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renumbered as Arts. 19 through 107. Summary of Key Themes: Modernizing the digital economy (Digital Content Income, transaction sourcing), Clarification and Unification (Enterprise, PE, Technical Service), redistributed profits, exempt income, reduced cash payment limits, enhanced reporting (foreign workers, digital platforms), indirect transfer rules, penalties for cash violations. Revenue Protection: Introducing Alternative Minimum Tax (AMT), higher WHT rates for non-residents (15%), Branch Profits Tax (15%), specific rules for taxing gains on indirect transfers. Rationalization: Repealing old turnover tax law, centralizing/regulating tax incentives, overriding other exemptions. Structural Changes: New progressive rates for Category B taxpayers, differentiated interest rates, revised royalty rates, CGT rate set at 15%. The draft represents a significant overhaul of Proclamation No. 979/2008. It aims to broaden the tax base and capture income from new economic activities. Additionally, it seeks to enhance administration and compliance and update rates and structures in line with perceived revenue needs and modern tax principles. Ethiopias progressive income tax structure supports equity by taxing higher earners more. Individuals and businesses must adhere to clear filing deadlines. Taxpayers can now file returns online, making the process faster and more transparent. Ethiopia tax system combines progressive rates, clear filing rules, and growing digital tools. Reforms are simplifying compliance for individuals and businesses. Strategic incentives boost investment in key sectors. Explore Ethiopias tax system: income tax, VAT, corporate tax, digital filing, and investor incentivesall under new reforms for better compliance. Ethiopias tax system is central to its infrastructure growth and revenue mobilization. Administered by the Ministry of Revenues, the system includes personal income tax (PAYE), corporate income tax, and Value Added Tax (VAT), each governed by clear laws and supported by digital filing tools. This comprehensive guide explains filing procedures, tax rates, recent reforms, and investor incentives. Also Read: Ethiopias Investment Incentives & Industrial Parks Ethiopias taxation is anchored in Proclamation No. 286/2002 and its subsequent amendments. Taxpayers are classified by income level and business type, with oversight from the Ethiopian Revenues and Customs Authority (ERCA). Regional tax offices coordinate with ERCA to improve enforcement, enhance compliance, and extend services in rural areas. Employees are taxed under a progressive Pay As You Earn (PAYE) structure, with employers responsible for monthly remittance. Monthly Income (ETB)Tax Rate0 6000%601 1,65010%1,651 3,20015%3,201 5,25020%5,251 7,80025%7,801 10,90030%Over 10,90035% Employers must file and pay through the MoR e-tax portal. Reference: PwC Ethiopia Tax Guide Ethiopia levies a flat Corporate Income Tax rate of 30%, applicable to local and foreign firms. Taxable income includes net profits and must be declared annually. Related Resource: Deloitte Ethiopia Tax Facts Introduced in 2003, Ethiopias VAT rate is 15% and applies to most goods and services. Businesses earning more than ETB 1 million annually must register for VAT. Monthly VAT returns are mandatory. Eligible businesses may claim input VAT credits. Filing is done via the MoR e-filing portal. VAT Compliance Details: Grant Thornton Ethiopia VAT GuidePAYE employees are exempt from annual returns. Self-employed professionals and rental income earners must file by Meskerem 30 (October 10). Pay quarterly provisional taxes. Maintain financial records. File VAT monthly. Remit withholding taxes on services (e.g., rent, consulting). Submit corporate tax returns annually. Maintain auditable books of accounts. Filing Help: ERCA Tax Portal Ethiopia is actively modernizing its tax administration: E-filing and E-payment systems now widely adopted. Digital Services Tax introduced via Proclamation No. 1186/2020 for non-resident digital providers. Mandatory Tax Identification Numbers (TINs) required for all banking and business transactions. These changes reflect Ethiopias push for transparency, efficiency, and digital-first compliance. More Info: Ministry of Revenues Reform Overview The Ethiopian government offers robust tax incentives through the Ethiopian Investment Commission (EIC): 27 year tax holidays based on sector and location. Duty-free importation of capital goods and construction materials. SEZ and Industrial Park incentives, including customs simplification and extended holidays. Priority sectors include manufacturing, agro-processing, ICT, and renewables. Explore: Tax Incentives by Sector. EIC Despite recent advancements, the tax system faces key issues: Low tax compliance in the informal sector. Limited capacity in rural and regional offices. Complex paperwork for SMEs and startups. Frequent law changes, requiring taxpayer education. Digital tools and decentralization efforts are helping mitigate these obstacles. Ethiopias tax regime balances structure, progressiveness, and modernization. With progressive PIT, flat-rate CIT, and evolving digital services, it aims to boost both domestic revenue and investor confidence. Taxpayers, whether individuals, SMEs, or multinationals, should leverage Ethiopias incentives, stay informed via the Ministry of Revenues, and seek professional tax advice for full compliance. Finance Minister Doudou Fwamba Likunde DR Congo to launch a \$150M development bank and a national deposit fund to drive infrastructure, agriculture, and private sector growth. KINSHASA, July 17, 2025 The Democratic Republic of Congo (DRC) is launching two state-backed financial institutions to strengthen its economy, reduce foreign loan dependence, and boost investment in priority sectors. Finance Minister Doudou Fwamba has confirmed the creation of: A Deposit and Consignment Fund (CDC) to manage dormant public funds; and A Development Bank with startup capital of US\$150 million to finance long-term projects. The goal is to provide stable, local funding for infrastructure, agriculture, mining, and renewable energy. The initiative, approved by cabinet on July 4, comes amid global concern over Africas rising debt levels. DRC wants to shift toward domestic resource mobilization rather than over-relying on external credit. We must create the tools to finance our own future, Fwamba said. This reform is critical for sovereignty and long-term economic stability. The CDC will consolidate idle cash from state bodies like pensions, court deposits, and local government surpluses and channel it into productive investment. This approach mirrors successful models in countries such as Senegal, France, and Morocco. The new Development Bank will focus on: Medium- and long-term loans for public-private partnerships. Credit lines for small and medium enterprises (SMEs). Financing for climate-resilient and social projects. The bank is designed to fill the current gap in project finance, especially for agriculture, infrastructure, and regional trade. The DRC has hired FINACTU, a French financial consulting firm, to help design and structure the two institutions. FINACTU has advised similar reforms in Gabon, Cte d'Ivoire, and Tunisia. This move is seen as part of DRCs broader push to modernize its financial ecosystem as it continues integrating into the East African Community (EAC). The DRC is currently finalizing legislation for both institutions. Once complete, the bills will be submitted to Parliament and reviewed by the Central Bank of Congo. Key milestones expected: August 2025 Legislation submission. Q4 2025 Institutional setup. Early 2026 First round of loan disbursements. While the move is widely praised, challenges remain: Governance risks: Transparency, oversight, and political neutrality will be crucial. Talent gaps: Recruiting skilled professionals is key to preventing mismanagement. Regulatory delays: Parliament and central bank approvals may slow momentum. Still, if successfully implemented, the new institutions could offer a blueprint for other African countries looking to reclaim financial sovereignty. MD Kristalina Georgieva & DRC President Felix Tshisekedi. The IMF has disbursed \$266.7 million to the DRC under the Extended Credit Facility to shore up reserves and accelerate reforms. The July 15 decision comes amid renewed eastern conflict and fiscal pressure. IMF disburses \$266.7M to the DRC on July 15, 2025, to boost reserves and support reforms under its ECF program amid ongoing eastern conflict. KINSHASA, July 17, 2025 The International Monetary Fund (IMF) on July 15, 2025, disbursed US\$266.7 million to the Democratic Republic of Congo (DRC) following the successful first review of the countrys Extended Credit Facility (ECF) arrangement. Read IMF's full press release. The disbursement is part of a US\$1.5 billion ECF program approved in December 2023 to support economic stabilization, structural reforms, and social spending amid a backdrop of conflict-related fiscal strain and currency volatility. With this tranche, the IMF seeks to help the central bank strengthen foreign exchange reserves and restore macroeconomic stability. This injection comes at a time when the DRC is facing renewed violence in its eastern provinces, especially North Kivu and Ituri, which has disrupted trade corridors and drained government resources. The IMF noted progress in DRCs public financial management but warned of increased downside risks stemming from security concerns, slow domestic revenue collection, and governance gaps. This disbursement is a vote of confidence in DRCs ongoing reforms, but theres still a long road ahead in curbing inflation, fighting corruption, and improving fiscal transparency, said Eric Meyer, IMF Mission Chief to the DRC. In addition to boosting reserves, the funds will support poverty reduction programs and the expansion of health and education services, aligning with the governments medium-term development priorities under the National Strategic Development Plan (NSD). Somalias economy expanded by 4.0% in 2024, supported by strong agricultural output, steady remittances, and falling global commodity prices. However, the World Bank warns that growth could slow in 2025 due to rising uncertainty over foreign aid, highlighting the urgent need for Somalia to boost domestic revenue and deepen economic reforms. Somalias economy grew by 4% in 2024, driven by agriculture, remittances, and easing inflation. However, aid uncertainty in 2025 threatens to slow progress, prompting urgent calls for domestic revenue reforms. Somalias economy grew 4% in 2024, but 2025 faces slower growth as foreign aid drops. Reforms and local revenue are now more critical. Nairobi, June 30, 2025 Somalias economy grew by 4.0% in 2024, driven by a strong harvest, steady remittances, and falling global commodity prices. But in 2025, growth is expected to slow due to uncertainty around foreign aid, warns the World Bank. This is highlighted in the newly released 10th edition of the Somalia Economic Update, which shows the countrys heavy reliance on donor support continues to pose a risk to its recovery. Somalia must strengthen its economic institutions to support long-term growth, said Kristina Svensson, World Bank Country Manager. Inflation fell below 6% in 2024, thanks to lower food and fuel prices. The federal government recorded a small fiscal surplus by cutting spending and improving tax collection. But Somalia still depends heavily on foreign aid to fund basic services. Falling donor support. Climate risks. Political instability. Security threats. To stay on track, Somalia needs to raise more money from within. Reforms tied to the HIPC Initiative have helped, but more is needed. The report pushes for: Full rollout of the Income Tax Law Expansion of sales tax. Customs reform aligned with EAC protocols. More digital tools for tax collection. Domestic revenues remain among the lowest in the world, said Abdoulaye Ouedraogo, World Bank Economist. Expanding the tax base is crucial. Aligned with Somalias National Transformation Plan (2025-2029) and Centennial Vision 2060, these sectors offer major job and investment opportunities: Agribusiness. Digital tech. Fisheries. Energy. Manufacturing. These industries are expected to reduce poverty, diversify the economy, and create jobs. The Somalia Economic Update provides insights into macroeconomic trends and key reforms needed to build a stronger, self-reliant Somali economy. In Ethiopia, individuals are taxed on income that is sourced from Ethiopia, wherever paid. An individual is either taxed as a resident or a non-resident. Ethiopian resident individuals are taxed on their worldwide income. Non-residents are taxed on their Ethiopian-sourced income. The same rates of tax are applicable to both residents and non-residents. The taxable income of a person for any year is the total of that person's income for the year less the total amount of deductions allowed to that person. Taxable income comprises the following: employment income, business profits, and investment income. Summary of monthly employment income tax brackets. Salary (ETB)* Income tax payable (% Deductible fee** (ETB) From To 0 6000 Exempt threshold 06011,650 106011,651 3,200 153,201 5,250 205,251 7,800 257,801 10,900 30Over 10,900 35* Ethiopian birr. ** The deductible fee is a tax relief applied to the Pay-As-You-Earn (PAYE) system, and the amount depends on the salary bands. Comprehensive Overview of Ethiopias Tax System and Recent Amendments Ethiopias tax system plays a pivotal role in the nations economic development, providing the necessary revenue to fund government activities and development projects. The Ministry of Finance is tasked with crafting and implementing policies, strategies, and laws that underpin the tax framework, ensuring compliance and fostering sustainable growth. This Comprehensive Overview of Ethiopias Tax System and Recent Amendments explores into the core concepts of taxation in Ethiopia, offering a comprehensive overview of direct and indirect taxes, recent legislative amendments, and the responsibilities of taxpayers. By understanding these elements, citizens and businesses can better navigate the tax landscape, contribute to national progress, and fulfill their legal obligations. In Ethiopia, the Ministry of Finance is responsible for generating policies, strategies, and laws that form the basis of tax regulations and ensuring their proper implementation. This legal brief provides an overview of Ethiopias tax system, covering key concepts, types of taxes, and recent amendments. Key Concepts of Taxation in Ethiopia Taxation is the process by which the government collects money from individuals, organizations, and other entities that earn income. This revenue is essential for implementing government activities and development projects. Taxation is a legal obligation, and only the government has the authority to levy and collect taxes. Articles 95 to 100 of the Ethiopian Constitution delineate the powers to levy, collect, and utilize taxes between the federal and state governments, ensuring a structured and fair tax system. Types of Taxes in Ethiopia 1. Direct Taxes Direct taxes are imposed directly on the income of individuals or organizations, and the responsibility for payment lies with the taxpayer. Income Tax Income tax is governed by the Federal Income Tax Proclamation No. 979/2008 and subsequent amendments. It applies to both residents and non-residents earning income in Ethiopia. The tax system is tabular, with different rates for various income types: Employment Income: Includes wages, salaries, allowances, bonuses, and other benefits. The tax rate ranges from 0% to 35%. House Rent Income: Taxed at 30% for companies and 0% to 35% for individuals based on income. Business Income: Applied at 30% for companies and 0% to 35% for individuals. Miscellaneous Income: Includes dividends, interest, royalties, and other specified incomes, taxed at different rates. Withholding Taxes Withholding taxes are deducted on the importation of goods and domestic payments. Business taxpayers pay a 3% tax on imports, while organizations must withhold 2% on domestic purchases. 2. Indirect Taxes Indirect taxes are not directly paid by the income earner but are collected during the production, importation, and distribution of goods and services. The final burden falls on the consumer. Value Added Tax (VAT) The VAT Proclamation No. 285/1994 (as amended) replaced the previous sales tax. VAT is levied at 15% or 0% (for exports and specific exempt items) on added value during the production and distribution process. Turnover Tax Turnover tax, governed by Decree No. 308/1995 (as amended), is imposed on businesses not registered for VAT. Rates vary: 2% for goods suppliers and specific services, and 10% for other services. Customs Duty Proclamation No. 959/2006 (as amended) imposes customs duties on imported goods, with rates ranging from 0% to 35%. Lower tariffs apply to goods from COMESA member countries. Excise Tax Excise tax under Proclamation No. 1186/2012 (as amended) targets luxury goods, health-impacting products, and certain services, with rates from 5% to 500%. Sur Tax and Social Development Tax Sur Tax: An additional 10% tax on most imported goods. Social Development Tax: A 3% tax on imported goods to fund social services, exempting diplomatic and specific goods. Recent Amendments and Implementation The Ministry of Finance continuously updates tax laws to align with international standards and support economic growth. Recent amendments focus on: Therefore, we believe understanding the types of taxes and recent amendments helps ensure compliance and contributes to the nations progress. If you have questions or comments or need representation, please dont hesitate to get in touch with us.

What is the ethiopian taxation policy. Ethiopian tax proclamation. How much tax in ethiopia. Ethiopian tax system. Tax policy in ethiopia. Tax law in ethiopia.

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