/ The liability for VAT on a taxable import arises at the time of the import and shall be payable by the importer in accordance with Article 60(2) of this Proclamation.
- 8/ The liability for VAT on a reverse charged supply arises at the time of the supply and shall be accounted for to the Tax Authority by the registered person, Government entity, or large unregistered person receiving the supply in accordance with Article 60(1) of this Proclamation.

8. Zero-rated Supply

- 1/ A supply specified in Schedule 1 attached to this Proclamation shall be a zero-rated supply.
- 2/ A registered person who has treated a supply as a zero-rated supply shall obtain and retain such documentary proof acceptable to the Tax Authority substantiating the person's entitlement to treat the supply as a zero-rated supply.

9. Exempt Supply

- 1/ Subject to Sub-Article (2) of this Article, a supply specified in Schedule 2 attached to this Proclamation shall be an exempt supply.
- 2/ A supply that is both a zero-rated supply and an exempt supply shall be treated only as a zero-rated supply for the purposes of this Proclamation.

10. Exempt Import

An import specified in Schedule 3 attached to this Proclamation shall be an exempt import.

11. Exemptions and Concessions in Other Laws Not Effective

- 1/ A provision in any other law, whether enacted before or after this Proclamation, specifying that a supply or class of supply, or an import or class of import, is an exempt or zero-rated supply, exempt import, or subject to a reduced rate of VAT shall have no legal effect unless also provided for in this Proclamation.

- 2/ A provision in any other law, whether enacted before or after this Proclamation, specifying that a person or class of persons is exempted from paying VAT or is liable for a reduced rate of VAT shall have no legal effect unless also provided for in this Proclamation.
- 3/ In this Article, “reduced rate of VAT” means a rate lower than the rate specified in Article 7(2)(b) of this Proclamation.

PART THREE

REGISTRATION

12. Compulsory Registration

- 1/ Any person shall be liable to be registered:
 - (a) at the beginning of any period of 12 calendar months, if there are reasonable grounds to believe that the total value of taxable supplies to be made by the person in that period will exceed the registration threshold specified in Sub-Article (2) of this Article; or
 - (b) at the end of any period of 12 calendar months or a lesser period, if, during period, the total value of taxable supplies made by the person exceeds the registration threshold specified in Sub-Article (2) of this Article.
- 2/ The registration threshold is 2, 000,000 (Two Million) Birr or such other amount as specified in the Directive to be determined by the Ministry.
- 3/ The Tax Authority may, in determining whether a person exceeds the registration threshold, have regard to the value of taxable supplies made by a related person.
- 4/ In determining whether a person exceeds the registration threshold, the value of the following taxable supplies shall be ignored:
 - (a) a taxable supply that is the sale of capital goods used in the taxable activity of the person; and
 - (b) subject to Sub-Article (5) of this Article, a taxable supply made solely as a consequence of the person selling the whole or a part of the person’s taxable activity or permanently ceasing to carry on the person’s taxable activity.
- 5/ Sub-Article (4)(b) of this Article shall not apply to the sale of the whole or part of a person’s taxable activity if the person’s business involves the acquisition and sale of taxable activities or parts of taxable activities.

- 6/ A person who is liable to be registered under Sub-Article (1) of this Article, shall apply to the Tax Authority, in the approved form, for registration within 7 days of becoming liable to be registered.

13. Voluntary Registration

- 1/ Subject to Sub-Article (2) of this Article, a person who makes, or intends to make, taxable supplies, but who is not liable to be registered under Article 11 of this Proclamation, may apply to the Tax Authority for voluntary registration.
- 2/ A person may make an application under Sub-Article (1) of this Article only if the annual value of taxable supplies made, or to be made, by the person exceeds 1, 000,000 (One Million Ethiopian Birr).
- 3/ An application under Sub-Article (1) of this Article shall be in the approved form.

14. Registration

- 1/ The Tax Authority shall register a person who has applied for registration under Article 12 of this Proclamation if satisfied that the person is liable to be registered.
- 2/ The Tax Authority shall, on its own motion, register a person who is liable to be registered under Article 12 of this Proclamation but who has not applied for registration within the time limit specified in Article 12(6) of this Proclamation.
- 3/ The Tax Authority shall register a person who has applied for registration under Article 13 of this Proclamation, but only if all of the following conditions are satisfied:
- (a) the person satisfies the requirement in Article 13(2) of this Proclamation;
 - (b) the person has a place from which the person carries on their taxable activity, which can be an internet address or social media account;
 - (c) if the person has commenced carrying on a taxable activity, the person:
 - (i) has kept proper records of its operations; and
 - (ii) complied with its obligations under other tax laws; and
 - (d) if there are reasonable grounds to believe that the person will comply with their obligations under this Proclamation, and any Regulations and Directives made under this Proclamation, including keeping proper records, and filing regular and reliable VAT returns.

- 4/ The Tax Authority shall, within 21 days after receipt of an application under Article 12 or 13 of this Proclamation, serve the applicant with a notice in writing of the Tax Authority's decision on the application.
- 5/ The Tax Authority shall issue a person registered under this Article with a VAT registration certificate specifying the particulars required by the Regulations.
- 6/ A registered person who carries on a taxable activity at more than one place of business shall apply to the Tax Authority, in the approved form, for an official copy of the person's VAT registration certificate for each place of business, and the Tax Authority shall issue the person with such copy or copies.
- 7/ A person shall be a registered person for the purposes of this Proclamation:
 - (a) for a person registered under Sub-Article (1) or (3) of this Article, from the date set out in the person's VAT registration certificate; or
 - (b) for a person registered under Sub-Article (2) of this Article, from the date on which the person first became liable to be registered under Article 12(1) of this Proclamation.

15. Obligations of Registered Persons

- 1/ A registered person carrying on a taxable activity at physical premises shall display:
 - (a) the original of the person's VAT registration certificate in a conspicuous place at the main business premises where the person carries on their taxable activity; and
 - (b) an official copy of the person's VAT registration certificate issued under Article 14(6) of this Proclamation in a conspicuous place at every other premises where the person carries on their taxable activity.
- 2/ A registered person must specify their VAT registration details on any website and social media account through which the person carries on their taxable activity.
- 3/ In addition to the matters specified in Article 10 of the Tax Administration Proclamation, a registered person shall notify the Tax Authority, in writing, within 30 days of a change occurring for any the following:
 - (a) the phone, facsimile, electronic, and other contact details of the registered person;
 - (b) the place or places through which the registered person carries on their taxable activity, including the opening or closing of new branches or divisions or a change in the person's internet address or social media account;

- (c) the nature of the business of the registered person; and
- (d) any other matter as specified in a Directive issued by the Tax Authority.

16. Notification in case of Registered Person Ceasing to Carry on Taxable Activities

- 1/ A registered person shall notify the Tax Authority if the person has ceased to carry on all taxable activities.
- 2/ A notification by a registered person under Sub-Article (1) of this Article shall:
 - (a) be in the approved form;
 - (b) state the date upon which the registered person ceased to carry on all taxable activities;
 - (c) state whether or not the registered person intends to carry on a taxable activity within 12 calendar months from the date mentioned in Paragraph (b) of this Sub-Article; and
 - (d) be filed with the Tax Authority within 7 days of the date the person ceased to carry on all taxable activities.
- 3/ Subject to Sub-Article (4) of this Article, the Tax Authority shall, by notice in writing, cancel the registration of a person who has ceased to carry on their taxable activity either on notification by the person under Sub-Article (1) of this Article or on the Tax Authority's own motion.
- 4/ The Tax Authority may decide not to cancel the registration of a registered person under Sub-Article (3) of this Article where the Tax Authority has reasonable grounds to believe that the person will recommence carrying on a taxable activity at any time within 12 calendar months from the date of cessation of the taxable activity.
- 5/ The cancellation of the VAT registration of a person under Sub-Article (3) of this Article shall take effect from the last day of the accounting period in which the person ceased to carry on their taxable activity or from such later date as set out in the notice of cancellation.

17. Application for Cancellation of Registration when Below the Registration Threshold

- 1/ Subject to Sub-Article (2) of this Article, a registered person may apply to the Tax Authority, in the approved form, for cancellation of the person's registration if the total annual value of the taxable supplies made by is below the registration threshold.

- 2/ Subject to Sub-Article (3) of this Article, an application for cancellation of registration under Sub-Article (1) of this Article may be made only after the expiration of 2 years from the date of registration.
- 3/ Despite Sub-Article (2) of this Article, an application under Sub-Article (1) of this Article by a person who mistakenly believed that they were required to apply for registration may be made before the due date for filing the person's first VAT return after being registered.
- 4/ The Tax Authority shall, by notice in writing, cancel the registration of a person who has properly applied for cancellation of registration under Sub-Article (1) of this Article if satisfied that the total annual value of the taxable supplies made by the person does not exceed the registration threshold.
- 5/ The Tax Authority may, on its own motion and by notice in writing, cancel the registration of a person where total annual value of the taxable supplies made by the person is below the registration threshold and the Tax Authority is satisfied of either or both of the following:
 - (a) the person has not kept proper VAT records;
 - (b) the person has not filed regular and reliable VAT returns.
- 6/ The cancellation of a person's registration under this Article shall take effect from the date specified in the notice of cancellation.

18. Obligations of Persons on Cancellation of Registration

- 1/ If a person's VAT registration is cancelled under Article 16 or 17 of this Proclamation, the person shall:
 - (a) immediately cease to hold out that the person is a registered person, including on any documentation used by the person and on any website or social media account through which the person carries on their taxable activity;
 - (b) file a final VAT return in the approved form and pay all VAT due, including the VAT due as a result of the application of Article 18 of this Proclamation, within one month after the date of cancellation of the person's registration or by such earlier date as notified by the Tax Authority in writing; and
 - (c) immediately return the person's VAT registration certificate, and any official copies of the certificate, to the Tax Authority.
- 2/ The obligations and liabilities of a person under this Proclamation, including the filing of VAT returns and payment of VAT, in respect of anything done or omitted to be done by that person while being a registered person shall not be affected by cancellation of the person's registration.

19. Deemed Taxable Supply on Cancellation of Registration

- 1/ A person whose VAT registration is cancelled under Article 16 or 17 of this Proclamation shall be treated as having made a taxable supply of trading stock and capital goods on hand at the time the person's registration is cancelled but only if the person was allowed an input tax credit on acquisition or import of the trading stock or capital goods, or, in the case of trading stock, on acquisition or import of inputs that have been subsumed into the trading stock.
- 2/ A registered person shall be treated as having made a taxable supply of trading stock or capital goods under Sub-Article (1) of this Article immediately before cancellation of the person's registration.
- 3/ Where Sub-Article (1) applies to trading stock of a registered person on hand at the time of cancellation of the person's registration, the person shall be treated as having received, at the time specified in Sub-Article (2) of this Article, an amount of output tax equal to the amount of the input tax credit allowed to the person in respect of the acquisition or import of the trading stock, or of inputs that have been subsumed into the trading stock.
- 4/ Where Sub-Article (1) applies to capital goods of a registered person on hand at the time of cancellation of the person's registration, the person shall be treated as having received, at the time specified in Sub-Article (2) of this Article, an amount of output tax calculated according to the following formula:

$$A \times B/C$$

- A** is the input tax credit allowed to the person on acquisition of the capital goods;
- B** is the net book value of the capital goods at the time of cancellation of person's registration as determined under the Income Tax Proclamation; and
- C** the original cost of the capital goods.

PART FOUR

GENERAL RULES RELATING TO SUPPLIES

20. Mixed Supplies

- 1/ A supply of goods that is incidental to a supply of services shall be treated as part of the supply of services.
- 2/ A supply of services that is incidental to a supply of goods shall be treated as part of the supply of goods.

- 3/ A supply of services shall be treated as part of an import of goods where the value of the supply is included in the value of the import under Article 27(1)(a) of this Proclamation.
- 4/ Subject to Sub-Articles (1) and (2) of this Article, if a supply is both a supply of goods and a supply of services, the Tax Authority may determine, on any reasonable basis, the extent to which the supply shall be treated as a supply of goods or a supply of services.
- 5/ Sub-Article (6) of this Article shall apply where a supply consists of all or some of the following separate elements:
 - (a) a supply that is charged with VAT at a positive rate;
 - (b) a zero-rated supply;
 - (c) an exempt supply.
- 6/ Where the conditions in Sub-Article (5) of this Article are satisfied and subject to Sub-Article (7) of this Article, each element of the supply shall be treated as a separate supply.
- 7/ If a supply of goods under a hire purchase agreement or finance lease involves a credit charge that is specified as a separate charge and disclosed to the recipient of the supply, the supply shall be treated as two supplies being a supply of goods and a supply of financial services.

21. Time of Supply

- 1/ Subject to this Proclamation, a supply shall occur on the earlier of:
 - (a) the date on which the invoice for the supply is issued;
 - (b) the date on which any payment (including part payment) for the supply is made; or
 - (c) the date on which:
 - (i) for a supply of goods, the goods are delivered or made available to the recipient of the supply; or
 - (ii) for a supply of services or a reverse charged supply, the performance of the services is complete.
- 2/ A supply of goods by means of a machine, meter, or other device operated by a coin, note, or token shall occur on the date that the coin, note, or token is taken from that machine, meter, or other device by or on behalf of the supplier.
- 3/ A periodic supply:

- (a) shall be treated as a series of separate, successive supplies corresponding to the successive parts of the period of the lease or agreement, or as determined by law, as the case may be; and
- (b) each successive supply shall be treated as occurring on the earlier of the date on which the payment for that successive supply is due or received.

4/ In this Article, “periodic supply” means:

- (a) a supply of goods under a hire purchase agreement or finance lease; or
- (b) a supply of services:
 - (i) by way of a lease of goods (other than a lease covered by Paragraph (a) of this Sub-Article); or
 - (ii) supplied progressively under an agreement or law that provides for periodic payments.

22. Value of a Supply

- 1/ Subject to this Proclamation, the value of a supply shall be the consideration for the supply.
- 2/ The value of a supply shall be the fair market value of the supply determined at the time of the supply if the supply is made by a person to a related person for a price that is less than the fair market value of the supply (including a supply made for no consideration).
- 3/ Except as otherwise provided under this Proclamation, the value of a supply for no consideration shall be zero.
- 4/ If a registered person makes a taxable supply without a separate amount being identified as VAT, the value of the supply shall be calculated according to the following formula:

$$A - (A \times B)$$

where:

A is the total amount charged for the supply; and

B is the tax fraction.

- 5/ If Sub-Article (4) of this Article applies to a taxable supply made by a registered person to another registered person, the input tax payable by the registered person receiving the supply shall be calculated based on the value of the supply determined under Sub-Article (4) of this Article.

- 6/ If the consideration for a supply of imported goods is less than the Customs value of the goods, the Ministry may treat the Customs value as the value of the supply.

23. Supply of Goods in Ethiopia

- 1/ A supply of goods shall occur in Ethiopia if:
- (a) for a supply of goods that involves transportation, the transportation of the goods commences in Ethiopia; or
 - (b) for any other supply of goods, the goods are made available in Ethiopia by the supplier.
- 2/ A supply of electronically ordered goods by a person carrying on a taxable activity outside Ethiopia and who does not have a physical place of business in Ethiopia occurs in Ethiopia if the following conditions are satisfied:
- (a) the supply involves the goods being delivered in Ethiopia;
 - (b) the supply is made through an electronic distribution platform; and
 - (c) the operator of the platform procures, arranges, or facilitates the delivery of the goods in Ethiopia.

24. Supply of Services in Ethiopia

- 1/ Subject to sub-Article (2) of this Article, a supply of services shall occur in Ethiopia if the place of business of the supplier from which the services are supplied is in Ethiopia.
- 2/ Despite Sub-Article (1) of this Article, a supply of services, other than a reverse charged supply, by a person who carries on business outside Ethiopia and does not have a physical place of business in Ethiopia shall occur in Ethiopia if:
- (a) the services are physically performed in Ethiopia by a person who is in Ethiopia at the time of the supply;
 - (b) the services relate to immovable property in Ethiopia;
 - (c) the services are remote services supplied to a resident of Ethiopia as determined under Sub-Article (3) of this Article;
 - (d) the services are a supply of an inbound tourism product, or agency or booking services relating to a supply of an inbound tourism product;
 - (e) the services are telecommunications services that can be used only in Ethiopia; or

- (f) except where Paragraph (e) of this Sub-Article applies, the services are telecommunication services where the mobile country code of the international mobile subscriber identity stored on the subscriber identity module card used by the recipient is Ethiopia.
- 3/ For the purposes of Sub-Article (2)(b) of this Article and subject to Sub-Article (4) of this Article, a recipient of a supply of remote services shall be treated as a resident of Ethiopia if at least two of the following apply:
- (a) the recipient's billing address is in Ethiopia;
 - (b) the recipient's bank account is in Ethiopia, including the account the recipient uses for payment or the billing address held by the bank;
 - (c) the recipient's fixed land line through which the service is supplied to the recipient is in Ethiopia;
 - (d) the mobile country code of the international mobile subscriber identity stored on the subscriber identity module card used by the recipient is Ethiopia;
 - (e) the internet protocol address of the device used by the recipient or another geolocation method is in Ethiopia; or
 - (f) any other commercially relevant information indicates that the recipient is resident in Ethiopia.
- 4/ If there are two factors on the list in Sub-Article (3) of this Article supporting that the recipient is a resident of Ethiopia and two factors supporting residence in another country, the supplier shall determine the recipient's residence based on the factors that, in the circumstances, are the most reliable indicators of the recipient's residence.
- 5/ For the purposes of Sub-Article (4) of this Article, the factors in Sub-Article (3) of this Article are listed in order of reliability starting with the most reliable.
- 6/ Having established that the recipient of a supply is a resident of Ethiopia under Sub-Article (3) of the Article, a supplier shall treat the recipient as not being a registered person unless the recipient notifies the supplier, in writing, that they are a registered person and provides the supplier with a certified copy of their VAT registration certificate.

25. Supply of Remote Services or Goods through an Electronic Distribution Platform

- 1/ This Article shall apply if the following conditions are satisfied:
- (a) a supplier (referred to as the "underlying supplier") makes a supply of remote services through an electronic distribution platform;
 - (b) the electronic distribution platform is operated by a person (referred to as the "operator") who does not have a place of business in Ethiopia;

- (c) the operator does any of the following:
 - (i) authorises the charge for the supply to the recipient;
 - (ii) makes or authorises the delivery of the supply to the recipient;
or
 - (iii) directly or indirectly sets a term or condition under which the supply is made; and
 - (d) the recipient of the supply is a resident of Ethiopia as determined under Article 23(3) of this Proclamation and is not a registered person.
- 2/ Where the conditions in sub-Article (1) are satisfied and subject to Sub-Article (3) of this Article, Article 23(2) of this Proclamation shall apply on the basis that the operator of the electronic distribution platform shall be treated as having made the supply of remote services or electronically ordered goods in the course or furtherance of a taxable activity carried on by the operator.
- 3/ This Article shall not apply where the underlying supplier is a registered person.

PART FIVE

IMPORTS

26. Time of Import

- 1/ An import of goods shall occur:
- (a) for goods that are cleared for home use under the Customs legislation, on the date on which they are so cleared; or
 - (b) for any other goods, on the date the goods are brought into Ethiopia.
- 2/ If any goods have been imported into a bonded warehouse but have not been cleared for home use, any supply of such goods before they are cleared for home use shall be disregarded for the purposes of this Proclamation.
- 3/ In this Article, “bonded warehouse” has the meaning under the Customs legislation.

27. Value of an Import

- 1/ Subject to this Article, the value of an import of goods shall be the total of the following amounts:

- (a) the value of the goods under the Customs legislation, whether or not any duty is payable on the import; and
 - (b) the amount of any duty, excise tax, and other fiscal charge, and any fee or other charge, payable in respect of the import.
- 2/ The value of an import under Sub-Article (1)(b) of this Article shall not include any VAT or advance tax paid or payable in respect of the import.
- 3/ If goods are re-imported after being exported for the purpose of undergoing repair, renovation, or improvement, the value of the import shall be the amount of the increase in value of the goods as a result of the repair, renovation, or improvement provided there has been no change in:
- (a) the form or character of the goods; and
 - (b) the ownership of the goods since the goods were exported.
- 4/ In this Article, “advance tax” means advance tax payable in respect of an import under Article 85 of the Income Tax Proclamation.

28. Deferral of VAT on Imported Capital Goods

- 1/ A registered person may apply to the Commission, in the approved form, for approval to defer the payment of VAT on imported capital goods.
- 2/ The Commission may approve an application under Sub-Article (1) of this Article if satisfied of the following:
- (a) the person has kept proper records, regularly filed VAT returns by the due date, and otherwise complied with their obligations under this Proclamation;
 - (b) the person has no outstanding VAT or other tax liabilities; and
 - (c) the person has not been:
 - (i) liable for a penalty under Article 110 of the Tax Administration Proclamation;
 - (ii) convicted of an offence under Article 118, 119, 121, or 125 of the Tax Administration Proclamation; or
 - (iii) liable for a similar penalty or convicted of a similar offence under the Customs legislation.
- 3/ The Commission may require an applicant under Sub-Article (1) of this Article to provide security in accordance with Article 35 of the Tax Administration Proclamation as a condition of the grant of approval under Sub-Article (2) of this Article .

- 4/ The Commission shall notify an applicant under Sub-Article (1) of this Article of the decision on the application within 14 days of receiving the application.
- 5/ Subject to Sub-Article (6) of this Article, an approval under Sub-Article (2) of this Article shall apply to:
 - (a) the import of capital goods specified in the approval; or
 - (b) the import of capital goods made during a period specified in the approval.
- 6/ The Commission may revoke an approval under Sub-Article (2) of this Article, if the registered person:
 - (a) no longer satisfies the conditions in Sub-Article (2) of this Article; or
 - (b) the registered person disposes of the capital goods.
- 7/ A registered person who has been granted approval under Sub-Article (2) of this Article shall include the VAT payable on a taxable import covered by the approval in the calculation of the net VAT payable by the person under Article 48 of this Proclamation for the accounting period in which the taxable import occurred.
- 8) Notwithstanding the provisions of this Article the Ministry may by Directive provide the conditions under which the tax on capital goods may be deferred.
- 9/ In this Article, “capital goods” shall not include capital goods imported by a registered person for resale in the ordinary course of the person’s taxable activity.

PART SIX

INPUT TAX CREDITS

29. Input Tax Credit Allowed

- 1/ Subject to this Proclamation, a registered person shall be allowed a credit for the input tax imposed on a creditable acquisition made by the person to the extent that the acquisition was for the purpose of making taxable supplies as determined at the time of the supply or import comprising the acquisition.
- 2/ The input tax credit allowed to a registered person for creditable acquisitions made by the person during an accounting period partly to make taxable supplies and partly to make other supplies shall be calculated according to the following formula:

$$A \times B/C$$

where:

- A** is the total amount of input tax payable in respect of creditable acquisitions made by the registered person during the accounting period partly to make taxable supplies and partly to make other supplies;
- B** is the total value of taxable supplies made by the registered person during the accounting period; and
- C** is the total value of all supplies made by the registered person during the accounting period.
- 3/ Where the fraction B/C in Sub-Article (2) of this Article is:
- (a) 0.95 or more, the registered person shall be allowed a credit for the total amount of input tax in respect of creditable acquisitions referred to in Sub-Article (2) of this Article; or
 - (b) less than 0.05, the registered person shall not be allowed a credit for any input tax in respect of creditable acquisitions referred to in Sub-Article (2) of this Article.
- 4/ Subject to Sub-Article (5) of this Article, an input tax credit shall be allowed in the accounting period in which the supply or import to which the creditable acquisition relates occurred.
- 5/ If, at the time a registered person files a VAT return for an accounting period in which an input tax credit would otherwise be allowable under this Proclamation, the person does not hold the documentation referred to in Sub-Article (6) of this Proclamation, the input tax credit shall not be allowed in that accounting period but instead shall be allowed in the first accounting period in which the person holds the required documentation.
- 6/ The documentation required for the purposes of Sub-Article (5) of this Proclamation is the following:
- (a) for a creditable acquisition that is a taxable import, a Customs declaration or other document issued by the Commission evidencing the payment of VAT in respect of the import;
 - (b) for a creditable acquisition that is a taxable supply, the tax invoice for the taxable supply to which the acquisition relates;
 - (c) for a creditable acquisition that is a reverse charged supply, the recipient-created tax invoice for the supply as required under Article 53(4) of this Proclamation;
 - (d) for an input tax credit allowed in respect of input tax referred to in Article 43(3)(b) of this Proclamation, the debit note required to be issued under Article 43(3)(a) of this Proclamation;

- (e) for an input tax credit allowed in respect of input tax referred to in Article 44(2) of this Proclamation, a copy of the credit note issued to the recipient of the supply under Article 44(3)(a) of this Proclamation; or
 - (f) for an input tax credit allowed under Article 46(3)(b) of this Proclamation, the debit note required to be issued under Article 46(3)(a).
- (7) If, for whatever reason, a registered person fails to claim an input tax credit in the VAT return for the accounting period in which the credit arises, the registered person can claim the credit in the VAT return for a subsequent accounting period but only if that accounting period is within 12 calendar months after the accounting period in which the credit arose.

30. Denial of an Input Tax Credit

- 1/ Subject to Sub-Article (2), a registered person shall not be allowed an input tax credit under this Proclamation for input tax payable in respect of the following:
- (a) a creditable acquisition by the registered person of a passenger vehicle, or spare parts or repair or maintenance services for such vehicle, unless the person's taxable activity involves dealing in, or hiring out, such vehicles and the vehicle was acquired and is licensed for the purposes of that taxable activity;
 - (b) a creditable acquisition by a registered person to the extent that the acquisition is acquired for the purposes of entertainment or to provide entertainment, unless:
 - (i) the entertainment is provided in the ordinary course of carrying on the taxable activity of the person to provide the entertainment and the entertainment is not provided to a related person or employee;
 - (ii) the entertainment is provided while the recipient of the entertainment is away from home for the purposes of the business of the recipient or the recipient's employer; or
 - (iii) the person's taxable activity involves the making of taxable supplies of transportation services and the entertainment is provided to passengers as part of the transportation service; or
 - (c) a creditable acquisition by a registered person of membership for any person of a club, association, or society of a sporting, social, or recreational nature.
- 2/ A registered person who does not carry on a taxable activity through a fixed place of business in Ethiopia shall not be allowed any input tax credits in relation to the making of taxable supplies.
- 3/ In this Article:

- a) “entertainment” means the provision of food, beverages, accommodation, recreation, or hospitality of any kind; and
- b) “Passenger vehicle” means a road vehicle designed or adapted for the transport of 8 or fewer seated passengers, including a double cab vehicle.

31. Input Tax Credit for Newly Registered Person

- 1/ A registered person may claim an input tax credit in respect of trading stock and capital goods held at the date of registration wholly or partly for the purpose of making taxable supplies provided the following conditions are satisfied:
 - (a) the person held the trading stock or capital goods at the end of the last day before the date of the person’s registration;
 - (b) the trading stock or capital goods were acquired by the person in a creditable acquisition;
 - (c) the creditable acquisition occurred no more than:
 - (i) for trading stock, 6 months prior to the date of registration; or
 - (ii) for capital goods, 3 years prior to the date of registration; and
 - (d) the person can provide a tax invoice or other documentary evidence satisfactory to the Tax Authority that the person has paid input tax, and the amount of the payment, in respect of the creditable acquisition.
- 2/ An input tax credit under Sub-Article (1) of this Article shall be allowed in the first accounting period after the person was registered.
- 3/ Subject to Articles 29 and 30 of this Proclamation, where Sub-Article (1) of this Article applies to trading stock of a person on hand at the time of the person’s registration, the amount of the input tax credit allowed to the person shall be the input tax paid in respect of the acquisition of the trading stock.
- 4/ Subject to Articles 29 and 30 of this Proclamation, where Sub-Article (1) of this Article applies to capital goods of a person on hand at the time of the person’s registration, the amount of input tax credit allowed to the person shall be calculated according to the following formula:

$$A \times B/C$$

- A** is the VAT paid by the person on acquisition of the capital goods; and
- B** is the net book value of the capital goods at the time of person’s registration as determined under the Income Tax Proclamation; and
- C** is the original cost of the capital goods.

- 5/ Article 29(5) of this Proclamation shall not apply for the purposes of an input tax credit allowed under this Article.

PART SEVEN

SPECIAL CASES

32. Self-supplies

- 1/ An application of goods by a registered person to a non-creditable purpose shall be treated as a taxable supply made by the person, but only if the person has been allowed an input tax credit in respect of the acquisition or import of the goods.
- 2/ A taxable supply under Sub-Article (1) of this Article shall be treated as made by the registered person at the time that the goods are first applied to a non-creditable purpose.
- 3/ The amount of output tax payable by a registered person in respect of a taxable supply under Sub-Article (1) of this Article shall be the amount of the input tax credit allowed to the registered person in respect of the acquisition or import of the goods that have been applied to a non-creditable purpose.
- 4/ In this Article, “non-creditable purpose”, in relation to goods, means the use of the goods other than to make taxable supplies.

33. Supplies of Second-hand Goods

- 1/ This Article shall apply where the following conditions are satisfied:
- (a) a second-hand goods supplier has purchased second-hand goods from a person who is not a registered person;
 - (b) the second-hand goods supplier did not import the second-hand goods;
 - (c) the second-hand goods supplier did not acquire the second-hand goods in an exempt or zero-rated supply; and
 - (d) the second-hand goods supplier has:
 - (i) supplied the second-hand goods in a taxable supply by way of sale or exchange; and
 - (ii) the goods are supplied in substantially the same state as they were in at the time the second-hand goods supplier purchased the goods.
- 2/ Where the conditions in Sub-Article (1) of this Article are satisfied, the second-hand goods supplier shall be:

- (a) treated as having acquired the second-hand goods in a creditable acquisition;
 - (b) treated as having paid an amount of input tax in respect of the acquisition of the second-hand goods equal to the tax fraction of the consideration paid for the second-hand goods; and
 - (c) allowed an input tax credit for the input tax treated as having been paid under Paragraph (b) of this Sub-Article in the accounting period in which the second-hand goods supplier makes the supply referred to in Sub-Article (1)(d) of this Article.
- 3/ If a supplier receives second-hand goods (referred to as “traded-in goods”) as part payment for a supply that the supplier makes to a person who is not registered, the fair market value of the traded-in goods used to determine the price for the supply shall be the same as the fair market value used to determine the price paid by the supplier to acquire the traded-in goods.
- 4/ A second-hand goods supplier acquiring second-hand goods from a non-registered person shall maintain the records specified in the Regulations.
- 5/ In this Article:
- “second-hand goods” means goods that have previously been used in Ethiopia by a person who is not a registered person other than immovable property or livestock; and
- “second-hand goods supplier” means a registered person whose taxable activity includes the sale or exchange of second-hand goods in substantially the same state as they were in when purchased by the person.

34. Gambling Supplies

- 1/ The Regulations shall provide for the calculation of the VAT payable on gambling supplies made by a registered person on a margin basis for each accounting period rather than separately for each taxable gambling supply.
- 2/ A registered person shall not be allowed an input tax credit in respect of the acquisition of a gambling supply and the registered person making the supply shall not issue a tax invoice for the supply.

35. Forfeited Deposits

- 1/ If a supplier has received a deposit in connection with a supply of goods or services and the deposit is forfeited to the supplier, the forfeiture of the deposit shall be treated as a supply of services by the supplier at the time of forfeiture of the deposit.

- 2/ A supply of services under Sub-Article (1) has the same character as the supply to which the forfeited deposit relates.
- 3/ The value of a supply of services under Sub-Article (1) of this Article shall be:
 - (a) for a supplier who is a registered person at the time of forfeiture of the deposit, the forfeited amount reduced by an amount equal to the forfeited amount multiplied by the tax fraction; or
 - (b) for any other supplier, the amount of the forfeited deposit.
- 4/ This Article shall not apply to a deposit on a returnable container.

36. Supplies of Rights, Options, and Vouchers

- 1/ This Article shall apply where the following conditions are satisfied:
 - (a) there is a supply of a right, option, or voucher; and
 - (b) another supply (referred to as the “subsequent supply”) is made on the exercise of the right or option, or in return for the voucher in full or part payment for the subsequent supply.
- 2/ Where this Article applies and the supply of the right, option, or option is a taxable supply, the amount of the consideration for the subsequent supply shall be limited to any additional consideration given for the subsequent supply or in connection with the exercise of the right or option.
- 3/ Where this Article applies and the supply of the right, option or voucher is not a taxable supply but the subsequent supply is a taxable supply, the amount of the consideration for the subsequent supply shall include any consideration given for the supply of the right, option, or voucher.
- 4/ The issue of a voucher shall be a supply of services for the purposes of this Proclamation.
- 5/ This Article shall not apply to a voucher to which Article 37 applies.

37. Vouchers for Unspecified Supplies

- 1/ The issue of a voucher shall not be a supply for the purposes of this Proclamation if the voucher:
 - (a) entitles the holder to receive supplies of goods or services up to a monetary amount on redemption of the voucher;
 - (b) the goods or services for which the voucher can be redeemed are not specified; and

- (c) is issued for an amount in money.
- 2/ If a voucher referred to in Sub-Article (1) of this Article is redeemed for a taxable supply, other than a zero-rated supply, made by a registered person, the amount referred to in Sub-Article (1)(c) of this Article shall be treated as comprising two components:
- (a) an amount as the consideration, or part of the consideration, for the supply calculated as the amount referred to in Sub-Article (1)(c) of this Article reduced by the tax fraction of that amount; and
 - (b) an amount as the VAT, or part of the VAT, payable in respect of the supply calculated as the tax fraction of the amount referred to in Sub-Article (1)(c) of this Article.
- 3/ If a voucher referred to in Sub-Article (1) of this Article expires without being used, or fully used:
- (a) the expiration of the voucher is treated as a supply of services by the supplier of the voucher to the person to whom the voucher is issued;
 - (b) the time of the supply of services under Paragraph (a) of this Sub-Article is the time when the voucher expired; and
 - (c) the value of a supply of services under Paragraph (a) of this Sub-Article is:
 - (i) for a supplier who is a registered person at the time of expiration of the voucher, the unused amount of the voucher reduced by an amount equal to the unused amount multiplied by the tax fraction; or
 - (ii) for any other supplier, the unused amount of the voucher.
- 4/ Sub-Article (5) of this Article shall apply where all the following conditions are satisfied:
- (a) a registered person issues a voucher for no charge;
 - (b) the voucher entitles the holder to a discount on the price of goods or services supplied by another person; and
 - (c) the voucher is redeemed for a taxable supply, other than a zero-rated supply.
- 5/ Where the conditions in Sub-Article (4) of this Article are satisfied, the consideration for the supply includes the monetary value of the voucher reduced by an amount equal to the monetary value multiplied by the tax fraction.

- 6/ A registered person shall be entitled to an input tax credit in respect of any amount paid to a supplier in respect of the redemption by the supplier of a voucher referred to in Sub-Articles (5) of this Article.
- 7/ The amount of the input tax credit referred to in Sub-Article (6) of this Article shall be the amount paid to the supplier multiplied by the tax fraction and the input tax credit shall be allowed in the accounting period in which the amount is paid to the supplier.

38. Prepaid Supplies of Telecommunications Services

- 1/ Subject to Sub-Article (2) of this Article, this Article shall apply to:
 - (a) a supply, by a telecommunications service supplier, of a prepaid telecommunications product; or
 - (b) a supply by a person who acts as a distributor, agent, or telecommunications intermediary in relation to the supply of a prepaid telecommunications product.
- 2/ Sub-Article (1) of this Article shall not apply to a supply by one telecommunications service supplier to another telecommunications service supplier and such a supply is subject to the normal operation of this Proclamation.
- 3/ If a telecommunications service supplier supplies a prepaid telecommunications product to a telecommunications intermediary at a discount from the intended retail price, the consideration for the supply shall be calculated as if the intermediary had paid the intended retail price.
- 4/ If a telecommunications intermediary purchases and on-sells a prepaid telecommunications product:
 - (a) the acquisition by the intermediary shall be treated as if it were not an acquisition; and
 - (b) the supply by the intermediary shall be treated as if it were not a supply.
- 5/ Where a telecommunications service supplier supplies a prepaid telecommunications product through a telecommunications intermediary acting as agent for the telecommunications supplier, the consideration for the supply shall not be reduced by the commission paid to the intermediary.

39. Employee Benefits

- 1/ Subject to Sub-Article (2) of this Article, where a registered person is an employer who makes a taxable supply to an employee as part of the employee's remuneration, the supply shall be treated as having been made for consideration equal to fair market value of the supply.

- 2/ A taxable supply made by an employer to an employee shall be treated as having a nil value if the employer is not entitled to an input tax credit in respect of a creditable acquisition to make the taxable supply to the employee.

40. General Insurance

- 1/ Subject to Sub-Article (2) of this Article, if a registered person receives a payment under a general insurance contract that relates to a loss to the extent incurred in the course or furtherance of the person's taxable activity, whether or not the person is a party to the contract, the payment shall be treated as consideration for a supply of services made by the registered person in the course or furtherance of the person's taxable activity.
- 2/ Sub-Article (1) of this Article shall not apply where:
- (a) the supply of the general insurance contract to which the payment relates was not a taxable supply subject to VAT at the rate specified in Article 7(2)(b) of this Proclamation; or
 - (b) the payment is compensation made for accidental personal injury.
- 3/ A supply under sub-Article (1) of this Article shall occur on the date that the person receives the payment and the value of the supply is the amount received reduced by the tax fraction of that amount.
- 4/ Subject to Sub-Article (5) of this Article, if a registered person that is an insurer makes a payment to another person to indemnify that other person under a general insurance contract, the insurer shall be allowed an input tax credit for an amount equal to the tax fraction of the payment made but only where:
- (a) the supply of the general insurance contract was a taxable supply; and
 - (b) the payment is made to a resident person or a non-resident person who is a registered person.
- 5/ Sub-Article (4) of this Article shall not apply where:
- (a) the payment is made in respect of a supply to, or an import by, the insurer; or
 - (b) the supply of the general insurance contract is a zero-rated supply.
- 6/ The input tax credit allowed under Sub-Article (4) of this Article shall be allowed in the accounting period in which the insurer makes the payment.
- 7/ If a registered person that is an insurer recovers an amount, other than moral or exemplary damages, as a result of the exercise of rights acquired by subrogation under a general insurance contract and Sub-Article (4) of this Article applies to the payment to which the recovered amount relates, the payment shall be treated

as consideration for a supply of services made by the insurer in the course or furtherance of the insurer's taxable activity.

8/ A supply under Sub-Article (7) of this Article shall occur on the date that the insurer receives the payment.

9/ In this Article:

“general insurance business” means the business of providing insurance other than life insurance as defined in the Commercial Code; and

“general insurance contract” means a contract of insurance entered into in the course of carrying on a general insurance business, but does not include a health insurance contract.

41. Supplies Made by or to Agents

1/ A supply of goods or services made by a person as agent for another person (the “principal”) shall be treated as a supply made by the principal.

2/ An agent of a principal under Sub-Article (1) of this Article shall be treated as a tax representative of the principal for the purposes of the Tax Administration Proclamation.

3/ A supply of goods or services made to a person as agent for a principal shall be treated as a supply made to the principal.

4/ Sub-Articles (1) and (3) of this Article shall not apply to a supply of services made by an agent to the agent's principal.

42. Sale of Goods by a Debtor

1/ If a creditor supplies the goods of a debtor to a third person in full or partial satisfaction of a debt owed by the debtor to the creditor:

(a) the supply to the third person shall be treated as having been made by the debtor and the nature of the supply under this Proclamation shall be to be determined accordingly; and

(b) the creditor shall be liable to pay the VAT payable on the supply unless the debtor provides the creditor with a written statement that the supply is not subject to VAT.

2/ A statement provided by a debtor under Sub-Article (1)(b) of this Article shall set out the reasons why the supply is not subject to VAT.

3/ A creditor who has not received a statement under Sub-Article (1)(b) of this Article may, based on any reasonable information available to the creditor, treat the supply as a supply that would not have been subject to VAT if the supply had been made by the debtor.

- 4/ A creditor making a supply of the goods of a debtor shall not be entitled to a credit for any input tax incurred by the creditor against the output tax referred to in Sub-Article (1)(b) of this Article.
- 5/ A creditor who is not a registered person but who is required to pay VAT by operation of Sub-Article (1) of this Article shall:
 - (a) file a return and pay the VAT at such time and manner as may be prescribed in the regulations; and
 - (b) despite Article 56(2) of this Proclamation, provide a recipient who is a registered person with a tax invoice containing the particulars specified in the regulations.
- 6/ This Article shall apply to a receiver acting for a creditor under Article 40 of the Tax Administration Proclamation.

PART EIGHT

ADJUSTMENTS

43. Adjustment Event Resulting in VAT being Under-charged

- 1/ This Article shall apply where:
 - (a) a registered person has made a supply;
 - (b) an adjustment event has occurred in relation to the supply; and
 - (c) as a result of the occurrence of the adjustment event, the correct amount of VAT payable in respect of the supply exceeds the VAT that the registered person actually accounted for to the Tax Authority in respect of the supply.
- 2/ If this Article applies, the excess referred to in Sub-Article (1)(c) of this Article shall be treated as output tax of the supplier for the accounting period in which the adjustment event occurred.
- 3/ If the recipient of a supply to which this Article applies is a registered person and the supplier has provided the recipient with an original tax invoice for the supply:
 - (a) the supplier shall provide the recipient with a debit note specifying the additional VAT payable in respect of the supply;
 - (b) the recipient shall be allowed an input tax credit for the additional VAT specified in the debit note to the extent that the recipient used the supply

to make taxable supplies and Article 30 of this Proclamation does not apply; and

- (c) the recipient shall be allowed the input tax credit referred to in Paragraph (b) of this Sub-Article in the accounting period in which the recipient received the debit note.

44. Adjustment Event Resulting in VAT being Over-charged

- 1/ This Article shall apply where:
 - (a) a registered person has made a supply;
 - (b) an adjustment event has occurred in relation to the supply; and
 - (c) as a result of the occurrence of the adjustment event, the VAT that the registered person actually accounted for to the Tax Authority in respect of the supply exceeds the correct amount of VAT payable in respect of the supply.
- 2/ Subject to Sub-Article (4) of this Article, where this Article applies, the supplier shall be allowed an input tax credit for the excess referred to in Sub-Article (1)(c) of this Article in the accounting period in which the event occurred.
- 3/ If the recipient of a supply to which this Article applies is a registered person and the supplier has provided the recipient with an original tax invoice for the supply:
 - (a) supplier shall provide the recipient with a credit note specifying the amount by which the VAT payable in respect of the supply is reduced; and
 - (b) the amount referred to in Paragraph (a) of this Sub-Article shall be treated as output tax of the recipient for the accounting period in which the recipient received the credit note.
- 4/ If the recipient of a supply to which Sub-Article (2) of this Article applies is not a registered person, the supplier shall not be allowed a credit for the input tax referred to in that Sub-Article until the supplier has repaid the excess VAT to the recipient of the supply in cash or as a credit against any amount owing to the supplier by the recipient.

45. Adjustment for Bad Debts

- 1/ This Article applies if the following conditions are satisfied:
 - (a) a registered person has accounted to the Tax Authority for output tax payable in respect of a taxable supply made by the person; and

- (b) the whole or a part of the consideration for the supply is subsequently treated in the accounts of the person as a bad debt.
- 2/ Where the conditions in Sub-Article (1) of this Sub-Article are satisfied and subject to Sub-Article (4) of this Article, the registered person shall be allowed an input tax credit for the amount of output tax accounted for to the Tax Authority in respect of the supply that corresponds to the amount of the debt treated as bad.
- 3/ An input tax credit under Sub-Article (2) of this Article shall be allowed on the later of:
- (a) the date on which the bad debt was written off in the financial accounts of the registered person in accordance with generally accepted accounting principles; or
- (b) 12 calendar months after the end of the accounting period in which the registered person accounted for the output tax to the Tax Authority in respect of the supply.
- 4/ If the recipient of a taxable supply to which this Article applies is a registered person that is still in existence at the time the input tax credit arises under Sub-Article (3) of this Article, the input tax credit shall be allowed only if the supplier issues a credit note to the recipient specifying the amount of the VAT that relates to the bad debt calculated in accordance with Sub-Article (2) of this Article.
- 5/ The recipient of a taxable supply issued with a credit note under Sub-Article (4) of this Article shall treat the amount of VAT specified in the credit note as output tax payable by the recipient in the accounting period in which the credit note was received to the extent that the recipient claimed an input tax credit for the VAT referred to in the credit note.

46. Bad Debt Recovered

- 1/ If an amount in respect of which an input tax credit has been allowed to a registered person under Article 45 of this Proclamation is, at any time, wholly or partly recovered by the person, the person shall be treated as having received an amount of output tax in the accounting period in which the bad debt is wholly or partly recovered calculated according to the following formula:

$$A \times \frac{B}{c}$$

where:

- A** is the amount allowed as an input tax credit under Article 45(2) of this Proclamation;
- B** is the amount of the bad debt recovered; and

- C** is the amount of the bad debt written off.
- 2/ Sub-Article (3) shall apply if the following conditions are satisfied:
- (a) Article 45 of this Proclamation has applied in respect of a taxable supply (referred to as the “original taxable supply”);
 - (b) subsequently, Sub-Article (1) of this Article applies to an amount that the supplier of the original taxable supply has recovered from the recipient of the original taxable supply; and
 - (c) the recipient of the original taxable supply was a registered person at the time of the original taxable supply and at the time of the amount referred to in Paragraph (b) of this Sub-Article was recovered.
- 3/ Where the conditions in Sub-Article (2) of this Article are satisfied:
- (a) the supplier shall issue a debit note to the recipient stating the amount of output tax referred to Sub-Article (1) of this Article; and
 - (b) the recipient shall be allowed an input tax credit for the amount of output tax referred to in Paragraph (a) of this Sub-Article to the extent that the recipient used the original taxable supply to make taxable supplies.
- 4/ A registered person shall be allowed an input tax credit under Sub-Article (3)(b) of this Article in the accounting period in which the person receives the debit note referred to in Sub-Article (3)(a) of this Article.

PART NINE

CALCULATION OF NET VAT PAYABLE

47. Net VAT Payable for an Accounting Period

The net VAT payable by a registered person for an Accounting Period shall be calculated according to the following formula:

$$(A + B) - (C + D)$$

where:

- A** is the total of the following amounts:
- (i) the total amount of output tax receivable in respect of taxable supplies made by the person during the Accounting Period reduced by the total amount of withholding VAT credit allowed to the person under Article 63 of this Proclamation in relation to taxable supplies made by the person during the accounting period;

- (ii) the total amount treated as output tax of the person for the period under this Proclamation; and
 - (iii) the VAT payable on a taxable import of capital goods by the registered person during the period to which an approval under Article 27 of this Proclamation applies;
- B** is the total VAT that the registered person is liable for under Article 7(1)(c) and (9) of this Proclamation in respect of reverse charged supplies made to the person during the accounting period;
- C** is the total of the following amounts:
- (i) the total amount of input tax payable in respect of creditable acquisitions made by the person during the accounting period for which an input tax credit is allowed; and
 - (ii) the total input tax credit allowable to the person for the period under Articles 31(1), 33(2)(c), 37(5), 40(4), 43(3), 44(2), 45(2), 46(3), and 49(1); and
- D** is the total credit for withheld VAT allowed to the person under Article 64(3) of this Proclamation for the accounting period.

PART TEN

REFUNDS

48. Carry Forward of Excess Input Tax

- 1/ Subject to Sub-Articles (3) and (4) of this Article and Article 50 of this Proclamation, if, for any accounting period of a registered person, component “**(C + D)**” of the formula in Article 48 of this Proclamation exceeds component “**(A + B)**” of the formula in Article 48 of this Proclamation, the excess shall be carried forward and allowed to the person as an input tax credit in the next following accounting period and any amount of the excess not credited in that period shall be carried forward and allowed as an input tax credit in the next following accounting period, and so on until the excess has been fully credited.
- 2/ If a registered person has an excess under Sub-Article (1) of this Article carried forward under this Article for more than one accounting period, the excess of the earliest accounting period shall be allowed first.
- 3/ Despite Sub-Article (1) of this Article, if an excess amount for an accounting period has not been fully credited after being carried forward for 6 accounting periods, the registered person may apply to the Tax Authority, in the approved form, for a refund of the amount of the uncredited excess.

- 4/ If a registered person has made an application under Sub-Article (3) of this Article and the Tax Authority is satisfied that a refund is due to the person, the Tax Authority shall refund the amount within 45 days after the person filed the refund application.
- 6/ An application by a registered person for a refund under this Article shall be made for a refund under Sub-Article (3) of this Article, within 6 months after the end of the sixth accounting period.
- 7/ If the registered person fails to submit an application for refund within the period specified in sub article 6 of this Article it forfeits its right.

49. Refund of Excess Input Tax Credit Without Carry Forward

- 1/ If more than 50% of the value of taxable supplies made by a registered person in an accounting period are zero-rated supplies, the Tax Authority shall refund any excess input tax credit of the person for the accounting period within one calendar month after the person filed the VAT return for the accounting period.
- 2/ Sub-Article (3) of this Article shall apply where the following conditions are satisfied:
 - (a) a registered person with an annual value of taxable supplies in excess of Birr 100,000,000 has made a creditable acquisition of capital goods;
 - (b) the registered person is allowed an input tax credit in respect of the creditable acquisition of the capital goods; and
 - (c) the amount of the input tax credit is not fully credited in the accounting period in which the creditable acquisition occurred.
- 3/ Where the conditions in Sub-Article (2) of this Article are satisfied, the Tax Authority shall refund the uncredited amount to the registered person within one calendar month after the person filed the VAT return for the accounting period in which the capital goods were acquired.
- 4/ Notwithstanding Article 49, a person whose registration is cancelled under Article 16 or 17 may apply to the Tax Authority, in writing, for a refund of any unapplied excess input tax credit of the person that has been carried forward under this Proclamation.
- 5/ An application made by a person under Sub-Article (4) of this Article shall be lodged with the Tax Authority by the due date for filing the person's tax return for the last accounting period that the person was registered or by such later time as the Tax Authority may allow.
- 6/ If the Tax Authority is satisfied that a person who has lodged an application in accordance with Sub-Articles (4) and (5) has an unapplied excess input tax

credit at the time the person's registration is cancelled, the Tax Authority shall refund the excess within 60 days after the person lodged the refund application.

- 7/ If, at the date on which the cancellation of the registration of a person takes effect, the person has an excess input tax credit in respect of which an application for a refund has not been made in accordance with Sub-Articles (4) and (5), the excess credit shall lapse and is no longer refundable to the person.

50. Interest Payable on Late Payment of Refunds

- 1/ If the Tax Authority fails to pay a refund to a taxpayer as required under Article 49(5) or 50 of this Proclamation, the Tax Authority shall pay the registered person interest for the period commencing from the end of the relevant period in which the refund was to be paid until the refund is paid.
- 2/ The rate of interest under Sub-Article (1) of this Article shall be the highest commercial lending rate that prevailed in Ethiopia during the quarter before the commencement of the period specified in Sub-Article (1) of this Article.

51. Refunds for Diplomatic Missions and International Organisations

- 1/ Subject to Sub-Articles (2) and (3) of this Article, the Tax Authority may, on application, grant a refund of part or all the VAT paid in relation to a taxable supply made to:
- (a) a diplomatic or consular mission of a foreign country, or a diplomat or consular official of a foreign country, to the extent that the mission, diplomat, or consular official is exempt from VAT on the taxable supply under the Vienna Convention on Diplomatic Relations ;
 - (b) an international organisation to the extent that the organisation is exempt from VAT on the taxable supply under an international agreement;
 - (c) a foreign government to the extent that the foreign government is exempt from VAT on the taxable supply under an international agreement for the provision of financial, technical, humanitarian, or administrative assistance to the Government; or
 - (d) an investor to the extent that the investor is exempt from VAT on the taxable supply, or entitled to a refund of VAT, under the Council of Ministers Investment Incentives Regulations No. 517/2022.
- 2/ A refund under Sub-Article (1) of this Article shall not be paid to an Ethiopian citizen or a permanent resident of Ethiopia.
- 3/ The Tax Authority may grant a refund under Sub-Article (1) of this Article based on such conditions and subject to such restrictions as appropriate.
- 4/ An application for a refund under Sub-Article (1) of this Article shall be:

- (a) filed, in the approved form ,within 1 calendar month after the time of the supply to which the application relates or within such further period as the Tax Authority may allow; and
- (b) accompanied by the following supporting documentation:
 - (i) a tax invoice or other evidence that the VAT for which the refund is sought was paid;
 - (ii) evidence of the applicant's entitlement to make an application for the refund under Sub-Article (1); and
 - (iii) such other documentation that the Tax Authority may require.

PART ELEVEN

VAT DOCUMENTATION

52. Tax Invoices

- 1/ Subject to Sub-Article (2) of this Article, a registered person making a taxable supply shall, at the time of the supply, issue the recipient of the supply with the original tax invoice for the supply.
- 2/ Unless requested by the recipient of a taxable supply, a registered person shall not be required to provide a tax invoice for a taxable supply if the total consideration for the supply is paid in cash and does not exceed the amount specified in the Regulations.
- 3/ A registered person may provide a simplified tax invoice for a taxable supply where:
 - (a) the total consideration for the supply is paid in cash and does not exceed the amount specified in the Regulations; and
 - (b) the supply is made by a registered person who is a retailer.
- 4/ A registered person liable for VAT under Article 7(1)(c) and (9) of this Proclamation in respect of a reverse charged supply made to the person shall, at the time of the supply, prepare a recipient-created tax invoice for the supply.
- 5/ A tax invoice, simplified tax invoice, and a recipient-created tax invoice shall include the particulars specified in the Regulations.

53. Credit and Debit Notes

- 1/ A registered person shall issue a credit note or debit note, as the case may be, to a registered person in the circumstances specified in Part VIII of this Proclamation.

- 2/ A registered person shall issue a credit or debit note to the recipient of a supply by the end of the accounting period in which the adjustment event to which the note relates occurred.
- 3/ A credit note and a debit note shall include the particulars specified in the Regulations.
- 4/ In this Article and Articles 55 and 56 of this Proclamation, “adjustment event” includes an event giving rise to a bad debt adjustment under Articles 45 and 46.

54. Requests for VAT documentation

- 1/ A registered person who, for any reason, has not been issued with an original tax invoice, credit note, or debit note as required under this Part may make a written request to the supplier to issue the tax invoice, credit note, or debit note to the person.
- 2/ A request under Sub-Article (1) of this Article shall be made:
 - (a) for a tax invoice, within 60 days after the time of the supply to which the tax invoice relates; or
 - (b) for a credit note or debit note, within 60 days after the date of the adjustment event to which the credit note or debit note relates.
- 3/ A registered person receiving a request under Sub-Article (1) of this Article shall comply with the request within 14 days of receiving the request.
- 4/ Where a registered person claims to have lost the original tax invoice for a taxable supply, or the original credit or debit note for an adjustment event, the registered person who made the supply may provide a copy of the tax invoice, credit note, or debit note.
- 5/ A copy of a tax invoice, credit note, or debit note provided to a registered person under Sub-Article (4) shall be clearly marked “copy”.

55. Maintenance of VAT Documentation

- 1/ A registered person shall issue only one original tax invoice for a taxable supply, or one original credit note or debit note for an adjustment event, but a copy clearly marked as such may be provided to a registered person in accordance with Article 55(4) of this Proclamation who claims to have lost the original.
- 2/ A person shall not issue a tax invoice, credit note, or debit note other than in the circumstances specified in this Part.
- 3/ The following documents shall be maintained by a registered person for the purposes of this Proclamation and the Tax Administration Proclamation:

- (a) the original of all tax invoices, credit notes, and debit notes received by the person;
 - (b) a copy of all tax invoices, credit notes, and debit notes received by the person under Article 55(4) of this Proclamation;
 - (c) a copy of all tax invoices, credit notes, and debit notes issued by the person;
 - (d) customs documentation relating to imports and exports of goods by the person; and
 - (e) any recipient-created tax invoices prepared by the person in respect of reverse charged supplies made to the person.
- (4) The documents referred to in Sub-Article (3)(c) of this Article shall be maintained in chronological order.

56. VAT Documentation for Supplies Made by Agents

- 1/ If a taxable supply is made by an agent on behalf of a principal that is a registered person and both the agent and principal are registered persons, the agent shall issue any tax invoice, credit note, or debit note required to be issued by the principal in relation to the supply using the name, address, and VAT registration number of the principal.
- 2/ If a taxable supply is made by a registered person to an agent on behalf of a principal and both the agent and principal are registered persons, any tax invoice, credit note, or debit note required to be issued to the principal in relation to the supply shall be issued to the agent, but using the name, address, and VAT registration number of the agent.
- 3/ If a taxable supply is made by an agent on behalf of a principal that is a registered person, the agent shall issue any tax invoice, credit note, or debit note required to be issued by the principal in relation to the supply, but using the name, address, and VAT registration number of the principal.
- 4/ If a taxable supply is made by a registered person to an agent on behalf of a principal, any tax invoice, credit note, or debit note required to be issued to the principal in relation to the supply shall be issued to the agent, but using the name, address, and VAT registration number of the principal.
- 5/ If a taxable supply is made by, or to, an agent on behalf of a principal in accordance with Sub-Article (1) or (2) of this Article, any tax invoice, credit note, or debit note required to be issued under this Proclamation in relation to the supply can be issued once only and shall not be issued by, or to, both the agent and the principal.

- 6/ A tax invoice, credit note, or debit note issued by, or to, an agent in accordance with this Article shall be treated as having been issued by, or to, the principal, as the case may be, for the purposes of this Proclamation.

PART TWELVE

ADMINISTRATIVE AND PROCEDURAL RULES

57. Application of Tax Administration Proclamation

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

58. VAT Returns

- 1/ A registered person shall file a VAT return for each accounting period on or before the last day of the calendar month following the end of the period.
- 2/ A registered person shall be obliged to file a VAT return under Sub-Article (1) of this Article for an accounting period whether or not the person has an amount of net VAT payable for the accounting period.
- 3/ A large unregistered person or an unregistered Government entity liable for VAT in respect of a reverse charged supply received during a calendar month shall file a return with the Tax Authority for the month by the last day of the following calendar month.

59. Due Date for Payment of VAT

- 1/ The net VAT payable by a registered person for an accounting period shall be due by the due date for filing the return for that period.
- 2/ The VAT payable by a large unregistered person or a Government entity referred to in Article 59(3) for a calendar month in respect of a reverse charged supply received during the month shall be due and payable by the due date for filing the person's return for the month.
- 3/ Subject to Article 28 of this Proclamation, the VAT payable by an importer in respect of a taxable import shall be due at the time of import.

60. Collection of VAT on Imports

- 1/ The Commission shall:
 - (a) collect the VAT payable on a taxable import at the time of import;

- (b) obtain the name and TIN (if any) of the importer, and the invoice values for the import; and
 - (c) make arrangements for the function referred to in Paragraph (a) of this Sub-Article to be performed on behalf of the Commission by the Ethiopian Postal Service Enterprise for imports made by post.
- 2/ Except where this Proclamation provides to the contrary, the provisions of the Customs legislation relating to the import, transit, clearance of imported goods, and the payment and recovery of duty, in so far as they are relevant, and subject to such exceptions and modifications as prescribed by the Minister in a Directive, shall apply in relation to the collection of the VAT payable on a taxable import.
 - 3/ For the purposes of the collection of the VAT payable on a taxable import, the Commission may exercise any power conferred on the Commission by the Customs legislation as if the reference to duty in that legislation included a reference to VAT payable on a taxable import under this Proclamation.
 - 4/ For the purposes of this Article, “Ethiopian Postal Service Enterprise” means the Ethiopian Postal Service Enterprise established under the Ethiopia Postal Service Enterprise Establishment Council of Ministers Regulation No. 165/2009.

61. Assessment of Recipient of a Supply

- 1/ This Article shall apply where a registered person has, in consequence of misrepresentation or fraud by the recipient of a supply, incorrectly treated the supply as:
 - (a) an exempt supply;
 - (b) a zero-rated supply; or
 - (c) not otherwise subject to VAT.
- 2/ Where this Article applies, the Tax Authority may assess the recipient of the supply for payment of the VAT due in respect of the supply, and any late payment interest and late payment penalty imposed as a result of the incorrect VAT treatment of the supply.
- 3/ The Tax Authority shall serve a notice of an assessment made under Sub-Article (2) of this Article on the recipient of the supply specifying the particulars set out in the Regulations.
- 4/ Sub-Article (2) of this Article shall not preclude the Tax Authority from recovering the whole or part of the VAT due in respect of the supply, together with any late payment interest and late payment penalty, from the registered person who made the supply, but the Tax Authority may not recover more than

the total amount of VAT, and late payment interest and late payment penalty, payable in relation to the supply.

- 5/ Any amount recovered from the recipient of the supply under this Article is credited against the liability of the supplier in respect of the supply and any amount recovered from the supplier is credited against the liability of the recipient of the supply under this Article.
- 6/ A supplier who pays VAT, and late payment interest and late payment penalty, assessed to the recipient of the supply under Sub-Article (1) of this Article may recover the amount from the recipient of the supply.
- 7/ An amount assessed under this Article shall be treated, for all purposes of this Proclamation and the Tax Administration Proclamation, as VAT charged under this Proclamation.
- 8/ Nothing in the Tax Administration Proclamation shall limit the power of the Tax Authority to amend an assessment, including a self-assessment, of the registered person making the supply to give effect to Sub-Article (4) of this Article.
- 9/ In this Article:

“late payment interest” means late payment interest imposed under Article 37 of the Tax Administration Proclamation; and

“late payment penalty” means late payment penalty imposed under Article 104 of the Tax Administration Proclamation.

62. VAT Withholding

- 1/ If a taxable supply is made by a registered person to a Government entity, the Government entity shall:
 - (a) withhold 50% of the VAT payable in respect of the supply;
 - (b) pay the withheld VAT to the Tax Authority in accordance with the procedures specified in a Directive issued by the Minister of Finance; and
 - (c) pay the remaining 50% of the VAT payable in respect of the supply to the registered person making the supply.
- 2/ Any VAT withheld by a Government entity under Sub-Article (1) of this Article shall be treated as having been paid to the Tax Authority by the registered person making the supply.
- 3/ A registered person who has made a taxable supply to a Government entity in respect of which VAT has been withheld under this Article shall be entitled to

a credit for the withheld VAT in the accounting period in which the taxable supply occurred.

- 4/ In this Article, “Government entity” means a Government entity within the definition in Article 2(18) of this Proclamation that is required by the Minister of Finance to withhold VAT in accordance with the Directive referred to in Sub-Article (1)(b) of this Article.

63. Restriction on Registration of Certain Goods

- 1/ A registering authority shall not register registrable goods imported by a person into Ethiopia unless the person provides the registering authority with the following:
- (a) a Customs Declaration showing that VAT has been paid in respect of the import of the goods; or
 - (b) a Customs document showing that the import is an exempt import.
- 2/ A registering authority shall not register registrable goods acquired by a person in a supply unless the person provides the registering authority with the following:
- (a) a declaration, in the approved form, issued by the registered person making the supply of the registrable goods certifying that the VAT payable in respect of the supply has been, or will be, paid by the person, or
 - (b) a certificate issued by the Tax Authority stating that the supply is an exempt supply or not otherwise subject to VAT.
- 3/ In this Article:
- “registering authority” means an authority responsible for the registration of registrable goods; and
- “registrable goods” means any goods that are required to be registered under a law in Ethiopia.

64. Compliance by Foreign Service Provider

- 1/ Subject to Sub-Article (2) of this Article, the Tax Authority may require a person carrying on a taxable activity outside Ethiopia who is liable to be registered under Article 12 of this Proclamation but who does not have a physical place of business in Ethiopia to lodge security with the Tax Authority in accordance with the Tax Administration Proclamation.

- 2/ Sub-Article (1) of this Article shall apply only if the Tax Authority has reasonable grounds to believe that the person will not comply with their obligations under this Proclamation.
- 3/ If a person who has lodged security under Sub-Article (1) of this Article fails to comply with their obligations under this Proclamation, the Tax Authority may require the person to appoint a VAT representative in Ethiopia.
- 4/ A VAT representative appointed under Sub-Article (3) of this Article shall be responsible for doing all things required under this Proclamation of the person they represent, including applying for registration, filing of VAT returns, and paying VAT.
- 5/ The registration of a VAT representative shall be made in the name of the person they represent.
- 6/ A person may be a VAT representative for more than one person but shall have a separate registration for each person they represent.
- 7/ A VAT representative of a person under this Article shall be:
 - (a) a representative of the person for the purposes of the Tax Administration Proclamation; and
 - (b) personally liable for the VAT liability of the person they represent.
- 8/ The Tax Authority may specify the mode, manner, and requirements for appointment of a VAT representative and the responsibilities of the representative.

65. Persons Liable for Reverse Charged VAT

- (1) A registered person, Government entity, or large unregistered person receiving a supply of services from a registered person carrying on a taxable activity outside Ethiopia without a physical place of business in Ethiopia shall notify the supplier, in the approved form, that they are liable for reverse charged VAT in respect of the supply.
- (2) A notification under Sub-Article (1) of this Article shall be provided to the supplier of the services at or before the time of supply.

PART THIRTEEN

MISCELLANEOUS PROVISIONS

66. Branches and Divisions

- 1/ Subject to Sub-Articles (2) and (5) of this Article:

- (a) a taxable activity carried on by a person in branches or divisions is treated as a single taxable activity for the purposes of this Proclamation; and
 - (b) a person who carries on a taxable activity in branches or divisions shall be registered in the name of the person and not in the names of the branches or divisions.
- 2/ The Tax Authority may, upon application in writing by a registered person, authorise the registered person to register one or more of its branches or divisions or taxable activities carried out by individuals in different parts of the country as separate registered persons where the Tax Authority is satisfied that the branch or division maintains an independent accounting system and can be separately identified by the nature of its activities or location.
- 3/ The registration of a branch or division under Sub-Article (2) of this Article shall be subject to such conditions and restrictions as the Tax Authority may specify in a notice in writing to the registered person.
- 4/ Where a branch or division of a registered person is separately registered under Sub-Article (2) of this Article:
 - (a) the branch or division shall be treated as a separate person for the purposes of this Proclamation; and
 - (b) the registered person and the branch or division of that registered person shall be treated as related persons.
- 5/ A Government entity may register its branches or divisions separately as if they were separate persons for the purposes of this Proclamation.

67. VAT-inclusive Pricing

- 1/ Subject to Sub-Article (2), any price advertised or quoted by a registered person in respect of a taxable supply shall include VAT and this shall be stated in the advertisement or quotation.
- 2/ A registered person may advertise or quote a price in respect of a taxable supply as exclusive of VAT provided:
 - (a) the advertisement or quotation also states the amount of VAT charged on the supply and the price inclusive of VAT; and
 - (b) the price inclusive of VAT and the price exclusive of VAT shall be advertised or quoted with equal prominence or impact.
- 3/ Subject to Sub-Article (4), price tickets on goods supplied by a registered person do not need to state that the price includes VAT if this is stated by way of a notice prominently displayed at all entrances to the premises in which the

registered person carries on a taxable activity and at all points in such premises where payments are made by customers.

- 4/ The Tax Authority may, in the case of any registered person or class of registered persons, approve any other method of displaying prices of goods or services by such persons.
- 5/ Where a person who is not registered for VAT bids for a tender:
 - (a) the person shall quote in the tender a price without VAT; and
 - (b) if, as a result of being awarded the tender, the person is liable to be registered under Article 11, the person shall recover VAT on taxable supplies made in relation to the tender.

68. Death or Insolvency of Registered Person; and Mortgagee-in-Possession

- 1/ Sub-Article (2) of this Article shall apply where the following conditions are satisfied:
 - (a) a registered person has died; and
 - (b) either of the following applies:
 - (i) the taxable activity previously carried on by the registered person is carried on by the executor of the person's estate; or
 - (ii) anything is done in connection with the termination of the taxable activity of the registered person.
- 2/ Where the conditions in Sub-Article (1) of this Article are satisfied, the executor of the estate of the registered person shall, for the purposes of this Proclamation, be treated as continuing to carry on the taxable activity of the registered person.
- 3/ Where a mortgagee takes possession of land or other property previously mortgaged by a mortgagor who is a registered person and, while in possession of the land or property, the mortgagee carries on the taxable activity previously carried on by the mortgagor in relation to the land or other property, the mortgagee is, to the extent of, and for the duration that it carries on that taxable activity, treated as the mortgagor.

69. VAT Avoidance Schemes

- 1/ This Article shall apply where all the following conditions are satisfied:
 - (a) a scheme has been entered into or carried out;
 - (b) a person has obtained a tax benefit in connection with the scheme; and

(c) having regard to the substance of the scheme, it would be concluded that a person, or one of the persons, who entered into or carried out the scheme did so for the sole or dominant purpose of enabling the person to obtain the tax benefit referred to in Paragraph (b) of this Sub-Article.

2/ Despite anything in this Proclamation, where this Article applies, the Tax Authority may determine the VAT liability of the person who obtained the tax benefit, and of any other person related to the scheme, as if the scheme had not been entered into or carried out, or in such manner as, in the circumstances, the Tax Authority considers appropriate for the prevention or reduction of the tax benefit.

3/ Where the Tax Authority has made a determination under Sub-Article (2) of this Article, the Tax Authority shall serve a notice or notices of assessment, including an amended assessment under the Tax Administration Proclamation, to give effect to the determination on the person or persons whose VAT liability is affected by the determination.

4/ In this Article:

“scheme” includes:

- (a) an agreement, arrangement, or promise, whether express or implied, whether or not legally enforceable in legal proceedings; or
- (b) any undertaking, plan, proposal, course of action, or course of conduct whether undertaken unilaterally or by two or more persons; and

“tax benefit” means:

- (a) a reduction in the liability of a person to pay VAT;
- (b) an increase in the entitlement of a person to an input tax credit;
- (c) an entitlement to a refund of VAT;
- (d) a postponement of a liability for the payment of VAT;
- (e) an acceleration of an entitlement to an input tax credit;
- (f) any other advantage arising because of a delay in the payment of VAT or an acceleration of the entitlement to an input tax credit;
- (g) anything that causes a taxable supply, taxable import, or reverse charged supply not to be a taxable supply, taxable import, or reverse charged supply, as the case may be; or
- (h) anything that gives rise to an input tax credit entitlement for a creditable acquisition that is used, or is to be used, other than in making taxable supplies.

70. Currency Translation

- 1/ An amount taken into account under this Proclamation shall be expressed in Birr.
- 2/ Subject to Sub-Article (3) of this Article, if an amount is in a currency other than Birr:
 - (a) for an import of goods, the amount shall be translated to Birr at the exchange rate applicable under the Customs legislation for the purposes of calculating the duty payable on the import; or
 - (b) for any other case, the amount shall be translated to Birr at the National Bank of Ethiopia prevailing exchange rate applying between the foreign currency and Birr on the date the amount is taken into account for the purposes of this Proclamation.
- 3/ A supplier of remote services to which Article 24(2)(b) of this Proclamation applies may elect to translate foreign currency amounts to Birr:
 - (a) in accordance with Sub-Article (2)(b) of this Article;
 - (b) on the last day of the relevant accounting period; or
 - (c) on such other basis as agreed with the Tax Authority.
- 4/ An election made by supplier of remote services under Sub-Article (3) of this Article shall apply to all supplies of remote services and the supplier shall not be able to revoke the election until at least one year after making the election, unless the Tax Authority agrees otherwise.

PART FOURTEEN**FINAL PROVISIONS****71. Power to Issue Regulations and Directives**

- 1/ The Council of Ministers may issue Regulations necessary for the proper implementation of this Proclamation, including in relation to:
 - (a) particular types of supplies or the allowance of input tax credits;
 - (b) the application of a change, under this Proclamation, in the VAT treatment of a supply; or
 - (c) transitional matters.

- 2/ The Minister of Finance may issue Directives necessary for the proper implementation of this Proclamation and Regulations issued under Sub-Article (1) of this Article.

72. Repealed and Inapplicable Laws

- 1/ Without prejudice to Article 74 of this Proclamation, the Value Added Tax Proclamation No. 285/2002 with all its amendments is hereby repealed.
- 2/ No other law may, in so far as it is inconsistent with this Proclamation, be applicable with respect to matters provided for by this Proclamation.

73. Transitional Provisions

- 1/ The repealed law continues to apply to accounting periods prior to the commencement of this Proclamation.
- 2/ A reference in this Proclamation to a previous accounting period shall include, where the context requires, a reference to an accounting period under the repealed law.
- 3/ Regulations and Directives issued under the Repealed Law shall continue to apply to the extent that they are not inconsistent with this Proclamation and until such time as they are replaced by Regulations and Directives issued under this Proclamation.
- 4/ The repealed law shall be applicable to goods imported into Ethiopia within six months from the effective date of this Proclamation using the Letter of Credit issued prior to the issuance of this Proclamation.
5. The delegation of power granted to regional tax authorities by the Ministry of Revenue shall continue to be applicable until it develops a procedure and a system of delegation in accordance with this Proclamation.
- 6/ The residential buildings of a registered person engaged in real estate business, who has credited the input tax paid on creditable acquisition used for residential buildings under construction before entry into force of this Proclamation, may only be exempt from VAT up on returning to the Tax Authority the input tax credited.
- 6/ In this Article, “Repealed Law” means that Value Added Tax Proclamation No. 285/2002 with all its amendments.

74. Effective Date

This Proclamation shall apply to supplies and imports made on or after [].

Addis Ababa _____ day of _____ 2023

Sahlework Zewdie

President of the Federal Democratic Republic of Ethiopia

SCHEDULE 1
(Article 7)

ZERO-RATED SUPPLIES

PART 1

EXPORTS OF GOODS

1. A supply of goods shall be a zero-rated supply if:
 - (a) the supply is an export of goods;
 - (b) the goods are stores supplied for use or consumption outside Ethiopia on an aircraft, vehicles or train destined for a place outside Ethiopia;
 - (c) the supply of goods is made in the course of repairing, renovating, modifying, or treating temporarily imported goods under the Customs legislation if the goods are:
 - (i) wrought into, affixed to, attached to, or otherwise form part of the temporarily imported goods; or
 - (ii) stores that become unusable or worthless as a direct result of being used in the repair, renovation, modification, or treatment process.
2. A supply of goods shall not be a zero-rated supply under Article 1(a) or (b) of this Part if the goods have been or will be re-imported into Ethiopia.
3. A supply of goods shall not be a zero-rated supply under Article 1(c) of this Part if the temporarily imported goods are imported into Ethiopia for more than [12 calendar months].

PART 2

EXPORTS OF SERVICES

1. A supply of services shall be a zero-rated supply if:
 - (a) the services are for use or consumption outside Ethiopia as evidenced by documentary proof specified in a Directive made by the Minister of Revenue;
 - (b) the services are supplied directly in connection with goods that are temporarily imported goods provided the goods are not imported into Ethiopia for more than 12 calendar months;
 - (c) the services are international transport services, other than ancillary transport services;

- (d) the services are insuring, arranging for insuring, or arranging for the transport of passengers or goods to which Sub-Paragraph (c) of this Paragraph applies.
2. A supply of services shall not be a zero-rated supply under Paragraph 1(a) of this Part if the services:
 - (a) are an inbound tourism product;
 - (b) consist of the facilitation of inbound tour operations; or
 - (b) relate to immovable property in Ethiopia.
 3. For the purposes of Paragraph 2(b) of this Part, services that consist of the facilitation of inbound tour operations are services provided in packaging one or more tourism products or services in Ethiopia and selling them outside Ethiopia to a person who is not a registered person.

PART 3

DOMESTIC ZERO-RATED SUPPLIES

1. The following supplies are zero-rated supplies:
 - (a) a supply of goods or services as part of the transfer of a taxable activity, or a part of a taxable activity, as a going concern by a registered person to another registered person where all the following conditions are satisfied:
 - (i) all the goods or services necessary for the continued operation of the taxable activity, or part of the taxable activity, are supplied to the transferee;
 - (ii) the transferor carries on the taxable activity until the day of transfer;
 - (iii) the transferee will not carry on the taxable activity to make exempt supplies and will not use the goods or services for private use;
 - (iv) the transferor and transferee agree in writing, on or before the date of the transfer, that the transfer is to be treated as a transfer of a taxable activity, or part of a taxable activity, as a going concern for the purposes of this Proclamation; and
 - (v) the transferor notifies the Tax Authority, in the approved form and within 45 days of the transfer or within such further time as the Tax Authority may allow, that the transfer is to be treated as a transfer of a taxable activity, or part of a taxable activity, as a going concern for the purposes of this Proclamation; and
 - (b) a supply of gold to the National Bank of Ethiopia.

2. Paragraph 1(a) of this Schedule shall apply to a supply of goods or services on transfer of a part of a taxable activity only if the transferred part of the taxable activity is capable of separate operation as a taxable activity.
3. Where Paragraph 1(a) of this Schedule has applied to a supply of goods or services and, after the supply, the transferee carries on the taxable activity to make exempt supplies or uses the transferred goods or services for private purposes, the transferee is treated as having made a taxable supply of the goods or services to which Paragraph 1(a) of this Schedule applied and:
 - (a) the taxable supply is treated as having occurred at the time that the taxable activity was carried on to make exempt supplies or the transferred goods or services were used for private purposes; and
 - (b) the value of the taxable supply is the fair market value of the goods or services at the time specified in Sub-paragraph (a) of this Paragraph.

PART 4

SCHEDULE 1 DEFINITIONS

In this Schedule:

“ancillary transport services” means loading and unloading cargo, cargo inspection services, preparation of customs documentation, container handling services, hotel services and the storage of transported goods or goods to be transported;

“export of goods” means a supply of goods where:

- (a) the supplier has entered the goods for export from Ethiopia under the Customs legislation; and
- (b) the goods have been delivered to an address outside Ethiopia as evidenced by documentary proof specified in a Regulations made by the Council of Ministers;

“international transport services” means the services of transporting goods or passengers by land, air or rail:

- (a) from a place outside Ethiopia to another place outside Ethiopia, including, if relevant, any part of the transport that takes place across the territory of Ethiopia;
- (b) from a place outside Ethiopia to a place within Ethiopia as the final destination for the transportation; or
- (c) from a place within Ethiopia as the place where the transportation commenced to a place outside Ethiopia;

“stores” means stores referred in Chapter Six of the Customs Proclamation; and

“temporarily imported goods” means goods that are temporarily imported under Article 71 of the Customs Proclamation; and

“tourism product or services” includes accommodation, meals, transport, tours, or other tourist activities in Ethiopia.

SCHEDULE 2
(Article 8)

EXEMPT SUPPLIES

1. The following supplies are exempt supplies:
 - (a) a sale of residential premises;
 - (b) a lease of residential premises, other than a lease for a term of less than 2 months;
 - (c) a supply of financial services;
 - (d) a supply of an education course, including a supply by the supplier of the course of a textbook, materials; or equipment to a student undertaking the course where the cost of which is included in the tuition fee for the course;
 - (e) a supply of child-care services by a licensed provider of such services;
 - (f) a supply of medical services;
 - (g) a supply of a prescription medicine;
 - (h) a supply of public transport services;
 - (i) a supply of religious or church-related services by a religious organisation;
 - (j) a supply of medical equipment, medical device, a mosquito net;
 - (k) a supply of donated goods or services by a non-profit organisation; and
 - (l) a supply of seeds, fertiliser, pesticides, herbicides, or fungicides for use exclusively in agricultural activities.
 - (m) The goods that investors import or buy from the country according to the regulation of investment incentives of the Council of Ministers;
 - (n) excluding bottled water and electricity not exceeding the monthly consumption determined by the directive issued by the Ministry, supply of drinking water;
 - (o) Any supplies of a person where 60% or more of his employees are disabled;
 - (p) food supplies as determined by the Directives issued by the Ministry; and
 - (q) a supply of ambulance and fire accident vehicles and equipment.

2. In this Schedule:

“donated goods or services”, in relation to a non-profit organisation, means goods or services that are gifted to the organisation and that are intended for use in carrying on or carrying out the purposes of the organisation;

“education course” means a course of study provided by:

- (a) a pre-primary, primary, or secondary school licensed by the relevant regional education bureau;
- (b) a university, university college, college, or institute recognised by the Minister of Education under the Higher Education Proclamation No. 1152/2019, but only where the course of study leads to a degree or equivalent qualification; or
- (c) a training institution accredited under the Technical and Vocational Education and Training Proclamation No. 954/2016, but only where the course of study is a technical or vocational training course accredited under that Proclamation;
- (d) Special needs education institution

“financial services” means:

- (a) the granting, negotiating, or dealing with loans, credit, credit guarantees, or any security for money, including management of loans, credit, or credit guarantees by the grantor;
- (b) transactions concerning money, deposit and other accounts, payments, transfers, debts, cheques, or negotiable instruments, other than debt collection and factoring;
- (c) transactions relating to financial derivatives, forward contracts, options to acquire financial instruments, and similar arrangements;
- (d) transactions relating to shares, stocks, bonds, and other securities, other than custody services;
- (e) the management of investment funds;
- (f) the provision, or transfer of ownership, of a life or health insurance policy or the provision of reinsurance in respect of any such policy;
- (g) the provision, or transfer of ownership, of an interest in a scheme for the payment or granting of benefits by a pension, provident fund, or other similar fund;
- (h) a supply of credit under a hire purchase agreement or finance lease, if the credit for the goods is provided for as a separate charge and the charge is disclosed to the recipient of the goods;

- (i) the arranging of any of the services in paragraphs (a) to (h); or
- (j) an Islamic banking transaction as specified in the Regulations.

“holiday or hotel accommodation” means:

- (a) a supply of accommodation in a hotel, motel, inn, boarding house, guest house, hostel, or similar establishment in which lodging is regularly or normally provided to multiple persons at a daily, weekly, monthly, or other periodic charge; or
- (b) a supply of accommodation not covered by Paragraph (a) of this definition where the accommodation is held out for use for short term occupation by individuals.

“long-term lease” means a lease with a term of 1 years or more;

“medical services” means services provided by a health professional or medicinal professional licensed under the Food, Medicine and Health Care Administration and Control Proclamation No. 1112/2019;

“non-profit organisation” means a body that is treated as a non-profit organisation for the purposes of Article 65(1)(m) of the Income Tax Proclamation;

“prescription medicine” means a medicine that requires a prescription under Food, Medicine and Health Care Administration and Control Proclamation No. 1112/2019;

“public transport services” means the transportation of fare-paying passengers and their personal effects in Ethiopia by road or boat other than:

- (a) Excluding three-wheeler vehicles, rental of vehicles and taxis with a capacity of less than eight people including the driver,
- (b) Rental of vehicle services provided with the driver, or
- (b) the transportation of tourists;

“residential premises” means immovable property occupied or capable of being occupied as a private residence, but not including hotel or holiday accommodation; and

“sale” in relation to residential premises, includes the grant or transfer of a long-term lease over the premises.

SCHEDULE 3
(Article 9)

EXEMPT IMPORTS

1. The following imports shall be exempt imports:
 - (a) an import of goods by a diplomatic or consular mission of a foreign country, or a diplomat or consular official of a foreign country, to the extent that the mission, diplomat, or consular official the import is exempt from VAT under the Vienna Convention on Diplomatic Relations;
 - (b) an import of goods by an international organisation to the extent that the organisation is exempt from VAT under an international agreement; or
 - (c) an import of goods by a foreign government to the extent that the foreign government is exempt from VAT under an international agreement for the provision of financial, technical, humanitarian, or administrative assistance to the Government;
 - (d) an import of accompanying baggage by a passenger to the extent exempt from duty under the Customs legislation;
 - (e) an import of seeds, fertiliser, pesticides, herbicides, or fungicides for use exclusively in agricultural activities;
 - (f) an import of gold to be transferred to the National Bank of Ethiopia;
 - (i) an import of water treatment, of medical equipment, medical device and a mosquito net;
 - (j) an import of a prescription medicine as defined in Schedule 2;
 - (k) an import of goods by an investor to the extent specified in the Council of Ministers Regulation No. 270/2012, Council of Ministers Regulation on Investment Incentives and Investment Areas Reserved for Domestic Investors, and
 - (l) an import of ambulance and fire accident vehicles and equipment.