Doing Green Business in Ethiopia

Legal framework

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Table of contents

Section A

The Ethiopian legal framework

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Investment vehicles

An investor may choose to carry out its business through one of the following vehicles

Share company

- The shareholders are liable for the company's obligations within the value of their shareholding.
- Features: (i) at least 5 shareholders; (ii) minimum share capital fully subscribed and paid in for at least 25% (x) equal to Ethiopian Birrs 50,000 (approx. Euro 1,140) if there are only domestic shareholders (y) equal to minimum capital requirements if there is at least a foreign shareholder; (iii) memorandum of understanding and articles of association
- The articles of association may include: (i) limitations on the transfer of shares (shares can be subject to the directors' consent); and (ii) a maximum number of votes that a single shareholder is entitled to
- Share companies are also allowed to issue preference shares. They are similar to join stock companies

Private limited company

- The shareholders are liable for the company's obligations within the value of their shareholding:
- Features: (i) from 2 to 50 shareholders; (ii) minimum share capital fully paid up (x) equal to of Ethiopian Birrs 15,000 (approximately Euro 340) if there are only domestic shareholders; (y) equal to minimum capital requirements if there is at least a foreign shareholders; and (iii) the company name has to include the indication of "private limited company"
- Private limited companies are not allowed to issue shares or transferable securities in any form

Joint venture

- There are no specific requirements for the contents of a JV agreement, that can be agreed between the parties

Branch

- If the investor wants to operate through a branch, this branch needs to be authorized as "branch of an overseas company" through the registration process
- The branch does not acquire independent legal status following registration

Foreign investors usually prefer to set up private limited companies

Management, duties and liability of Board of Directors

Board of directors

- The board of directors is entrusted with the management of a company
- The board must be composed of between 3 and 12 members
- All board members must be shareholders (either individuals or entities)
- The chairman of the board must be an individual

Nationality

- Ethiopian law does not require that the directors of a company, or its shareholders, be Ethiopian citizens or residents

Duties of BoD

- Directors are responsible for carrying out the duties assigned to them by law, the memorandum and articles of association and shareholders' resolutions, "with the care due from an agent"
- The duties include: (i) drafting of management reports and minutes of board of directors' meetings, (ii) taking care of the bookkeeping, (iii) preparing the financial statements, (iv) establishing the reserves required by law or the articles of association etc., (v) calling for general and extraordinary meetings, and, in case of insolvency (vi) applying to the court for a pre-bankruptcy arrangement with creditors debts - which can entail business continuity or the winding-up the company

Liability of BoD

- Directors are jointly and severally liable for damage caused by a breach of their duties
- Decisions made by a director may entail civil and criminal liability if the decision violates a specific duty
- Companies require a shareholders' resolution (approved by shareholders representing at least 20% of the share capital in order to initiate legal proceedings against board members)

*** The Commercial Code does not provide for any provision in relation to Board of Director for private limited companies. Nevertheless, the provisions set forth for share companies could be in principle applicable by analogy**

Distributors and commercial agents

Distributors and Commercial agents

Distributors

- There are no specific requirements for a foreign investor to enter into a distribution agreement with an Ethiopian dealer
- There are no specific regulation in Ethiopia in relation to distribution agreement. Therefore, the general rules of contract will be applicable instead
- A foreign investor is not required to register in Ethiopia to enter into distribution agreements.
- According to the new Proclamation no. 980/2016, for an Ethiopian dealer it is prohibited to operate as sole importer or distributor.
- Please note the Proclamation no. 980/2016 provides that notwithstanding the limit above, based on the type of business and its national significance, the Council of Ministers may issue regulations on sectors of business in which sole importation or distribution may be allowed. Thus, new regulations could be implemented

Commercial agents

- There are no specific requirement for a foreign investor to appoint Ethiopian commercial agents
- According to the Proclamation n. 980/2016 a Commercial agent has, among others, the following duties:
    a. promote the products of the company he represents
    b. participate in international tenders legally representing the company ha represents
    c. execute contracts on behalf of the company he represents

- **The custom duties imposed on the importation, depends by the type of the goods and quantity that are imported and/or distributed, from 5% to 35% of the value**
- **Depending by the type of goods, others types of specific taxes may be applicable**

Contractors

Principles: who undertakes to design or build a structure or work, must design and build it well and solidly as a matter of public policy and for the safety of life and property

Warranty due by the contractor

- The contractor shall guarantee during ten years from its delivery the proper execution and the solidity of the work done by him
- The contractor is liable during this period for such loss or deterioration of the work as is due to a defect in its execution or to the nature of the soil on which the work has been done
- The contractor shall be responsible for the workmanship of the construction of a building or an element of a building

Warranty in respect of defects of construction in Public Work Contract

- The contractor is liable to the administrative authorities for the defect of construction of the works during ten years from the day on which they have entered into possession of the works
- The warranty shall not be due, however in respect of the defect which were apparent at the time of the final acceptance of the work
- The warranty shall apply to such defect only as prevent the works from being used for the purpose mentioned in the contact or render such use more onerous or less profitable

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Restrictions to foreign investments

Areas reserved for joint-venture investment with the government

- Manufacturing of weapons, ammunition and explosives used as weapons or to make weapons
- Import and export of electricity
- International air transport services
- Rapid transit
- Postal services excluding courier services

Areas reserved for joint investment with domestic investors

- Freight forwarding and shipping agency services
- Advertisement and promotion services
- Audiovisual services, motion picture and video recording, production and distribution
- Accounting and auditing services
- Mass media services
- Grade II tour operation

Proclamation on investment No.1180/2019 replaced the former No 769/2012

Areas exclusively reserved for domestic investors 1/2

Areas exclusively reserved for domestic investors

- Subject to applicable law, banking, insurance and microfinance businesses, excluding capital goods finance business
- Transmission and distribution of electrical energy through integrated national grid system
- Primary and middle level health services.
- Wholesale trade, excluding petroleum, petroleum products, wholesale of own products produced in Ethiopia, wholesale through e-commerce
- Retail trade, excluding retail of and electronic commerce as provided under appropriate law, of own products produced in Ethiopia
- Import trade, excluding liquified petroleum gas and bitumen (same in the old regulation)
- Export trade of raw coffee, khat, oil seeds, pulses, minerals, hides and skins, products of natural forest, chicken, and livestock including pack animals bought on the market
- Construction and drilling services below Grade I
- Hotel, lodge, resort, motel, guesthouse, and pension services, excluding those that are star-designated;
- Restaurant, tearoom, coffee shops, bars, nightclubs, and catering services, excluding star-designated national cuisine restaurant service;
- Travel agency, travel ticket sales and trade auxiliary services.
- Tour operation;
- Operating lease of equipment's, machineries and vehicles, excluding industry specific heavy equipment's, machineries and specialized vehicles;
- Transport services, excluding the following areas: a) railway transport services; b) cable-car transport services; c) cold-chain transport services; d) freight transport services having a capacity of more than 25 tones ;e) transport services reserved for joint investment with the Government or domestic investors;
- Making indigenous traditional medicines;
- Producing bakery products and pastries for domestic market

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Areas exclusively reserved for domestic investors 2/2

Areas exclusively reserved for domestic investors

- Grinding mills
- Barbershop and beauty salon services, smithery, and tailoring except by garment factories
- Maintenance and repair services, including aircraft maintenance repair and overhaul (MRO), but excluding repair and maintenance of heavy industry machineries and medical equipment
- Aircraft ground handling and related services
- Saw milling, timber manufacturing, and assembling of semi-finished wood products
- Media service
- Customs clearance service
- Brick and block manufacturing
- Quarrying;
- Lottery and sports betting
- Laundry services, excluding those provided on industrial scale
- Translation and secretarial services
- Security services
- Brokerage services
- Attorney and legal consultancy services
- Private employment agency services, excluding such services for the employment of seafarers and other similar professionals that require high expertise and international experience and network

All areas of investment are open to foreign investors other than those reserved

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Investment protection 1/2

Administrative route

An investor is entitled to submit complaints to:

a. **The commission**, regarding decisions by executive bodies of the federal government that significantly affect an investment:
   - The investment commission is to produce a written recommended solution after engaging in consultation with the executive body in question.
   - If the investor is dissatisfied with the recommended solution, the investor may file a complaint with the Board, which is to issue a final decision within 90 business days that is binding the executive organ

b. **The Board**, regarding decisions by the commission:
   - These complaints must be lodged within 30 days from the date the investor becomes aware of the decision in question.
   - The Board is to issue its final decision within 90 business days

Protection through the courts

- The Civil Procedure Code provides for summary procedures in relation to "all suits where the plaintiff seeks only to recover a debt or liquidated demand in money payable by the defendant, with or without interest arising:
  a. upon a contract, express or implied such as on a bill of exchange, promissory note or cheque, or other simple contract debt
  b. on a bond or contract written for payment of a liquidated amount of money
  c. on a guaranty where the claim against the principal is in respect of a debt or liquidated amount only"
- Provisional remedies (arrest before judgment, attachment before judgment, injunctions, appointment of receivers, affixing of seals and making of inventories)

Investment protection 2/2

Labour law disputes	• Apart from the ordinary courts, labor law disputes can be settled by labor relation boards, consisting in conciliation tribunals that include representatives of employers' associations, trade unions and members appointed by the government (Proclamation No. 1156/2019) • Labor relation boards have exclusive jurisdiction over collective labor disputes
Dispute resolution	Investors can settle disputes through the courts or the alternative dispute resolution system. Arbitration is regulated by the Civil Code. It is advisable to choose independent, neutral arbitrators and apply international rules, such as ICC rules: – Ethiopia is not a party to the ICSID Convention, but it is to the Multilateral Investment Guarantee Agency (MIGA), which is an international financial institution that offers political risk insurance and credit enhancement guarantees – Ethiopia has recently ratified the New York Convention on the Recognition and Enforcement of Foreign Arbitral Awards of 1958 – The two main domestic arbitration associations are the Addis Ababa Chamber of Commerce and Sectorial Associations Arbitration Institute (AACCSA AI) and the Ethiopian Arbitration and Conciliation Centre (EACC)
Enforcement of foreign judgments and awards	• Ethiopian courts enforce foreign judgments and/or arbitral awards subject to the requirements of the Ethiopian Procedure Code
Consumer protection and competition	• The Trade Competition and Consumer Protection Authority is entitled to resolve disputes concerning consumer protection and competition (Proclamation on Trade Competition and Consumers Protection No. 813/2013)

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The corporate income tax system in Ethiopia - Overview

The corporate income tax system in Ethiopia is based on the "worldwide principle"

- Legal entities resident in Ethiopia are taxed in Ethiopia regardless of where the income is generated
- Non-resident legal entities are taxed only on income generated in Ethiopia

Taxation rules

- Legal entities resident in Ethiopia for tax purposes are subject to corporate income tax at a rate of 30%. Under Ethiopian tax law, double taxation that arises in connection with tax paid abroad on foreign-sourced income is relieved by using the ordinary credit method. The amount of foreign tax credit cannot exceed the amount of tax payable on the foreign-sourced income
- The taxable income is calculated by adjusting the financial statements (i.e., profit or loss) as required by Ethiopian tax law
- On July 2016, the Parliament approved an important tax reform of the income tax system, adopting the "Income Tax proclamation 2016" and the "Tax Administration Proclamation 2016"
- Ethiopia has entered into with Italy, Russia, Yemen, South Africa, Turkey, Romania, France, Czech, Sudan, India, China, Egypt, Seychelles, Great Britain and Northern Ireland and recently Malta, bilateral agreements aimed to avoid "double taxation". According to such agreements, the business owners that are nationals of the mentioned countries or Ethiopian business people operating in their jurisdiction will not be required to pay tax on the same declared income. Taxable gains in the country will not be taxed twice by the country in which the gain are earned and in the country of residence of the business person

* Under Ethiopian law, "resident" means an entity that has in Ethiopia its: (i) principal office, or (ii) effective place of management

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Tax incentives in Ethiopia
In addition to the incentives granted to industrial parks

Tax incentives

Full exemption from corporate income tax (“Tax holidays”)

Investors that invest either in new enterprises or through their investments further enhance the activity of existing enterprises are entitled to limited Tax holidays. The length mainly depends on:

(i) business sector; and
(ii) geographic area

Temporary customs duty exemption

Investors that invest either in new companies or through their investments further enhance the activities of existing companies and, import capital goods, construction materials and spare parts in connections with those activities or investments are entitled to a five-year tax exemption from customs duty

Partial exemption from corporate income tax

Companies that invest in new businesses located in specific areas are entitled to a 30 % reduction of the taxable base for three years In other words, corporate income tax (30%) is levied only on 70% of the total income.

Permanent customs duty exemption (“Bonded export factory scheme”)

Companies under this regime are allowed to produce commodities exclusively for export using raw material imported free of duty. The entire production process must be carried out under the control of the Ethiopian Revenues and Customs Authority

If a company already benefits from a Tax holiday, the three-year partial exemption runs from the first year after the Tax holiday period ends

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Some key tax aspects to consider for Italian investors

- When structuring an investment into Ethiopia, an Italian investor should preliminary asses the tax regime applicable to profit generated through the investment. This analysis cannot be performed without considering the interaction between domestic tax legislations and the Double Taxation Convention entered into by Italy and Ethiopia ("**DTC**")

- The DTC (a) allocates taxing rights between contracting States; (b) provides for methods for double taxation relief
- Italy adopts the tax credit method. The DTC, however, contains a **tax sparing clause**
  - ✓ In accordance with this clause if, under Ethiopian's legislation, taxes which should be normally paid by the Italian Company are neither collected or levied, in whole or in part, **due to tax incentives**, those taxes which have either not been levied or reduced shall be deemed to have been paid by the Italian shareholder at an amount not exceeding: (i) 30% of business profits (ii) 10% of the gross amount of the dividend and interests, and (iii) 5% of the gross amount of royalty

- Some important issues to consider in order to correctly asses the tax burden on profits generated by an investment in a Ethiopian subsidiary are the following:
  - ✓ tax residence exposure in Italy for Ethiopian subsidiaries
  - ✓ whether the income generated by Ethiopian subsidiaries is deemed to be sourced in a **tax haven**. This circumstance is relevant for:
    - the application of the Italian CFC regime (Article 167 TUIR)
    - the tax regime applicable to inbound dividends (Article 89 TUIR)
  - ✓ permanent establishment exposure in Ethiopia (i.e. whether the Italian Parent Company may be deemed to carry on in Ethiopia its business through a permanent establishment)
  - ✓ transfer pricing exposure

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COMESA, AGOA & AfCFTA: a step forward for Ethiopian commerce 1/2

COMESA

- Ethiopia is a state member of the Common market of East and South African (COMESA)
- COMESA places the member states at an advantage of adopting a common custom scheme that abolishes non-tariff barriers to trade between themselves
- According to the article 46 of COMESA treaty, member states have the advantage of enjoying non-tariff goods and services within the common market. The states enjoy custom exemptions on all imports of products originating in member countries with value additions amounting to 45 percent
- Goods imported by a COMESA member from another COMESA member benefit of discuonted rates (namely, the impoter member can charge taxes/duties from 0 up to 10%, depending on the type of goods)
- All the goods that you can import/export into/ from Ethiopia can enjoy the COMESA incentives if the goods are imported/exported from/to a member of COMESA

AGOA

- The African growth and opportunity act (AGOA) is a united states trade act, enacted on May 2000 as public Law 106 of the 200thcongress. The legislation significantly enhance market access to the US for qualifying sub-Saharan African (SSA) countries
- Common market of East and South African countries (COMESA) signed a treaty with the AGOA to create a duty-free market. AGOA accords duty-free access for eligible products (such as, apparel, footwear and agricultural products) to the largest single market in the world. It also provide beneficiary countries with a significant competitive advantage over non-AGOA countries that must pay normal tariff rates to enter the United States
- Not all COMESA members are advantages to the treaty of AGOA, only Sub-Saharan countries

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COMESA, AGOA & AfCFTA: a step forward for Ethiopian commerce 2/2

AfCFTA

- Agreement establishing the African continental free trade area was adopted on March 21, 2018, with an overall objective of creating a single market within Africa by expediting the economic integration of African countries through liberalization. The agreement has entered in to force on May 30, 2019
- Ethiopia is the 19th country to ratify the agreement in April 2019, and other African countries are expected to follow suit
- The agreement has protocol on trade in goods, protocol on trade in service, protocol on rule and procedure for settlement of dispute
- The specific objectives of the agreement are to:
  a. progressively eliminate tariffs and non-tariff barriers to trade in goods
  b. progressively liberalize trade in services
  c. cooperate on investment, intellectual property rights and competition policy
  d. cooperate on all trade-related areas
  e. cooperate on customs matters and the implementation of trade facilitation measures
  f. establish a mechanism for the settlement of disputes concerning their rights and obligations
  g. establish and maintain an institutional framework for the implementation and administration of the AfCFTA

Section B

Investment from a corporate and legal perspective

In order to set up a business foreign investor have to:

- Register its investment vehicles: investors wishing to set up a business in Ethiopia must apply for registration with the Ethiopian Investment Commission
- Obtain an investment permit
- Obtain a business license
- Meet the minimum investment requirements for foreign investors

Registration of investment vehicles

To carried out its investment, an investor can decide to:

- Incorporate a new company
- Establish a branch
- Enter into a joint venture agreement

To register the investment vehicles, documentation (authenticated by the competent bodies) that needs to be filed by the founding partners to the Investment Commission

- Main documents:
  a. A bank statement showing that the relevant portion of the subscribed capital has been paid in and placed in an escrow account (25% for share companies and 100% for private limited companies)
  b. Original of the company's memorandum of association and articles of association
  c. <u>If a founding partner is a physical person</u>: copies of its passports
  d. <u>If a foreign entity is involved:</u> (i) articles of incorporation of such entity and certificate of incorporation; (ii) original, authenticated copies of the articles of association; (iii) a notarized shareholders' resolution resolving on the incorporation of the Ethiopian investment vehicle and the filing of the application for the investment permit; and (iv) registration with the tax office
  e. Details of the business, the capital to be allocated and the name of the legal representative
  f. Feasibility study of the proposed investment/project
- If the application is filed by a legal representative: the power of attorney granted by all founding partners and an identifying document of the representatives and the company's director
- Timing for registration: 2/3 weeks

Obtaining an investment permit and a business license

Issuance of the investment permit

- Each of the following categories of investors needs to apply for an investment permit:
  a. Foreign investors
  b. Foreign and domestic investors investing in a partnership
  c. Foreign nationals, non-Ethiopian by origin, considered equivalent to domestic investors
  d. Domestic investors operating in industries for which incentives are envisaged

- Process:
  a. obtain an investment permit it is necessary to open an Ethiopian bank account
  b. Upon the registration, the company will apply for the issuance of an investment permit (following the procedure provided for the relevant category of investor)
  c. The investment permit can be obtained through application to the Commission
  a. Upon receipt of an application, the competent authority will issue the investment permit or notify the investor with its decision explaining the ground of denial
  b. Investment permits are renewed on a yearly basis provided that the investor commenced the implementation of its project within 2 years

Business license

- Upon commencement of the production (and therefore upon completion of the investments project) the holder of an investment permit is required to obtain a business license
- The business license is usually issued on the same day on which the relevant documentation (tax number, certificate of competence in the filed of commercial activities, fee payment and the like) is submitted

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Minimum capital requirements for investment carried out by foreign investors (alone or jointly with domestic investors as well)

Any foreign investor shall be required to allocate on a single investment project in Ethiopia a minimum capital equal to:

- USD 200,000 for a single investment project carried out in Ethiopia only by foreign investors
- USD 150,000 for an investment jointly carried out with a domestic investor
- For the investment executed in architectural or engineering works or related technical consultancy services, technical testing and analysis or publishing work:
  - USD 100,000 for a single investment project carried out in Ethiopia only by foreign investors
  - USD 50,000 for an investment jointly carried out with a domestic investor

Investors:

- **have to deposit the above amounts in a "frozen" bank account, if they wants to invest out of an industrial park**
- **does not have to deposit the minimum capital in a frozen bank account, if the investment is made within an industrial park. In this case, the investor must make an advance payment to the relevant authority that rules the process to invest within an industrial park corresponding to the minimum capital required**

Exemptions

- A foreign investor re-investing profits or dividends generated by an existing investment vehicle may not be required to allocate a minimum capital
- a foreign investor buying the entirety of, or shares in, an existing enterprise owned by a foreign investor is exempt from having to meet the minimum capital requirement, and persons elected as members of board of directors following the change of a private limited company to share company

Exchange control system

Main features

- No one is entitled to operate with foreign currency without authorization from the National Bank of Ethiopia or the intermediation of a bank or another authorized dealer and of a previous authorization issued by. If the investor has a foreign currency account, it will be allowed to make payment in hard currency for its business operations and office expenses. Generally, and under Ethiopian investment law, foreign investors are in principle entitled to remit the money out of Ethiopia in convertible foreign currency
- Branches of overseas companies that are authorised to operate abroad are entitled to open bank accounts as long as the branch is not subject to a winding-up procedure
- Non-resident Ethiopian citizens and non-resident foreigners are allowed to open bank accounts in foreign currency up to a maximum of USD 50,000
- Foreign companies and branches are allowed to open bank accounts in foreign currency with no limit. Although there is no cap for retaining hard currency in a local account, 70% of the hard currency in such account will be exchanged into local currency on the 28th day from the date on which the deposit was made and the foreign investor will be allowed to retain 30% of the foreign currency only
- All foreign registered investors (including legal entities) are authorized to:
  a. freely transfer profits and dividends
  b. repatriate the income arising out of the sale or the winding-up of the business or of the sale of their stake or ownership. Non-resident employees are also granted the right to repatriate their salaries

- **Payment methods: investors can wire the money from abroad. Investors can also make payment locally in cash, by cheque (issued by domestic banks) or by bank transfer if the company is already in ration in Ethiopia and has a local account. Cheques issued by foreign banks without a branch in Ethiopia are not accepted.**
- **Time necessary to execute a payment from a foreign country with a foreign currency: this varies from country to country and from bank to bank. However, from EU countries it normally takes three to five days.**
- **With the aim of promoting and supporting the exports, the exchange control system also allows exporters to open a retention account in order to deposit a specific amount of the income deriving from the exports for a certain period of time, and to use foreign currency for the export activity**

Section C

Industrial Parks

Industrial Parks 1/2
Overview

What is an Industrial Park

- An area designated by governmental bodies to develop comprehensive, integrated, multiple or selected functions of industries, based on a planned fulfilment of infrastructure and various services and have special incentive schemes, with a broad view to achieving planned and systematic, development of industries, mitigation of impacts of pollution on environment and human being and development of urban centres
- The industrial parks development program is led by the Government of Ethiopia, with support from UNIDO (United Nation Industrial Development Organization) and other partner

Type of investments

An investor can decide to be:

- Industrial park developer: any profit making public, public-private or private entity that designs, constructs and develops the park
- Industrial park operator: can be any profit making entity that operates, maintains or promotes the park

  (Investors can be both the developer and the operator)
- Industrial park enterprise: any public, private or public-private entity that sets up a business in the park and possesses the land under a sub-lease or builds a plant in the park to engage in manufacturing, carry out agriculture activities or provide services

Investors may apply to the Investment Commission for the designation of an undeveloped or a developed land as an industrial park

Main rights and benefit

- Tax and labor incentives
- The Government of Ethiopia grant land at a very low (token) price to industrial park developers and industrial park enterprises that want to enter into a sub-lease agreement
- Industrial park developers/operators/enterprises have the right to mortgage their developed land and other immovable or movable assets
- Investors benefit from special procedural protection (in addition to the ordinary remedies available to all investors) to complain against administrative measures taken against them
- One-stop administrative offices established at the industrial parks, e.g., tax offices, banks and other facilities that can assist investors in their application for licenses. Furthermore, the Government of Ethiopia builds and provides access to the site's facilities such as water, power, roads and telecommunications

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Industrial Parks 2/2

Main incentives

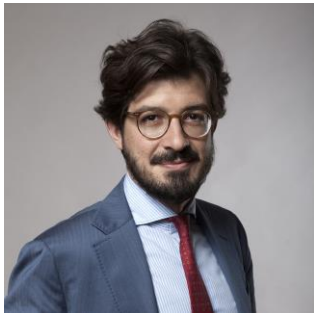
Income tax exemption	• Industrial park developers are exempted from income tax for 10 years if the park is developed within Addis Ababa or certain zones of Oromia (surrounding Addis Ababa) and for 15 years if elsewhere • Industrial park enterprises are exempted from income tax as follows for a certain period, depending by the sector of activity (from 1, up to a maximum of 6 years) • Industrial park enterprises that invest in an industrial development zone are entitled to a tax exemption for an additional 2 years if the investment is made in an industrial zone in Addis Ababa or certain zones of Oromia surrounding Addis Ababa or to 4 years additional income tax exemption if the investment is made in an industrial zone located in other areas, provided that at least 80% the products are exported or supplied as production input to an investor that exports the products
Customs duties	• Exemptions of up to 100% on imports of capital goods: exempted industrial park developers and enterprises may import capital goods duty free if the investment is in manufacturing or agriculture: • The investor may re-export the duty-free imported capital goods etc. • No custom duties are applied on spare parts up to 15% of the total value of the imported investment capital goods • Exempted investors that buy capital goods or construction materials from local manufacturers are refunded the customs duty paid for raw materials and components used in the manufacturing process
Loss carried forward	• Industrial park developers and industrial park enterprises can carry losses forward • Investors that suffer losses during the income tax exemption period can carry them forward after the expiration of the income tax exemption period for half of such tax exemption period
Labour	• Work permits and certificates of residency are arranged by a 'one-stop shop' within the parks • Incentives for training and retraining of personnel

Disclaimer

The principles and the information provided herein represents a brief and non exhaustive summary of the Ethiopian legal framework. This overview on the Ethiopian legal framework (and industrial parks), is not a legal opinion. All legal aspects related to any potential investment in Ethiopia, should be assessed with the assistance of an Ethiopian lawyer, on the basis of the specific information provided by the investor and of the then in force laws and regulations.

BonelliErede and Tameru Wondm Agegnehu Law Office cannot be deemed liable for any investment decision should have been taken on the basis of the information provided in this presentation.

Contacts



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