

University of Gondar

School of Law

LLB (Extension) Program (Year IV, Semester II, 2023 Academic Year)

Tax Law Course Outline

I. Course Information

- **Module Title:** Tax Law
- **Module Code:** Laws-M3030
- **Course Title:** Tax Law
- **Course Code:** Laws-M3030
- **Course ECTS:** 8

II. Instructor's Information

- **Name:** Hailemariam Belay (LLB, LL.M)
- **Office location:** 018
- **Consultation hour:** Mon. 2:15-4:00 and Wed. 8:10 (local time)
- **Email:** hailemariam.belay@uog.edu.et

III. Course Description and Objective

Tax Law is a branch of public law. As important sources of public revenue, taxes are very important part of the daily functioning of a government. The government nowadays is not a police state. The modern states are welfare states, i.e. to mean that they provide their citizens with socio economic functions in addition to the police function. To perform these welfare functions the government needs fund. This financial requirement is partly fulfilled by collecting tax from the citizens.

This course tries to address, even though briefly, the theories, principles and the basic component of tax law, especially in the context of Ethiopia. Accordingly, it navigates the Ethiopian legal regime of income tax, value

added tax, turn over tax, custom duties, excise tax and stamp duty along with their administration.

The purpose of this course is to equip students with the general theories and principles of taxation; and the Ethiopian tax system. Most importantly, it aims at enabling students to understand the basic substantive and procedural aspects of the Ethiopian tax legal regime. To accomplish these objectives, the course covers the following seven learning units.

1. Chapter One - General Introduction to Taxation

- Definition of Tax
- Brief history of taxation
- Theories of taxation
- Principles of taxation
- Classification of taxes
- Introduction to fiscal federalism

2. Chapter Two-Ethiopian Tax Policy: Sources, Fundamental Goals and Principles

- Principal Sources of Tax Policy in Ethiopia
- The Fundamental Goals of the Ethiopian Tax system
- Major principles of Taxation in the Ethiopian Tax system
- The Challenges of Tax Policies and Principles in Ethiopia

3. Chapter Three - Income Tax in Ethiopia

- Brief history of income tax in Ethiopia
 - Definition and notion of income
 - Income tax jurisdiction/scope of application
 - General Features of Ethiopian Income Tax Schedules: The Mutual Exclusivity of the Schedules and Sources
 - Schedules of income tax
 - ✓ Schedule A (Income from Employment)
 - ✓ Schedule B (Income from Rental of Buildings)
 - ✓ Schedule C (Income from Business)
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- ✓ Schedule D (Other Income)
- ✓ Schedule E (Exempt Income)

4. Chapter Four - Value Added Tax (VAT) and Turn Over Tax (TOT)

- A Brief Introduction to the Predecessors of VAT in Ethiopia
- Meaning and Features of VAT
- Types of VAT and Methods of Computing VAT Liability
- Advantages and disadvantages of VAT
- VAT in Ethiopia
 - ✓ Power to levy
 - ✓ Features of VAT in Ethiopia
 - ✓ Tax payers
 - ✓ Taxable activity/ transaction
 - ✓ Zero-rated and exempt transactions
 - ✓ Registration for VAT
- TOT
 - ✓ General remarks
 - ✓ Scope and rate of TOT
 - ✓ Base, rate and exemption

5. Chapter Five - Custom Duties, Excise Duties and Stamp Duties

- **Custom Duties**
 - ✓ General introduction
 - ✓ Principles of customs procedures
 - ✓ Customs formalities
 - ✓ Administration of custom duties
 - **Excise Tax**
 - ✓ General introduction
 - ✓ Base, rate, and payment of excise tax
 - **Stamp Duty**
 - ✓ General introduction
 - ✓ Base, rate, and payment of stamp duty
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6. Chapter Six - Overview of Some Regional Taxes

- Agricultural income tax
- Property tax
- Other
 - ❖ Stamp duty
 - ❖ Municipality taxes/fees (such as urban house tax,

7. Chapter Seven - Tax Administration in Ethiopia

- The legal framework
- The institutional framework
 - ❖ The tax administrating organs
 - ❖ Powers and functions of the Ethiopian Revenues and Customs Authority (ERCA) – currently Ministry of Revenue
- Major rights and duties of taxpayers
- Tax declaration and assessment
 - ❖ Rules of assessment and methods of accounting
- Payment and collection of tax
- Tax disputes and settlement
 - ❖ Subject matters of disputes
 - ❖ Legal framework
 - ❖ Dispute settlement organs
- Sanctions/penalties

IV. Mode of Delivery

The mode of delivery is based on lectures, class discussions, reading assignments, and students' individual and group assignments. Students are expected to actively contribute to class discussions.

V. Assessment

- Quiz (5%)
 - Mid exam (20%)
 - Individual assignment (10%)
 - Group assignment (15%)
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- Final exam (50%)

Reading Materials

i. Laws

- The Constitution of the Federal Democratic Republic of Ethiopia, Proclamation No. 1/1995
- The Federal Income Tax Proclamation No. 979/2016
- The Federal Income Tax Regulations 410/2017
- The Federal Tax Administration Proclamation No. 983/2016
- The Federal Tax Administration Regulation No. 407/2017
- Value Added Tax Proclamation No. 285/2002
- Value Added Tax (Amendment) Proclamation No. 609/2008
- Council of Ministers Value Added Tax Regulations No. 79/2002
- Obligatory Use of Sales Register Machines Council of Ministers Regulations No: 139/2007
- Turnover Tax Proclamation No. 308/2002
- Excise Tax Proclamation No. 307/2002
- Customs Proclamation No. 622/2009
- Customs Tariffs Council of Ministers (Amendment) Regulations No. 80/2003
- The Revised export Trade duty incentive scheme Establishing proclamation, Proc. No 543/2007
- Tax on Coffee Exported from Ethiopia (Amendment) Proclamation No. 287/2002
- Raw and Semi-Processed Hides and Skins Export Tax Proclamation No. 567/2008
- Stamp Duty Proclamation No. 110/1998
- The Stamp Duty (Amendment) Proclamation No. 612/2008.
- Import Sur-Tax Council of Ministers Regulations No. 133/2007
- The Commercial Registration and Licensing Proclamation No. 986/2016

ii. Books and Articles

- Alan Schenk, Value Added Tax: A Model Statute and Commentary, A Report of the Committee on Value Added Tax of the American Bar Association Section of Taxation, 1989.
- Belete Addis, *Characterization of Taxable Units and Tax Bases under the Income Tax Schedules of Schedule 'A' and 'B' of the Federal Income Tax Proclamation of Ethiopia: A Commentary*, Bahir Dar University Journal of Law, Vol. 8 No. 1 December 2017
- Belete Addis, *Characterization of Taxable Units and Tax Bases under Schedule 'C' of the Federal Income Tax Proclamation of Ethiopia: A Commentary*, , Bahir Dar University Journal of Law, Vol. 10 No. 1 December 2019 .
- Ethiopian Chamber of Commerce and Ethiopian Business Development Services Network, Taxation in Ethiopia, Addis Ababa, 2005
- Solomon Negussie (2006), Fiscal Federalism in Ethiopian Ethnic-Based Federal System (Netherlands: Wolf Legal Publishers)
- Taddese Lencho, The Ethiopian Income Tax System: Policy, Design and Practice, (2014), (Unpublished, PhD thesis, Department of Interdisciplinary Studies, Graduate School of the University of Alabama),
- _____ "The Ethiopian Tax System: Excesses and Gaps." Michigan State Journal of International Law. Issue 20, No. 2 (2012)
- _____, "Towards Legislative History of Modern Taxes in Ethiopia (1941-2008)." Journal of Ethiopian Law, Vol. 25, No. 2 (2012)
- _____, "Income Tax Assignment under the Ethiopian Constitution: Issues to Worry About." Mizan Law Review. vol. 4, No. 1 (2010)
- Yohannes Mesfin and Sisay Bogale, Tax Law Teaching Material, Sponsored by the Justice and Legal System Research Institute, 2009.

- Victor Thuronyi, ed., Tax Law Design and Drafting, International Monetary Fund, multiple volumes, 1998
- Wollela Abehodie Yesegat, Value Added Tax Administration in Ethiopia: A Reflection of Problems, eJournal of Tax Research (2008) vol. 6, no. 2.
- አስቻለው አሻግራ የታከሰ ከፋዮች ቅሬታ አፈታት ሥርዓት በኢትዮጵያ፤ Mizan Law Review, Vol. 8, No. 1, September 2014.

N.B: All relevant rules and regulations of the University are applicable.