

Export Procedures

Businesses that wish to export from Ethiopia should know the export procedures needed to obtain export permit by commercial banks; should prepare Application for Quality Testing and Certification to obtain Export Authorization Certificate from the Quality and Standards Authority of Ethiopia; should fill the Customs declaration. We have included all these export procedures in Ethiopia and also the VAT registration for exporters from Ethiopia and VAT rate applied on goods exported from Ethiopia.

Export permit by commercial banks

Documents required for Export Permit Approval: (taken from Dashen Bank)

- Duly signed contract by seller & buyer
- Undertaking letter of our customer that consignment will be settled within a maximum of 90 days from date of the Foreign Exchange Permit for Cash Against Document (CAD) mode of payment and Authenticated message of L/C opened for Letter Credit mode of Payment.
- Seller's invoice
- Export License Valid for the year
- Tax registration certificate (TIN certificate)
- Export permit application form duly filled, signed & stamped (as appropriate) by the customer.
- NBE (National Bank of Ethiopia) issues delinquent list of exporters periodically. Customer's name should not appear in the delinquent exporters list of NBE for the period. If the name appears, there should be subsequent list indicating the given customer has cleared all outstanding items at NBE.

In regards to payment, the exporters should:

- Know thoroughly the foreign counterpart's (buyer's) financial soundness, reliability, integrity, full address, etc.
- Sales/Purchase contract should exist between the two parties (importer and exporter).
- (LC Mode of Payment) Go through text of L/C opened in their favor and make sure that compliance can be met without doubt. Otherwise, amendments need to be requested from opener as soon as L/C has been received or at the earliest – long before shipment of consignments.
- (CAD Mode of Payment) Follow up the payment, as nonpayment or even delay of remittance above 90 days will put name of exporter in delinquent list freezing further exports until proceeds are received.

Application for Quality Testing and Certification:

When export products are ready, make arrangements for suitable packaging and apply to the Quality and Standards Authority of Ethiopia for quality testing, and acquire the Export Authorization Certificate.

Customs Declaration:

To avoid costly delays, the exporter declares all facts about the export consignment, and all supporting original documents should be forwarded to the Customs Clearing Agents to enable customs formalities and authorization of the dispatch of the export goods. Accordingly, the exporter must hand over the Export Permit, the copy of the Customs Declaration Annex form, the Ethiopian Customs Declaration form, the Certificate of Origin, and the special movement forms/certificates (the EURI Movement Certificate and the GSP form A) to the clearing agents.

Exporters, VAT and VAT Registration

According to the Value Added Tax Proclamation (285/2002) and the Regulation by the Council of Ministers on VAT (Regulation 79/2002), all exports of goods and services are liable to VAT at the zero rate. This means that VAT is charged at 0% (or no VAT has to be charged). However, more importantly an exporter is entitled to reclaim the VAT on all the goods and services purchased to produce the exports.

But since this still means an exporter is still making taxable supplies even at a zero rate, the law requires the exporter to register if the turnover exceeds the registration limits.