

D.Table 8.8-2

Cost of Land

In Ethiopia, land is a public property. Both urban and rural land is available for investment on leasehold basis. Lease right over land can be transferred, mortgaged or sub-leased together with on-built facilities.

Urban Land

Lease prices of urban land are determined either through auction or negotiation. Leaseholders have the right to use urban land from 50 to 99 years depending on the purpose of using the land and location. Information regarding average lease prices, maximum lease holding periods, modalities of lease price payments and other data for urban land in **Addis Ababa** and some regional states is presented below.

Location	Type of activity	Price in Birr/m²
Kality	Industry	205 - 240
	Commercial	600 - 700
Gurd shola/ Bisrate Gebriel	Industry	335.50
	Commercial	831 - 1080
Around CMC (Kotebe)	Commercial	700
Asmara road	Commercial	1,500 - 1,700
Legahare/National Theatre	Commercial	3,000 - 3,600
Piazza	Commercial	1,500 - 2,000
Merkato	Commercial	3,000 - 4,300
Bole road	Commercial	2,000 - 2,100

Source: Addis Ababa Lease Office

As part of promoting the development of infrastructures in Addis Ababa, significant reduction in lease prices are made for investments in some social infrastructures in the City.

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Type of investment	Amount to be paid out of lease price
General hospital	15%
Health center	5%
Maternity and pediatrics hospital	5%
Special hospital	30%
Kindergarten	35%
Grade 1 - 8 school	20%
Kindergarten - grade 12 school	15.65%
Grade 1-12 school	13.5%
Grade 9 - 12 school	7 %
Technical and vocational school	Free
College level education	Free
Physical fitness, sport & culture	0-50%

Source: Addis Ababa Lease Office

Lessees may choose to pay the amount of lease price at the signing of lease contract or periodically with bank compound interest on the unpaid portion over years as indicated in the following table.

Type of activity	Maximum lease period in years	Modality of lease payment
Educational, science, technology, culture, Health and sport	90	Within 20 years (For culture, sports & education)
Industry	60	Within 30 years
Rental dwelling houses	60	Within 30 years
Other businesses	50	Within 15 years

Source: Urban Land Lease Holding Regulations, Region 14 Administration Regulations No.3/1994

Tigray Region

The Tigray Region has divided lease prices of urban land into three levels of investment categories as indicated in the following table. The investment activities falling in each of these categories are selected based on the Region's development strategy and priority investment activities. In addition, the Region is establishing industrial zones in four towns, namely **Mekele, Adigrat, Adowa and Axum**.

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Type of investment	Annual lease price in Birr/m²			
	Mekele	Adigrat	Adowa	Axum
First level priority	2.00	1.25	1.25	1.25
Second level priority	2.50	1.75	1.75	1.75
Third level priority	3.00	2.25	2.25	2.25

Note:

1. A down payment of 5% of the total amount of the lease price is required to be paid within three months starting from the date of signing the lease contract.
2. Land is also provided without lease auction for investment projects that are expected to play a decisive role in the development of the Region. Investments in education and health services could be beneficiaries of this option.

Source: Tigray Region Investment Bureau

Oromia Region

The towns in Oromia Region are divided into four grades depending on their development level and business activities. Specific land sites in each town are also categorized up to five grades, depending on the location and development level .

First grade towns are Nazareth, Debrezeit, and Jimma. Second grade towns include Shashemene, Ziway, Mojo, Sebeta, Burayu, Holota and Sendafa.

The following table indicates the minimum land lease prices for the first and second grade towns; and first, second and third grade land in each town.

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Grade of town	Grade of land	Land size in m ²	Minimum price in Birr/m ²	
			Commerce and related services	Industry, storage, Education, culture sport and others
First grade town	First grade	up to 350 351-550 more than 550	5.44	1.48
			6.32-7.20	1.70-1.92
			8.08	2.14
	Second grade	up to 450 451-750 more than 750	4.08	1.44
			4.74-5.40	1.66-1.88
			6.06	2.10
	Third grade	up to 650 651-1,100 More than 1100	2.72	1.40
			3.16-3.60	1.62-1.84
			4.04	2.06
Second grade town	First grade	up to 450 450-750 more than 750	4.08	1.44
			4.74-5.40	1.66-1.88
			6.06	2.10
	Second grade	up to 650 651-1,100 more than 1,100	2.72	1.40
			3.16-3.60	1.62-1.84
			4.04	2.06
	Third grade	up to 1,300 1,301-2,200 more than 2,200	1.36	1.36
			1.58-1.80	1.58-1.80
			2.02	2.02

Source: Oromia Works and Urban Development Bureau.

In Oromia Region, lease-holding period is relatively high for low-grade towns.

Type of activity	Minimum lease holding period in years	Modality of lease price payment
Rental houses	60	Within 35 years
Industry	70	Within 35 years
Cultural, science, sport, health and education	95	Within 25 years
Other business	60	Within 15-20 years

Note: There is no down payment requirement for pioneer and promoted investment activities in Oromia. List of pioneer and promoted investment activities are indicated in a regulation that provides investment incentives (Regulation No. 7/1996 along with its amendments).

Source: Oromia Works and Urban Development Bureau

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Amhara Region

The towns to which urban land lease-holding system currently applies in Amhara Region are Bahir Dar, Dessie and Gondar. The different sites and localities within these towns are also categorized under various grades.

Grade of land	Lease price in Birr/m²
First grade	80-140
Second grade	60-120
Third grade	40-80
Fourth grade	20-50
Fifth grade	13-23

Source: Investment Office of the Amhara National Regional State

In addition, the average lease prices of land obtained through auction in these towns are presented in the following table

Grade of land	Lease price in Birr/M²		
	Gondar	Bahr Dar	Dessie
First grade	125	300	500
Second grade	90	120	300
Third grade	55	60	150
Fouth grade	35	30	60
Fifth grade	21	15	24

Note: The lease price payment period for urban land in the Amhara Region is up to 40 years for industry, rental houses, social and cultural enterprises while it is up to 30 years for commerce.

Source: Investment Office of the Amhara National Regional State

Rural Land

Generally, the rental value and the lease period of rural land are determined and fixed by land use regulation of each region. Accordingly, the prices of rural land for selected regions are indicated below.

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Oromia Region

Grade	Location/zone	Distance from main road in kms and price in Birr/Hctar /year				
		<10	11-25	26-40	41-55	>55
1	East Shoa, West Shoa and Arsi	135	129.60	124.42	119.44	114.66
2	Jimma, North Shoa and East Hararghe	114.75	110.16	105.75	101.52	97.46
3	East Wollega, West Hararghe, and Bale	97.54	93.64	89.89	86.29	82.82
4	Illubabor, Borona, and West Wollega	82.91	79.59	76.41	73.35	70.40

Note: 1. For investments in forestry, land is provided free of lease price. 2. Land is also provided free of lease price for the first four years for investments in coffee, tea, and other permanent crops plantation.
Source: Investment Office of Oromia.

Amhara Region

Location /Zone/	Price in Birr/Hectar/Year
Norh Gondar	44.88-83.29
South Gondar	56.36-81.25
Oromia	70.55-74.46
Wag-Himra	55.29-61.06
North Wollo	50.70-71.92
South Wollo	55.02-75.75
East Gojjam	59.90-63.00
West Gojjam	54.73-84.00
North Shoa	53.32-78.80
Awi	65.60-72.71

Source: Investment office of the Amhara National Regional State

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Southern Nations, Nationalities and Peoples' Region (SNNPR)

Location/Zone/	Price in Birr/Hectar/Year	
	First grade land	Second grade land
Sidama	117	71
Gurage	105	64
Hadiya	103	62
Kenbata-Alaba-Tenbaro	100	61
Gedeo	86	52
North Omo	78	47
Yem	76	46
Derashie	63	38
Kaficho-Shekicho	63	38
Amaro	59	36
Burji	58	36
Konso	52	36
Bench-Maji	49	30
South Omo	49	30

Source: Southern Nations, Nationalities and Peoples' Region Investment Office.

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Labour Cost

Generally Wages and salaries vary depending on the size of the enterprise, type of profession and level of skill required. They are determined by the agreement between the employer and the employee. Indicative ranges of wages and salaries currently applicable by the private sector are presented below.

Job Category	Starting Salary Range (Birr/Month)	
	Lower job title	Higher job title
A. Service Operatives		
Cleaner/Guard	120-250	250-500
Driver	250-500	500-1500
Factory laborer	200-400	
Machine operator	350-500	500-850
Foreman	600-800	750-1550
Clerk	250-750	450-1000
B. Service Clerk & Secretaries		
Personnel clerk	220-550	550-800
General service clerk	250-700	700-900
Secretary	450-850	850-2000
C. Service Professionals		
Accountant	550-950	950-2500
Auditor	600-1250	1250-2400
Nurse	600-1000	1000-2000
Legal expert	850-1500	2100-2400
System/data analyst	1000-1600	1600-2750
D. Production /Operation Professionals		
Storekeeper	250-700	700-1700
Purchaser	350-750	750-1500

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Procurer		1500-2200
Production and maintenance engineer	950-1700	1700-2750
Mechanic	400-900	900-1500
Electrician	400-750	750-1700
Salesman	500-800	800-1500
Market/Research analyst	800-1200	1200-1850
Quality controller	1100-1500	1500-2500
Laboratory technician	550-1000	1500-1300
E. Management Level		
Section Head/Supervisor	900-1600	1600-2500
Division Head	1000-2200	2200-3700
Department Head	2000-3500	3500-5500
General Manager		5000-7000
Executive/ Managing Director		7000-7500

Source: EIA Estimates and East African Investment Security PLC.

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Building Cost

Cost of building generally defers by type of construction materials used, type of foundation, wall height, and location. The following table shows current building costs in Addis Ababa.

Building type	Price in Birr per M ²	Remark on building materials
Big factory building	2500-2600	EGA roof, HCB wall, cement tile floor, chip wood ceiling.
Simple storage building	1200-1300	HCB wall, EGA roof, terrazzo tiles
Apartment building up to four stories	2000-2200	CIS roof, plastic tiles, marble cladding, aluminum windows.
Tower building with elevator facilities	3300-3500	Two passenger elevators, EGA roof, plastic and terrazzo floors.
Residential G+1 building	1100-1350	CIS roof, plastic tiles, plastered and painted finish, metal doors and windows.
Residential villa type building (bricks)	1450-1500	CIS roof, plastic floor finish, cement tiles, metal doors and windows, chip wood ceiling.
Residential villa type building (HCB)	1350-1450	CIS roof, plastic floor finish, cement tiles, metal doors and windows, chip wood ceiling.

Note: The rates do not include the cost of site works involved.

Source: Construction and Business Bank

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Electricity Tariff

Energy Tariff

The price of electricity varies according to different categories of users. There are also different tariff categories and blocks within each user category. The "domestic" tariff category includes dwelling houses, government schools, health institutions, religious places, libraries, research centers and water service centers. The "general" category includes government offices, private offices, international organizations, embassies, and most business sectors excluding industries. Industries are included in the third, fourth and fifth categories. The current tariffs for different categories and blocks are indicated below:

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Tariff Category and Block Identification	Consumption in kwh	Birr/kwh
1. Domestic		
First Block	First 50 kwh	0.2730
Second Block	Next 50 kwh	0.2921
Third Block	Next 100 kwh	0.4093
Fourth Block	Next 100 kwh	0.4508
Fifth Block	Next 100 kwh	0.4644
Sixth Block	Next 100 kwh	0.4820
Seventh Block	Above 500 kwh	0.5691
2. General		
First Block	First 50 kwh	0.4990
Second Block	Above 50 kwh	0.5691
3. Low Voltage Time-of- Day Industrial Tariff Code 41/46 (< 380 V)		
Equivalent Flat Rate		0.4736
Peak hours		0.6087
Off-peak hours		0.4455
4. High Voltage Time-of- Day Industrial Tariff code 42/47 (< 15 kv line)		
Equivalent Flat Rate		0.3349
Peak hours		0.4168
Off- peak hours		0.3224
5. High Voltage Time-of- Day Industrial Tariff code 44/49 (132 kv line)		
Equivalent Flat Rate		0.3119
Peak hours		0.3882
Off- peak hours		0.3003

Service Charge

There is also a service charge that a customer pays together with the energy price for the services provided by the Corporation. Service charge rates also vary according to the categories and blocks of users.

Source: Ethiopian Electric Power Corporation (EEPCO).

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WATER RATES

In Addis Ababa, water charges vary depending on the tariffs set for different consumption brackets. In addition to water charge, a fixed amount of counter (meter) rent is also regularly payable.

Consumption per two months	Charges in Birr/m³
1 - 15 m ³	0.50
16 - 40 m ³	0.83
Above 40m ³	1.67

Source: Addis Ababa Water and Sewerage Authority.

TELECOMMUNICATION RATES

The construction, operation, maintenance and expansion of telecommunication services are performed by a public enterprise – the Ethiopian Telecommunication Corporation (ETC). The Corporation also provides domestic and international telephone, telex, telefax, and other communication services. The rates for different telecommunication services are indicated below.

For ordinary telephone line: Birr 305

Installation charge for main or extension lines connected to a PABX varies according to the capacity of the PABX and number of extension lines connected there to. Installation and other charges for a key telephone system that connects up to 20 extension lines are as follows:

Installation charge: Birr 2,485

Testing and measurement fee: Birr 115

Hunting /search/ facility: Birr 100

Monthly rental

For each ordinary telephone line:

Residence: Birr 8.00

Business: Birr 17.00

For each main line connected to a PABX: Birr 17.00

For each extension line connected to PABX: Birr 9.00

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Calls between same rate zones:

Line distance in Kms	Normal charge	Reduced charge
For distance up to 20 kms	0.25	-
From 21 - 50 kms	0.35	-
From 51 - 100 kms	0.60	-
Above 100 kms	0.80	0.70

Note: Normal charges apply from 8:00 a.m. - 8:00 p.m. and reduced charges apply from 8:00 p.m. - 8:00 a.m. and on Sundays.

Calls between two places in different rate zones:

Line distance in Kms.	Normal charge	Reduced charge
101 - 500	0.80 - 1.40	0.70 - 0.90
501 - 1,100	1.85 - 2.75	1.15 - 1.85
1,101 - 1,700	3.20 - 4.15	2.20 - 2.90
1,701 - 2,300	4.60 - 5.50	3.20 - 3.90

Additional charges for manual calls

Urgent calls: Double the charge for manual calls

Lightning calls: Three times that for ordinary calls

Automatic calls

Local calls: Local automatic calls are charged Birr 0.20 per six minutes.

Trunk calls: Trunk automatic calls are charged Birr 0.20 per pulse interval. The pulse intervals are distance sensitive and the following table shows normal and reduced pulse intervals in seconds for each airline distance.

Airline Distance in Kms	Normal	Reduced
1 - 15	360	360
16 - 50	60	60
51 - 80	40	60
81 - 130	20	30
131 - 200	15	20
201 - 300	12	18
301 - 400	10	15
401 - 550	8	12
551 - 700	6	9
Over 700	5	8

Mobile telephone service

ETC has launched digital mobile telephone service as of April 1999. The technology used is Global System for Mobile Communication (GSM) that would cover Addis Ababa and its environs in the first phase. The road to Sodere and Nazareth as well as the main regional towns would be covered in the next phase.

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The current rates for a mobile telephone for business purposes are:

Subscription fee: Birr 597.30

Deposit for security Birr 408

Monthly rent: Birr 50

Mobile terminal: Birr 1,551

Local calls: Birr 0.75 per minute

Long distance calls: Birr (X + 0.75) per minute

International calls: Birr (Y +0.75) per minute

Note: X and Y are tariffs for local and international calls from normal (fixed) telephone respectively.

Telex

Network access charge:

Charge	In Addis Ababa	Out of Addis Ababa
Installation Charge	Birr 1,490	Birr 2,790
Monthly Rental	Birr 145	Birr 225

Network utilization (call charges)

Local calls: Birr 0.20 per minute

Inter urban telex calls:

Distance in Kms.	Birr/minute
up to 200	0.20
201 – 700	0.30 - 0.50
701 - 1,300	0.60 - 0.80
1,301 - 1,700	0.95 - 1.05
Above 1,700	1.15

Telegraph

Ordinary: Birr 0.10 per word

Urgent: Birr 0.20 per word

Fax

Network access charge

Provided fax machine is made available by the subscriber and installed and maintained by the ETC, the following charges are applied:

Installation charge: Birr 195

For a new direct telephone: Birr 305

Monthly fee for equipment maintenance: Birr 43

Monthly fee for direct telephone line: Birr 17

Network utilization (call charges)

The local and international call charges are the same as automatic telephone rates.

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International Rates

Telephone

International Direct Dialing (IDD)

African average: Birr 18 per minute

European average: Birr 13.50 per minute

Asian and Oceanian average: Birr 21.90 per minute

American average: Birr 21.90 per minute

Operator Assisted International Calls

Operator assisted international calls are charged on a 3+1 basis. Hence, a minimum charge of three times the IDD price is levied on a period which constitute three minutes.

Telex

International telex call charges are:

African average: Birr 7.50 per minute

European average: Birr 7.50 per minute

Asian and Oceanian average: Birr 10.00 per minute

American average: Birr 10.00 per minute

Telegraph

Ordinary Charges

African average: Birr 2 per word

European average: Birr 1.20 per word

Asian and Oceanian average: Birr 1.45 per word

American average: Birr 2.50 per word

Urgent Charges

Urgent charges are double that of ordinary charges.

E-Mail and Other Internet Service Charges

For bodies that need own access to Internet

Subscriber Category	Connection fee (in USD)	Monthly fee (USD)	Charge/hour (USD)	Free on line (hours /month)
Individuals	56 – 75	19 - 43	4	8 - 15
Business	113	75	4	40
Others	38 – 113	25 - 75	2	40

Cyber Cafe Service

E-mail service: Birr 3 per page

Other Internet service:

Birr 10 for the first 15 minutes and

Birr 3 for additional 5 minutes thereafter.

Source: Ethiopian Telecommunication Corporation (ETC).

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Taxes

Custom Duty

Custom duties, which currently range from 5-40%, are payable on imports by all persons and entities which have no duty-free privileges. Custom duty rates of some selected goods are indicated below:

No.	Items	Custom duty (%)
1	Live animals and products	10-40
2	Vegetables, fruits and cereals	5-20
3	Prepared food products	30-40
4	Beverages	40
5	Pharmaceuticals	5-10
6	Organic chemicals	5-10
7	Tanning or dyeing extracts, dyes, pigments and other coloring materials, paints and varnishes, putty and other mastics, inks	5-30
8	Primary cells and primary batteries	20
9	Leather and leather articles	40
10	Plastic and articles thereof	5-40
11	Articles of apparel and clothing accessories, knitted or crocheted	40
12	Footwear, gaiters and the like	40
13	Articles of stone, plaster, cement, asbestos, mica or similar materials	10-40
14	Glass and glass ware	20-40
15	Optical, photographic, medical or surgical instruments and apparatus, parts there of	5-40
16	Articles of iron or steel	10-20
17	Wire, rods, tubes, plates, electrodes and similar products of base metal or of metal carbides used for soldering, brazing, welding or deposition of metal or metal carbides, wire and rods of agglomerated base metal powder used for metal spraying	5
18	Boilers, machinery and mechanical appliances, parts thereof	5-30
19	Electrical machinery, equipment, parts thereof	5-30
20	Motor vehicles for the transport of ten or more persons including the driver and motor vehicles for the transport of goods not exceeding 1,500 kg.	40
21	Paper and printed materials	20

Note: In addition to custom duty, sales tax and excise taxes for selected goods are also payable if the importer does not have import duty exemption privileges.

Source : Ministry of Finance

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Sales Tax

In the Sales and Excise Tax Proclamation No.68/1993, it is indicated that sales tax is paid by the producer, importer or a person rendering service as the case may be. The Proclamation indicates that the rate is 5% for selected lists of agricultural and essential goods such as live animals and animal products, vegetables and fruits, unprocessed cereal foods, pharmaceuticals, books and other printed materials, hides, skins and cotton. Sales tax is 12% for all other products. Sales and Excise Tax Proclamation No. 149/1999 (Amendment) stipulates that services rendered locally by contractors/financial services and by others are liable to sales tax of 5% and 12% respectively.

Excise Tax

Sales and Excise Tax Proclamation No. 149/1999 (Amendment) indicates that, excise tax is levied on selected items when produced locally or imported. The tax rate ranges from 10% to 150% depending on the nature of the goods. List of all goods currently liable to excise tax along with their tax rates is indicated below:

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No.	Items	Excise tax (%)
1	Any type of sugar excluding molasses	33
2	Drinks	
	2.1 Mineral water	40
	2.2 All types of soft drinks except fruit juices	80
	2.3 Powder soft drinks	80
	2.4 Alcoholic Drinks	
	2.4.1 All types of beer and stout	150
	2.4.2 All types of wine	50
	2.4.3 Other Alcoholic drinks	50
3	Pure alcohol	150
4	Tobacco and Tobacco Products	
	4.1 Tobacco leaf	20
	4.2 Cigarettes, cigar, cigarillos, pipe tobacco, snuff and other products	75
5	Salt	30
6	Fuel-Super Benzene, Regular Benzene, Petrol, Gasoline and other Motor Spirit	30
7	Perfumes	100
8	Leather	
	8.1 All types of tanned or dressed leather	20
	8.2 All types of fur skin, tanned or dressed	50
9	Textile	
	Textile fabrics, knitted or woven of natural silk, rayon, wool or other similar materials	10
	Textile of any type partly or wholly made from cotton, which is gray, white, dyed or printed, in pieces of any length or with (except "Abudgedid") and including blankets, bed-sheets, counterpanes, towels, table clothes and similar articles	10
10	Various types of personal adornment of any origin	60
11	Dish washing machines for domestic use	80
12	Washing machine of a kind used for domestic purposes	30
13	Video decks, television or video cameras	40
14	Television broadcast receiver whether or not combined with gramophone, radio, or sound receivers and reproducers	10
15	Motor passenger cars, Station Wagons, utility cars, and similar vehicles (including motorized caravans), whether assembled, together with their appropriate initial equipment:	
	15.1 Up to 1,300 c.c.	30
	15.2 From 1,301 c.c. To 1,800 c.c.	60
	15.3 Above 1,800 c.c.	110
16	Land rovers, Jeeps and other four-wheel drives	50
17	Goods made of plastic	20
18	Carpets	30
19	Asbestos and asbestos products	20
20	Clocks and Watches	20
21	Dolls and Toys	20

Note: The rate will be reduced to 40% in the case of soft drinks, where production has increased by 70% or new factories thereof are established.

The rate will be reduced to 50%, in the case of beer, where production has increased by 50% or new

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breweries are established.

Source: Ministry of Finance.

Corporate Income Tax

As indicated in the Income Tax Proclamation No. 36/1996 (Amendment), organizations or companies pay 35% of their taxable income as profit tax or business income tax.

Income Tax by Individual Entities

Income Tax Proclamation No. 107/1994 (Amendment) indicates that individual entities (except building lessors and those engaged in mining) pay income tax as per as the following table:

Annual taxable income (in Birr)	Tax rate on every additional income (%)
Up to 1,200	Exempt
1,200 - 6,000 on the next 4,800	10
6,000 - 15,600 on the next 9,600	15
15,600 - 30,000 on the next 14,400	20
30,000 - 50,000 on the next 20,000	30
Over 50,000	40

Source: Ministry of Finance

Rental Income Tax

As indicated in the Income Tax Amendment Proclamation No.62/ 1993, tax on income derived from rent of houses or office buildings, manufacturing plants, materials and goods, etc. is payable as indicated below. The tax is computed on the basis of annual rent income after deducting allowable expenses.

Annual Taxable Income (in Birr)	Tax rate on every additional income (%)
Up to 1,200	Exempt
1201 - 6000	10
6001 - 12,500	15
12,501 - 21,500	21
21,501 - 33,500	28
33,501 - 50,000	36
Over 50,000	45

Source: Ministry of Finance

Royalty Payments

Income Tax Amendment Proclamation No.155/1978 indicates that a tax of 40% is paid on income derived from technology and intellectual property rights. Furthermore, the Council of Ministers Regulation No. 182/1994 on Mining Operation exacts royalty payments of 5% for precious minerals, 3% for metallic and non-metallic minerals including construction minerals and 2% for geothermal deposits.

Mining Income Tax

As per Mining Tax Proclamation No. 23/1996 (Amendment), a holder of a large scale or small scale mining license shall pay 35% income tax on the taxable income.

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Dividend Income Tax

The Council of State Special Decree No. 18/1990 issued to amend the Income Tax Proclamation indicates that 10% of income tax shall be paid on dividend to shareholders.

Export Tax

There are no taxes on export products and services from Ethiopia except on raw coffee.

Employment Income Tax

The Income Tax Proclamation No. 107/1994 (Amendment) indicates that income tax from employment is payable as per the following table. The tax rate is progressive for all income.

Taxable Monthly Income (in Birr)	Tax rate (%)
The first 120	Exempt
121 – 600	10
601 - 1,200	15
1,201 - 2,000	20
2001 - 3,000	30
Over 3,000	40

Source: Ministry of Finance.

Capital Gains Tax

The Capital Gains Tax Proclamation No.108/1994 demands that this tax is paid up on the sale of shares and bonds or urban houses. As indicated in the Proclamation, 30% of the gains realized is paid as a capital gains tax. Annual gains not exceeding Birr 10,000 is exempted from this tax. However, as per Article 20-2 of the Investment Proclamation No. 37/1996, this tax is not applicable to remittances of proceeds of foreign investors from sale or liquidation of an enterprise, and from transfer of shares or of partial ownership of an enterprise to a domestic investor.

D.Table 8.8-2**Stamp Duty**

The stamp duty rates are either fixed or depend on the values of the right or obligation executed by means of the instrument. The list of instruments liable to stamp duty and their corresponding rates are presented below.

No.	Instruments Chargeable with Stamp Duty	Stamp Duty Rates
1	Memorandum and Articles of Association of any business organization or any association (a) Upon first execution (b) Upon any subsequent execution	Birr 350 Birr 100
2	Memorandum and Articles of cooperatives (a) Upon first execution (b) Upon subsequent execution	Birr 35 Birr 10
3	Award	(a) With determinable value 1 % (b) With undeterminable value Birr 35
4	Bonds	1 % of value
5	Warehouse Bond	1 % of value
6	Contracts and agreements and memoranda thereof	Birr 5
7	Security Deeds	1 % of value
8	Collective Agreement (a) On first execution (b) On any subsequent execution	Birr 350 Birr 100
9	Contract of Employment	1 % of salary
10	Lease including sub-lease and transfer thereof	0.5% of value
11	Notarial Act	Birr 5
12	Power of Attorney	Birr 35
13	Register title to property	2 % of value

Source: Stamp Duty Proclamation No. 110/1998

D.Table 8.8-2

Road Transport Costs

Dry Cargo Rates

The tariffs vary from place to place, season to season and are also subject to market changes. The following are the average freight rates for selected routes for the month of February 1999:

Origin	Destination	Distance in Kilometer	Average Rates (in cents per quintal per Km)
Addis Ababa	Djibouti	984	3.32
Djibouti	Addis Ababa	984	4.57
Addis Ababa	Jimma	346	3.98
Jimma	Addis Ababa	346	3.60
Addis Ababa	Dire Dawa	515	3.97
Dire Dawa	Addis Ababa	515	3.43
Addis Ababa	Mekele	783	4.68
Mekele	Addis Ababa	783	2.86
Addis Ababa	Nekemte	327	4.21
Nekemte	Addis Ababa	327	3.54
Addis Ababa	Debre Markos	299	3.69
Debre Markos	Addis Ababa	299	3.66
Addis Ababa	Awassa	273	3.52
Awassa	Addis Ababa	273	3.39
Addis Ababa	Metu	600	3.47
Metu	Addis Ababa	600	3.60
Addis Ababa	Robe	422	3.50
Robe	Addis Ababa	422	3.65
Addis Ababa	Dessie	401	3.31
Dessie	Addis Ababa	401	3.25
Addis Ababa	Gondar	738	4.03
Gondar	Addis Ababa	738	3.43

Source: Road Transport Authority.

D.Table 8.8-2

Liquid Cargo Rates

The current indicative rate obtained from AGIP Ethiopia, one of the companies engaged in fuel import and distribution, is presented below.

Description	White products (Cents/ Liter/ Km)	Fuel Oil (Cents/ Liter/ Km)
Paved Road	0.032356	0.035268
(Asphalt):	0.069325	0.075594
Truck with trailer		
Single trailer		
Gravel Road:	0.037240	0.040592
Truck with trailer	0.069352	0.075594
Single trailer		
Town Delivery	0.90	
From Djibouti to Dire Dawa	15	

Note: White products are Benzene, Kerosene and Gas oil.

Source: AGIP Ethiopia Share Company.

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