



MINISTRY OF FINANCE

DIRECTIVE NO. 773/2021 TO PROVIDE FOR TAX AND DUTY EXEMPTION FOR VEHICLES RENDERING TAXI TRANSPORT SERVICES

Ministry of Finance

April 2021

**DIRECTIVE NO. 773/2021 TO PROVIDE DUTY AND
TAX EXEMPTION FOR VEHICLES RENDERING
TAXI TRANSPORT SERVICES**

1. ISSUING AUTHORITY

The Ministry of Finance has issued this Directive in accordance with the powers vested in it under Article 129(1) of the Customs Proclamation No. 859/2014.

2. SHORT TITLE

This Directive may be cited as “Duty and Tax Exemption for Vehicles Rendering Taxi Transport Services Directive No. 773/2021 ”

3. DEFINITIONS

For the purposes of this Directive:

- 1/ “Taxi” means a vehicle with a seat from 4 to 10 persons including the driver’s seat which provides public transport services in urban areas;
- 2/ “Complete Knocked Down” means a vehicle imported into Ethiopia in a condition to be prescribed by the Ministry of Trade and Industry;
- 3/ “Semi Knocked Down” means a vehicle imported into Ethiopia in a condition to be prescribed by the Ministry of Trade and Industry;
- 4/ “Car Assembly Factory” means an industry licensed to import Complete Knocked Down and Semi Knocked Down parts that provide taxi transport services and assemble the same.
- 5/ “Taxi Owners Association” means an association formed in accordance with the laws of the country by owners of vehicles providing taxi transport services;
- 6/ “Duties and Taxes” means duties and taxes imposed on goods imported into the country or locally produced;
- 7/ “Bonded Customs Warehouse” means a warehouse under which goods are stored by licensed car assembly factory under customs control without payment of duties and taxes in accordance with Article 51 of the Custom Proclamation No. 859/2014;

8/ "Ministry" means the Ministry of Finance .

4. OBJECTIVES OF THE DIRECTIVE

The Directive has the following objectives:

- a) Provide efficient transport services to the public by replacing taxis which have served for a long period of time and which require a large sum of foreign currency for the supply of spare parts and fuel with new vehicles;
- b) Create conducive environment for the expansion of the tourism industry by making available sufficient taxi service in the airports, hotels and tourist destinations;
- c) Support the expansion of the industry by creating market opportunities to Car Assembly Factories to supply vehicles for taxi transport purposes.

5. EXEMPTION FROM TAXES AND DUTIES

Subject to restrictions and preconditions provided under this Directive, Complete Knocked Down and Semi Knocked Down vehicles imported by Car Assembly Factory for the use of taxi transport services shall be free from duties and taxes imposed on imported and locally produced goods.

6. BENEFICIARIES OF THE PRIVILEGE

- 1/ The beneficiaries of the privilege granted under this Directive shall only be Taxi Owners Associations.
- 2/ Taxi Owners Associations shall benefit from the privilege granted under this Directive when they purchase vehicles locally assembled by Car Assembly Factories.

7. RESPONSIBILITIES OF CAR ASSEMBLY FACTORIES

- 1/ Car Assembly Factories :
 - a) When importing Complete Knocked Down or Semi Knocked Down vehicles may:
 - (i) Pay in advance the duties and taxes on such vehicles; or
 - (ii) Store such vehicles free of duties and taxes in a Customs Bonded Warehouse upon securing a license.

- b) If the Car Assembly Factory imported the vehicles by paying the duties and taxes in advance such taxes and duties shall be reimbursed to the Car Assembly Factory within 30 days from the date in which it has submitted evidence showing that the vehicles assembled are sold to the beneficiaries of the privilege.
 - c) Parts stored in a Customs Bonded Warehouse free of taxes and duties shall be used to assemble the vehicles and such vehicles shall be sold to the beneficiaries within one year from date on which they entered the warehouse.
 - d) Car Assembly Factories shall submit their refund application in accordance with sub letter “d” of this Article within one year from the date the car was sold.
- 2/ Car Assembly Factories shall only sale the vehicle they assemble to the beneficiaries specified under this Directive free of duties and taxes when the beneficiary concludes an agreement with the Federal Transport Authority and submits a support letter from the same.

8. REPLACEMENT OF OLD TAXIS UNDER SERVICE BY NEW

Taxi Owners Association who wishes to replace old taxis by new:

- a/ may buy free of duties and taxes new vehicles assembled using Complete Knocked Down and Semi Knocked Down parts imported;
- b/ If the old vehicles to be replaced by new have been imported or domestically purchased free of taxes and duties shall submit to the Federal Transport Authority evidence issued by the Customs Commission showing that the taxes and duties on such vehicles are paid: the Customs Commission shall send a copy of such evidence to the Ministry.

9. PURCHASE OF NEW VEHICLES

If a Taxi Owners Association which is the beneficiary of the privilege wishes to buy new vehicle to engage in taxi transport service, rather than replacing the old taxi by new, can only buy free of duties and taxes new vehicles assembled using Complete Knocked Down parts imported.

10. PROCEDURES FOR USE OF THE PRIVILEGE

- 1/ Regional Governments and City Administrations shall refer the request made by Taxi Owners Association to buy taxi transport vehicles free of duties and taxes together with a support letter to the Federal Transport Authority.
- 2/ The Federal Transport Authority shall:
 - a) If the request is to replace a vehicle already engaged in taxi transport service, send all necessary documents including the TIN of the Taxi Owners Association, renewed business license, plate number of the vehicle and evidence showing that duties and taxes have been paid on the vehicle to be replaced;
 - b) If the request is made by a new Taxi Owner Association and/or by Taxi Owner Association already engaged in the business to buy new vehicle send all necessary documents including the TIN of the Taxi Owners Association and renewed business license to the Ministry.
- 3/ The Ministry of Finance shall send instructions to the Customs Commission by identifying on whether the beneficiary shall buy free of duties and taxes a vehicle assembled using Complete Knocked Down or Semi Knocked Downs parts.
- 4/ If a public body authorized by law believes that, due to the special nature of the service provider, there is a need to buy a special purpose vehicle to be used for taxi transport may send a request to the Federal Transport Authority; and if the Federal Transport Authority is convinced of the need may transfer the request to the Ministry.

11. TRANSFER OF THE VEHICLES

Vehicles sold free of duties and taxes in accordance with this Directive may be transferred to a third party in accordance with the provisions of the Customs Proclamation.

12. EVALUATION OF USE OF THE PRIVILEGE

- 1/ The Ministry of Finance, Ministry of Transport, Ministry of Culture and Tourism, Ministry of trade and Industry, Ministry of Revenue and the Customs Commission shall every three months jointly evaluate the implementation of this Directive.

- 2/ To facilitate the evaluation to be done in accordance with sub-article 1 of this Article, the Ministry of Trade and Industry shall submit a report to the joint committee on the balance between demand and supply and the benefits obtained by encouraging the domestic industry and the Ministry of Transport shall submit a report on the results achieved in improving taxi transport service ahead of the quarterly meeting.

13. TRANSITORY PROVISION

The process already started to import taxi transport vehicles free of duties and taxes in accordance with the directives issued prior to this Directive shall be completed using such directives.

14. REPEALED DIRECTIVES

Directives issued heretofore that provide importation of taxi transport vehicles free of duties and taxes are hereby repealed and replaced by this Directive.

15. EFFECTIVE DATE

This Directive shall enter into force on this day of May 6, 2021.

Addis Ababa ___ day of _____ 2021

**Ahmed Shide
Minister of Finance**