COUNCIL OF MINISTERS REGULATION NO. 312/2014

COUNCIL OF MINISTERS REGULATION TO AMEND THE INVESTMENT INCENTIVES AND INVESTMENT AREAS RESERVED FOR DOMESTIC INVESTORS REGULATION No.370/2012

This Regulation is issued by the Council of Ministers pursuant to Article 5 of the Definition of Powers and Duties of the Executive Organs of the Federal Democratic Republic of Ethiopia Proclamation No. 691/2010 and Article 39 of the Investment Proclamation No. 769/2012.

1. Short Title

This Regulation may be cited as the “Investment Incentives and Investment Areas Reserved for Domestic Investors Council of Ministers (Amendment) Regulation No. 312/2014".
2. **Amendment**

The Investment Incentives and Investment Areas Reserved for Domestic Investors Council of Ministers Regulations No. 270/2012 is hereby amended as follows:

1/ The following new sub-article (9) is added under Article 2 of the Regulation:

   "9/ ‘existing enterprise’ means an enterprise engaged in production or rendering services having a business license or any other appropriate license."

2/ The following new Item No. 1.21 is added after Item No. 1.20 of the Schedule attached to the Regulation:

<table>
<thead>
<tr>
<th>Exempti</th>
<th>Exempti</th>
</tr>
</thead>
<tbody>
<tr>
<td>on from</td>
<td>on from</td>
</tr>
<tr>
<td>income</td>
<td>income</td>
</tr>
<tr>
<td>tax for</td>
<td>tax for</td>
</tr>
<tr>
<td>10 years</td>
<td>15 years</td>
</tr>
</tbody>
</table>

3/ The existing provision of Article 7 of the Regulation is renumbered as sub-article (1) and the following new sub-articles (2) and (3) are added:

   "2/ An investor who has invested within an industrial development zone shall be entitled, in addition to what is provided for in sub-article (1) of this Article and the Schedule attached hereto, to 2 years income tax exemption if the investment is made in an industrial zone located in Addis Ababa or Special Zone of Oromia.
surrounding Addis Ababa or to 4 years income tax exemption if the investment is made in an industrial zone located in other areas, provided that he exports 80% or above of the product from his manufacturing industry or supplies as production input to an investor who exports his products.

3/ An investor who has invested or is to invest within private industrial development zone, the establishment of which is agreed with the Government prior to the issuance of the Proclamation, shall be entitled to the incentive provided for in sub-article (2) of this Article upon fulfilling the preconditions stipulated therein.”

4/ Article 8 of the Regulation is deleted and Articles 9 to 18 are renumbered as Articles 8 to 17, respectively.

5/ The following new sub-article (5) is added under Article 12 of the Regulation (as renumbered pursuant to sub-article (3) of this Article):

“5/ Without prejudice to the provisions of sub-article (1) of this Article, any investor engaged in:

a) manufacturing industry or agriculture who has invested at least 200,000 United States Dollars or equivalent Ethiopian Birr at the prevailing rate of exchange and has created permanent employment opportunity
for at least 50 Ethiopian nationals shall be entitled to import, at any time, duty-free capital goods necessary for his existing enterprise;

b) another area of investment eligible for customs duty exemption and has invested at least 200,000 United States Dollars or equivalent Ethiopian Birr at the prevailing rate of exchange and has created permanent employment opportunity for at least 50 permanent employees shall be allowed to import duty-free capital goods necessary for the existing enterprise up to 5 years from the date of acquiring a business license or other appropriate license."

3. **Effective Date**

This Regulation shall enter into force on the date of publication in the Federal Negarit Gazette.

Done at Addis Ababa, this 13th day of August, 2014.

HAILEMARIAM DESSALEGN
PRIME MINISTER OF THE FEDERAL
DEMOCRATIC REPUBLIC OF
ETHIOPIA