

CHAPTER FIVE

EXCISE TAX

Proclamation No. 307/2002 and its
amendments proc. No. 570/2008,
610/2008

Justification of excise tax

Excise tax which is one of the sales tax family has its own justification to be levied:

- To correct negative externality
- Raise revenue
- To narrow the income coefficient of citizens by levying on luxurious goods
- To minimize and control of hazardous products

Characteristic of excise tax

- Selectivity in coverage, thus discriminatory in intent,
- It is a tax on goods only
- usually based on cost of production or CIF of goods
- measurement in determining the tax liability

Jurisdiction of excise tax in Ethiopia

- Excise tax from individual producers is levied and collected by state government as far as the factory is found in that state
- The excise tax of imported goods or company producers is the power of federal government.

Goods subject to excise

- An attachment of schedule is provided in the proclamation which lists taxable goods and their rate.
- The maximum rate is for alcoholic drinks and motors which is 100%
- The minimum is 10% for textile products

Time of payment of the tax

- For imported goods at clearance time
- For locally produced goods within 30 days

Obligation of the tax payer

- To maintain proper book of records and other supporting documents
- Pay the tax at the time specified
- Notification of any change
- In addition the trust body has the obligation like the taxpayer

Obligation of the tax authority

- Controlling the tax payer
- Answering any question from taxpayer and other persons
- Giving amended tax assessment to tax payer when there is false report or payment

The power of MOFEC

The ministry of finance, economy and cooperation has the power to exempt the listed goods from excise tax.

List of goods to excise tax with their rate

- [illegible]

Cont

- 3. All types of pure Alcohol.....75%
- 4. Tobacco & Tobacco Products
 - 4.1 Tobacco Leaf 20%
 - 4.2 Cigarettes, cigar, cigarillos, pipe tobacco, snuff
and other tobacco products """"""75%
- 5. Salt """"""30%
- 6. Fuel-Super Benzene, Regular Benzene, Petrol,
Gasoline and other Motor Spirits 30%
- 7. Perfumes and Toilet Waters 100%

cont

- 8. Textilefabrics, knitted or woven of natural silk, rayon, nylon, wool or other similar materials 10%
- 9. Personal adornment made of gold, silver or other materials ,.....20%
- 10. Disk washing machines of a kind for domestic use.....80%
- 11. Washing machines of a kind for domestic purposes.. 30%
- 12. Video decks 40%
- 13. Television and Video Cameras 40%

Cont

- 14. Television broadcast receivers whether or not combined with gramophone, radio, or sound receivers and reproducers 10%
- 15. Motor passenger cars, Station Wagons, utility cars, and Land Rovers, Jeeps pickups, similar vehicles (including motorised caravans), whether assembled, together with their appropriate initial equipment:
 - 15.1 Upto 1,300 C.c. 30%
 - 15.2 From 1,301 C.cup to 1800 C.c. 60%
 - 15.3 Above 1,800 C.c 100%
- 16. Carpets 30%
- 17. Asbestos and Asbestos Products 20%
- 18. Clocks and watches 20%
- 19. Dolls and toys 20%