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Second African Meeting for the Promotion of
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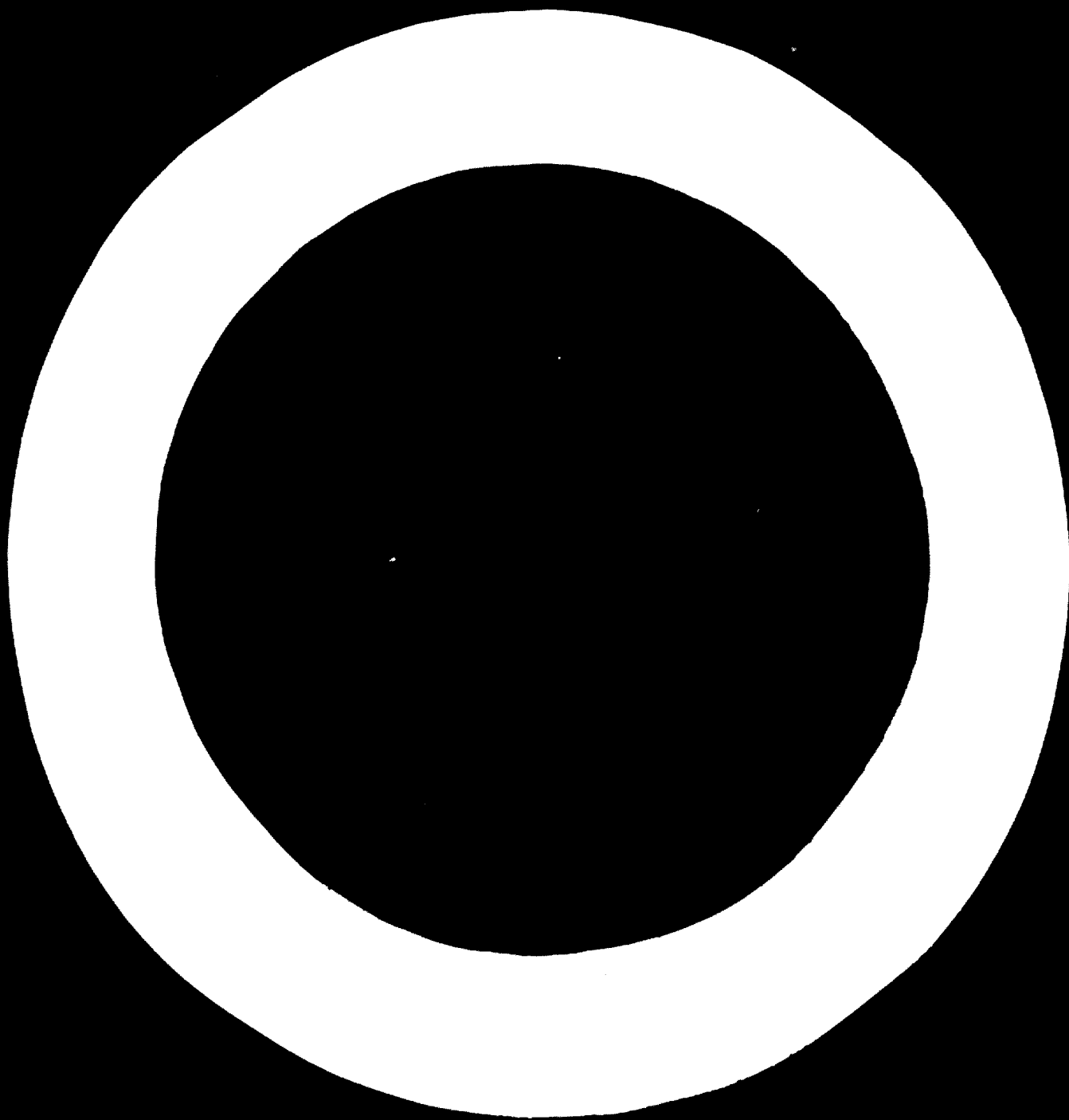
Nairobi, Kenya, 30 November - 4 December 1970

INVESTMENT INCENTIVES 1/

ETHIOPIA

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ETHIOPIA

1. Incentive Measures

. Import Duty Concessions

- Exemption from the payment of customs import duties, transaction taxes on imports, Municipal taxes, etc., levied on imports of agricultural and industrial machines, implements, appliances and parts for the exclusive use of agricultural and industrial enterprises, provided that similar goods are not being produced within Ethiopia.

- Building, structural and other construction material for the exclusive use of industrial enterprises may be exempted from import duties, provided no similar materials are available within Ethiopia.

- Structural and building materials, machinery, equipment, furniture, furnishings, cutlery, crockery, linen and cooking utensils imported for the establishment of new hotels, in which a capital of not less than Eth. \$200,000 has been or is invested are exempted from customs duties, provided that similar goods are not produced in Ethiopia, that the goods are imported solely in the initial stage of the establishment of the hotel and further, that the goods imported are not for replacement of goods.

. Tax Exemptions

- Newly established agricultural, industrial, mining, transport and touristic enterprises which invest not less than Eth. \$200,000 before they start commercial production are exempted from income taxes for five years from the date of commencement of production.

- Extensions of the above enterprises which invest not less than E\$ 200,000 in their extended facilities are exempted from income taxes, provided the extensions are separate technical units operated with separate accounts.

. Export Incentives

- Manufactured finished goods destined for export may be exempted from

export duties and transaction taxes on exports for a reasonable period of time if this is necessary to assure the competitive position of these goods.

. Other Incentives

- Assistance with financing

- The Development Bank of Ethiopia assists the development of industrial production and fosters investment of private capital for productive purposes.

- The Ethiopian Investment Corporation provides finance to industry through equity investment and medium and long-term loans. Other functions: to float, sponsor, underwrite and deal in issues of shares and securities, to guarantee loans. The Corporation also provides financial advice, administrative assistance, etc., to potential investors.

11. Enterprises qualifying for Incentive Benefits

- A E\$ 200,000 investment in Agricultural, industrial, mining, transport and touristic enterprises, only for income tax reliefs. For other benefits such as import and export duty reliefs, the stated sum is not required. Industrial enterprises producing alcoholic beverages or liquors are excluded from income tax relief.

111. Procedure

- Applications for the incentives should be submitted to the Investment Committee for study and approval. The Committee studies and then decides on the appropriate measures to be taken. The Ministries or government Agencies concerned are then notified about the benefits to be granted.

- All applicants for income tax relief should submit to the Income Tax Department of the Ministry of Finance a satisfactory proof of the amount invested within 30 days after the commencement of production.

- A Prominent Investment Committee has been set up by Proclamation. The purpose of the Committee is to study and decide on the appropriate incentives and benefits to be granted to potential investors. The Committee

is composed of the Minister of Commerce, Industry and Tourism (Chairman); the Minister of Finance; the Minister of Agriculture; the Head of the Planning Commission and the Governor of the National Bank of Ethiopia, or their respective representatives. Additional Ministries, or their representatives, may be co-opted on an ad-hoc basis.

IV. Special Incentives for Foreign Investors

- Constitutional guarantee with regard to private property.
- Foreign investors establishing industrial enterprises in Ethiopia are allowed to acquire land. Applications should be submitted to the Investment Committee for approval.
- The benefits provided by the Investment Law are granted to both foreign and national investors.
- The National Bank of Ethiopia makes available foreign exchange to assure:
 - The remittance of profits of foreign investors to their countries of origin;
 - The repatriation of the net proceedings in case of sale or liquidation of a foreign investment;
 - The remittance of savings of foreign personnel subject to foreign exchange regulations;
 - The purchase of spare parts and other materials required.

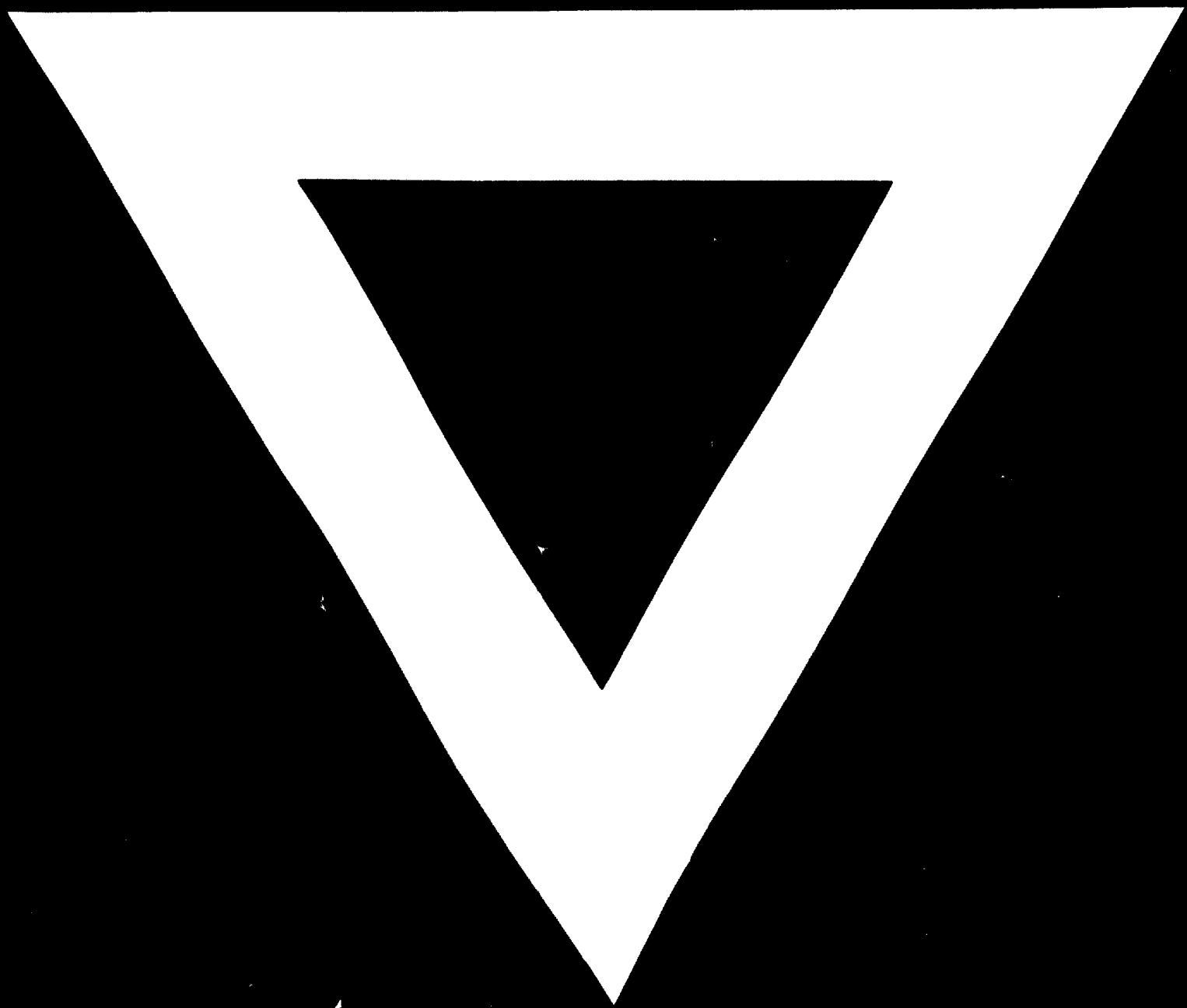
V. Information for Investors

- Enquiries about investment incentives and benefits should be addressed to the Office of the Investment Committee, Ministry of Commerce, Industry and Tourism, P.O. Box 1769, Addis Ababa.
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References

- Investment Decree No. 51 of 1963.
- Investment Proclamation No. 242 of 1966.
- Income Tax Proclamation No. 173 of 1961.
- Income Tax Proclamation No. 255 of 1967.
- Customs Tariff Amendment
Regulations, Legal Notice No. 326 of 1967.
- The Revised Constitution of Ethiopia,
Proclamation No. 149 of 1955.





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