

# CHAPTER SEVEN

## STAMP DUTY

Proclamation No. 110/1998 and its  
amendment proclamation No.  
612/2008

# Definition of stamp duty

Stamp duty is a tax raised by requiring stamps sold or taking a seal and proper payment voucher by the government in delivering service to be affixed to designed documents of instrument.

- Delivery of service
- Affixation of the document

# Jurisdiction of stamp duty

- Art 96 sub 9 of the FDRE constitution the federal government has the power to levy stamp duties on federal level.
- Regional governments have the power to levy stamp duties on their own services according to the decision of joint houses (HOPR and HOF)

# Stamp duty base (art3)

The following documents are the base of stamp duty

- Memorandum and Articles of Association of any business organizations, or any association:

(a) upon its execution Birr 350

(b) upon any subsequent execution Birr 100

- Memorandum and Articles of Association of cooperatives

(a) upon 1st execution Birr 35

(b) upon any subsequent execution Birr 10

# Continued

- Award on value
  - a) with determinable value 1%
  - b) with undeterminable value Birr 35
- Bonds on value 1%
- Warehouse Bond on vlaue 1%
- Contracts and agreements and memoranda thereof Birr 5
- Security Deeds on value ]%

# Continued

- Collective Agreement
  - (a) on 1st execution Birr 350
  - (b) on any subsequent execution Birr 100
- Contract of employment salary 1%
- Lease including sub-lease and transfer thereof on value 0.5%
- Notarial act Birr 5
- Power of Attorney Birr 35
- Register title to property on value 2%

# Liability of the stamp duty (art 6)

- In principle the person who is beneficiary from the document has the liability to pay the duty.
- If the document is done outside Ethiopia, the person in Ethiopia
- In lease: the lessee
- in loan: the borrower
- In employment contract: the employer
- In transfer of property title: the transferee

# Time and manner of payment (art 7)

- The time of payment for stamp duty is before or at the time of registration, issuance of the document, signature of the document and conclusion of the document.
- We have two methods of payment
  - a. under birr fifty affixing a stamp on the document
  - b. Giving a payment voucher and sealing

# Exemption from stamp duty (art 11)

- Governmental offices
- In reciprocity diplomatic institutions
- International organizations e.g red cross
- Registration of shares
- By directive bond for investors

# Penalty

- In administrative way the document cannot be an evidence in civil court cases.
- Criminal liability up to 15 years imprisonment and up to 35 thousands fine punishment

# CHAPTER EIGHT

## REGIONAL/STATE TAX LAWS

# Agricultural income tax

- All regional states have their own agricultural income tax proclamations.
- Agricultural income tax is a presumptive kind of tax since the tax is based on the size of land the farmer has.
- The lowest tax is 10 birr and the highest 240 birr
- SNNP law adds livestock owning tax for each type of animal

# Land use fees

- Every regional state has included the rural land use with the agricultural income tax proclamation and has similar payment.
- Federal Proclamation No. 721/2010 art 33 state get the power to issue regulations to administer urban land. Accordingly all prepare a regulation which has the fees.
- Urban land is graded in to three grades considering the infrastructures.

# Municipality taxes (property taxes)

- The purpose of this tax is to facilitate a given city in the regional state.
- Most of them are taxes levied on properties like:
  - Owning house for dwelling as well as business
  - Owning and using motor and non motor vehicles
- Mode of assessment considers the city development. Cities have their own grades.

# Mineral income taxes

- States have the power to enact taxes regarding to small and artistic mining's. hence Tigray and Oromya have done it yet.

# Chat tax

- At federal level we have chat tax proclamation No. 767/2011. which is five birr per kilo.
- Oromya regional state has also the same proclamation before the federal law.