
A PROCLAMATION TO AMEND THE INCOME TAX PROCLAMATION

WHEREAS, it has become necessary to amend the Income Tax Proclamation No. 286/2002;

NOW, THEREFORE, in accordance with Article 55 (1) and (11) of the Constitution of the Federal Democratic Republic of Ethiopia it is hereby proclaimed as follows:

1. Short Title

This Proclamation may be cited as the “Income Tax (Amendment) Proclamation No. 608/2008”.

2. Amendment

The Income Tax Proclamation No. 286/2002 is hereby amended as follows:

1/ The reference to the “Federal Inland Revenue Authority” in sub-article (13) of Article 2 of the Proclamation is repealed and replaced by the “Ethiopian Revenues and Customs Authority”.

2/ The following new sub-articles (17), (18) and (19) are added following sub article (16) of Article 2 of the Proclamation:
17/ ‘electronic filing and payment system’ means a method of E-filing and E-payment made by using a computerized net work;

18/ ‘sales register machine’ means a cash register machine or a point of sale machine;

19/ ‘supplier’ means a person who supplies sales register machines or software which gives service loaded on the cash register machine or supplies both in one to tax payers.

3/ Sub article (11) of Article 23 of the Proclamation is repealed and replaced by the following new sub article (11):

“11/ In determination of taxable business income deduction of the actual amount of maintenance and improvement expenses of a business asset is permitted. Where the actual amount of expense is in excess of 20% of the depreciation base of the asset, the whole expense shall be added to the book value of the asset at the year end to increase the depreciation base of the asset.”

4/ The following new paragraph is inserted at the end of sub article (3) of Article 51, sub article (3) of Article 53, sub article (3) of Article 54, sub article (3) of Article 66 and sub article (2) of Article 67 of the Proclamation:

“The tax to be paid to the tax Authority by the tax payer can be made to financial institution delegated by the tax Authority or through electronically filing and payment system. The Ethiopian Revenue and Customs Authority by a public notice to be issued shall announce the commencement of such mode of payment.”

5/ The phrase “Within ten days from the last day of each month” in sub article (3) of Article 53 of the Proclamation is repealed and replaced by “Within thirty days from the last day of each month.”
6/ The missing text of paragraph (b) of sub article (2) of Article 87 of the Amharic version is inserted.

7/ The following new sub articles 91b and 91c are added after Article 91 of the Proclamation:

**“91a. Penalties for Failure to Meet Requirements of the use of sales Register Machines**

Any person who has the obligation to use sales register machine shall be liable for a penalty of:

1/ Birr 50,000 if found using sales register machine or point of sales machine software not accredited or registered by the tax Authority;

2/ Birr 50,000 for carrying out transactions without receipt or invoice or for using any other receipt not generated by a sales register machine except at the time the machine is under repair;

3/ Birr 100,000 if caused damage to or change of fiscal memory or attempts to cause damage to or change of fiscal memory;

4/ Birr 25,000 for obstructing inspection of the audit system of a sales register machine by officer of the Tax Authority or for failure to have annual machine inspections performed by a service center;

5/ Birr 25,000 for not having a valid service contract with an authorized service center for a sales register machine in use, or for using the sales register machine without connecting to the terminal, or for not keeping the inspection booklet besides the sales register machine, or for issuing refund receipts without properly recording the return of goods or customers’ request for refund in the refund book;
6/ Birr 10,000 for failure to inform the Tax Authority and the machine service center within three days of the termination of a sales register machine use due to theft or irreparable damage, or within two hours for failure to report machine malfunction due to any other causes;

7/ Birr 50,000 for failure to notify the Tax Authority the correct place of business the sales register machine is in use;

8/ Birr 25,000 for failure to notify the Tax Authority change of name or address or for failure to notify the Tax Authority and Service Center three days in advance in cases of termination of business;

9/ Birr 10,000 for failure to put a conspicuous notice containing one or all the following information at a place where the machine is installed:

a) name of the machine user, trade name, location of trade, taxpayers’ identification number, accreditation and permit numbers for the sales register machine;

b) text stating that “in case of machine failure sales personnel must issue manual receipts authorized by the Tax Authority”;

c) text that reads “Do not pay if a receipt is not issued”;

10/ Birr 30,000 for changing or improving a point of sales machine software by a person not accredited by the Tax Authority.
## 91b. Penalties for Failure to Observe Supplier's obligations

Any person who is accredited and permitted for the supply of sales register machine or soft ware shall be liable for a penalty of:

1/ Birr 100,000 for failure to notify change of business address to the Tax Authority;

2/ Birr 500,000 for selling a sales register machine not accredited by the Tax Authority;

3/ Birr 50,000 for failure to get a machine registration code for each sales register machine from the Tax Authority or for not affixing the machine code stickers on a visible part of the machine;

4/ Birr 100,000 for failure to notify to the Tax Authority in advance any change made to the sales register machine in use or for inserting or adding incorrect information or for omitting the correct information from the manual that guides the use of sales register machine;

5/ Birr 50,000 for failure to notify the Tax Authority in advance or for not being able to replace, within three days of the request made by a service center, sales register machine lost due to theft or sustained irreparable damage;

6/ Birr 50,000 for failure to keep information about service centers with which it has signed agreements or for failure to notify the Tax Authority about contracts terminated or newly entered agreements with service centers.

| 1/ | Birr 100,000 for failure to notify change of business address to the Tax Authority; |
| 2/ | Birr 500,000 for selling a sales register machine not accredited by the Tax Authority; |
| 3/ | Birr 50,000 for failure to get a machine registration code for each sales register machine from the Tax Authority or for not affixing the machine code stickers on a visible part of the machine; |
| 4/ | Birr 100,000 for failure to notify to the Tax Authority in advance any change made to the sales register machine in use or for inserting or adding incorrect information or for omitting the correct information from the manual that guides the use of sales register machine; |
| 5/ | Birr 50,000 for failure to notify the Tax Authority in advance or for not being able to replace, within three days of the request made by a service center, sales register machine lost due to theft or sustained irreparable damage; |
| 6/ | Birr 50,000 for failure to keep information about service centers with which it has signed agreements or for failure to notify the Tax Authority about contracts terminated or newly entered agreements with service centers. |
91c. Penalties for Failure to Observe Sales Register Machine Service Center’s Obligations

Any Sales Register Machine Service Center shall be liable for a penalty

1/ Birr 20,000 for failure to report to the Tax Authority within two days of change of the fiscal memory of a sales register machine;

2/ Birr 20,000 for failure to perform annual technical inspections on sales register machines that are under contract;

3/ Birr 50,000 for deploying every person not certified by the supplier and not registered by the Tax Authority.”

8/ After Article 97 of the Proclamation the following new Articles 97a, 97b and 97c are added:

“97a. Violations of the Requirements of the use of Sales Register Machines

Any person who has the obligation to use sales register machine;

1/ commits an offence if found using a sales register machine not accredited or registered by the Tax Authority and shall, upon conviction, be punished with imprisonment for a term of not less than one year and not more than two years;

2/ except at the time the sales machine is under repair, commits an offence if carried out transactions without receipt or invoice or used any other receipt not generated by a sales machine and shall, upon conviction, be punished with imprisonment for a term of not less that one year and not more than two years;
97b. Offences by Suppliers

Any person who is accredited and registered to supply sales register machines:

1/ commits an offence if failed to report to the Tax Authority a change of business address and shall, upon conviction, be punished with imprisonment for a term of not less than one year and not more than two years;

2/ commits an offence if sold a sales register machine not accredited by the Tax Authority and shall, upon conviction, be punished with imprisonment for a term of not less that three years and not more than five years;

3/ commits an offence if caused damage or change to the fiscal memory of a sales register machine or attempts to cause damage or change to the fiscal memory and shall, upon conviction, be punished with imprisonment for a term of not less than three years and not more than five years;

4/ commits an offence if obstructed inspection of the audit system of a sales register machine by officer of the Tax Authority, or if failed to have annual machine inspections performed by a service center and shall, upon conviction, be punished with imprisonment for a term of not less than six months and not more than one year;

5/ commits an offence if failed to notify to the Tax Authority the correct business address where a sales register machine is in use and shall, upon conviction, be punished with imprisonment for a term of not less than six months and not more than one year.
Article 99 of the Proclamation is repealed and replaced by the following new Article 99.

"99. Offences by Tax Authority Employee"

1/ Any person employed by the Tax Authority for enforcing the provisions of this Proclamation who:

3/ commits an offence if failed to notify the Tax Authority in advance any change made to the sales register machine in use, or if inserted incorrect information to or omitted the correct information from the manual that guides the use of sales register machine and shall, upon conviction, be punished with imprisonment for a term of not less than three years and not more than five years.;

97c. Offences by Sales Register Machine Service Centers and their Personnel

1/ Any sales register machine service center commits an offence if deployed a service personnel that is not certified by the supplier and not registered by the Tax Authority and shall, upon conviction, be punished with imprisonment for a term of not less than one year and not more than three years.

2/ Any personnel of a sales register machine service center commits an offence if, without the knowledge of the service center and the Tax Authority, dismantle or assemble a sales register machine, or if deliberately removed the seals on a sales register machine or changed parts of a sales register machine not reported to have any break down, or if committed any similar act and shall, upon conviction, be punished with a fine of not more than Birr 5,000 and imprisonment for a term of not less than one year and not more than three years.”
2. Any employee of the Tax Authority who, in violation of the rules and procedures of the use of sales register machines:

\(\text{a)}\) dishonestly or unethically supplies a sales register machine or approves its utilization without the presence of a service personnel or supplier of a machine registration code or

\(\text{b)}\) knowingly or negligently fails to report to the Tax Authority, within 24 hours, offences committed by the user of the service personnel or supplier of a machine registration code:

\(\text{c)}\) exceeds the power conferred upon the tax authority or misuses such power.

\(\text{b)}\) enters into or acquiesces in an agreement to do or to abstain from doing any thing or to permit any act which the tax authority or any person acting in the execution of his duty would or might, on the authority of the tax revenue administration or the Government, have been entitled to require or to do or to prohibit and makes or would have been entitled to make, and therefore if the agreement is not performed, shall be punishable with a fine of not more than Birr 5,000 and imprisonment for a term of not less than 10 years and not more than 20 years.

\(\text{c)}\) enters into an agreement or receives a payment or reward for or on behalf of another person for the purpose of doing or not doing anything which the tax authority or any person acting in the execution of his duty would or might, on the authority of the tax revenue administration or the Government, have been entitled to require or to do or to prohibit and makes or would have been entitled to make, and therefore if the agreement is not performed, shall be punishable with a fine of not more than Birr 5,000 and imprisonment for a term of not less than 10 years and not more than 20 years.
1/ Sub article (1) of Article 112 of the Proclamation is repealed and replaced by the following new sub article (1):

"1/ Any party dissatisfied with a decision of the Appeal Commission, on the ground that it is erroneous on any matter of law, may appeal to the competent court of appeal within 30 days from the date of receipt of the written decision of the Appeal Commission."

10/ Sub article (1) of Article 114 of the Proclamation is repealed and replaced by the following new sub article (1):

"1/ The Tax Authority’s officer shall be held responsible for any damage caused to a taxpayer by delaying without any good cause, the performance of his/her duty. Such officer in addition to being held liable for the damage, shall, upon conviction, be punished with imprisonment for a term of not less than one year and not more than two years."

11/ Sub article (4) of Article 112 of the Proclamation is repealed.

12/ Sub article (1) of Article 114 of the Proclamation is repealed and replaced by the following new sub article (1):

"1/ Members of Appeal Commission at every level shall be appointed from among persons, including representatives of business communities, having good reputation, acceptability, general and professional knowledge, and who have not committed any offence in connection with tax and tax administration."

13/ The phrase “by appropriate entities listed under Article 113(3) above” is repealed and replaced by the phrase “by the appropriate organs from among persons referred to in sub article (3) of this Article.”

14/ Sub article (6) of Article 114 of the Proclamation is repealed and replaced by the following new sub article (6):
6. The term of office of a member of an Appeal Commission shall be for two years. A member appointed to chair an Appeal Commission or a panel of the Commission shall serve in that capacity for two years or the remaining period of that other member’s term if he is a substitute. Where necessary, any member of an Appeal Commission may be assigned for another term of office.”

4. Effective Date

This Proclamation shall enter into force up on the date of publication in the Federal Negarit Gazeta.

Done at Addis Ababa, this 9th day of January, 2009

GIRMA WOLDEGIORGIS

PRESIDENT OF THE FEDERAL DEMOCRATIC REPUBLIC OF ETHIOPIA