



LEGAL UPDATES

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Parliament released a draft amendment to the Customs Proclamation

Introduction

The Ethiopian Parliament has released a draft second amendment to Customs Proclamation No. 859/2014 (the “Original Proclamation”), signaling a new phase in customs law reform. The Original Proclamation, later amended by Proclamation No. 1160/2019, established Ethiopia’s customs framework and addressed earlier regulatory gaps. This draft proposes further changes that, if enacted, would represent another key step in modernizing Ethiopia’ customs legal regime.

This legal update highlights the key changes introduced by the draft amendment.

Executive Summary

The draft amendment introduces a more agile and technology-driven customs regime, designed to facilitate trade while strengthening regulatory oversight. It enhances flexibility for importers through measures such as partial goods release, reduced financial burdens in appeals, and expanded access to guarantees, while simultaneously empowering authorities with advanced inspection tools, re-examination rights, and clearer enforcement mechanisms. At the same time, the shift toward market-aligned exchange rates and stricter compliance frameworks signals a more disciplined and risk-sensitive system. Overall, the reform reflects a deliberate balance between trade facilitation and regulatory control.

1. Key Proposed Changes

Here are the 14 points we have identified;

1.1. Customs Inspection and Re-examination

In the current law, the Commission's inspection authority was general and largely manual, without clear provisions on how the examination is conducted. The amendment introduces a structured, risk-based, and technology-driven approach, allowing full or partial inspections with sampling determined by directive, formal use of scanners, laboratory analyses, and other alternative methods, and documentary examination as an independent verification tool, reducing reliance on physical inspection. It also introduces the working of re-examination, granting the Commission explicit authority to double-check goods or documents even after they have passed the initial inspection.

1.2. Partial Release of Goods

The draft law allows for the partial release of goods declared under a single declaration where the declarant is unable to pay the full amount of tax at once. In such cases, goods may be released proportionate to the taxes paid, with the remaining goods held until outstanding liabilities are settled.

1.3. Reduced Clearance Period for Imported Goods

1.4. The time limit for clearing goods imported by sea or land is reduced from 60 days to 45 days, except in cases involving customs control, administrative delays, or force majeure. For goods imported by air, the existing 30-day clearance period remains unchanged, subject to extension under similar circumstances. **Removal of Warehoused Goods Grace Period**

The draft removes the existing 7-working-day grace period for collecting goods transferred to government warehouses after missed clearance deadlines. No alternative timeframe is specified.

1.5. Use of Proceeds from Confiscated Goods;

The draft directs that proceeds from the sale of confiscated contraband be allocated toward capacity-building initiatives, in accordance with directives issued by the Ministry of Finance, replacing the previous allowance for transfer to charitable organizations.

1.6. Valuation of Imported Software on Storage Media

A specific rule is introduced for determining the customs value of imported storage media containing software. The value will be limited to the value of the physical storage medium, excluding the value of the software, provided that the declarant submits sufficient documentation clearly distinguishing the two. In the absence of such separation, the total invoice will apply.

1.7. Shift to Accepted Declaration and Indicative Exchange Rate

The draft changes the timing of exchange rate determination from the point of declaration registration to the point of customs acceptance. It also replaces the fixed "official" exchange rate

with a more flexible “indicative” rate aligned with market conditions, exposing importers to potential fluctuations.

1.8. Removal of Mandatory Re-exportation

The automatic requirement to re-export goods that fail to meet origin marking requirements (i.e., non-compliant goods, such as those without proper country-of-origin labels) is removed. Instead, the Ministry of Revenues is empowered to determine the appropriate treatment of such goods through directives.

1.9. Enhanced Regulation of Preferential Origin

The draft strengthens the legal framework governing preferential tariff treatment by establishing trade agreements as the exclusive legal basis, requiring verifiable proof of origin, and assigning the Customs Commission responsibility for issuing, verifying, and administering origin documentation.

1.10. Amendment on Customs Guarantees

The use of written undertakings as an alternative to cash or bank guarantees is extended beyond public bodies to include State-Owned Enterprises (SOEs) and Authorized Economic Operators (AEOs), enhancing financial flexibility.

1.11. Amendment to Refund Claim Period

The draft clarifies that the one-year period for submitting refund claims begins from the date the customs declaration is completed in the system, or from the date of deletion where goods do not enter the country, thereby reducing ambiguity.

1.12. Means of Transport in Forfeiture Cases

The draft introduces the possibility of forfeiting means of transport used in contraband activities, regardless of the value of the goods involved, while ensuring that the owner is given notice and an opportunity to be heard.

1.13. Amendment to Tax Appeals Commission

The requirement to pay disputed tax as a precondition for appeal is reduced from 100% to 50%, easing the financial burden on taxpayers and improving access to the appeals process.

1.14. Shift in Penalty Determination

The draft removes fixed monetary penalties and delegates authority to the Council of Ministers to determine fines through regulations, allowing for greater flexibility and responsiveness to economic conditions.

2. Conclusion

Taken together, the proposed amendments signal a decisive shift towards a more modern, responsive, and strategically aligned customs framework. Beyond individual technical changes, the reform reflects a broader policy direction, one that prioritizes efficiency, leverages technology, and

embeds risk-based oversight at the core of customs administration. For businesses, this will require a more proactive and compliance-oriented approach, while regulators are equipped with more sophisticated tools to manage trade flows. The effectiveness of the reform will ultimately depend on the clarity of implementing directives and consistency in application.

About Million Alemu and Partners LLP

Million Alemu and Partners LLP is a full-service law firm based in Addis Ababa, Ethiopia, providing comprehensive legal advisory and representation services to local and international clients. The firm is recognized for its commitment to excellence, practical legal solutions, and a client-centered approach across diverse practice areas.

With a team of experienced legal professionals, the firm advises on corporate and commercial law, dispute resolution, regulatory compliance, and other key areas critical to doing business in Ethiopia.

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