

Proclamation No. 99/2005

Oromia National Regional Government Rural Land Use Payment and Agricultural Income Tax Amendment Proclamation

WHEREAS, it is deemed necessary to make the payment of agricultural income tax conducive to the development of agricultural sector of the economy and motivate farmers for development;

WHEREAS, it is deemed necessary to make the agricultural income tax and the rural land use payment paid by the existing law consistent with contemporary condition;

WHEREAS, it is deemed necessary to apply rural land use payment and agricultural income tax collection and assessment method that is simple and proportional to the rural land holding of the farmer;

NOW, THEREFORE, in accordance with article 49(3) (a) of the constitution of the Oromia National Regional Government it is hereby proclaimed as follows.

PART ONE

General Provisions

1. Short Title

This proclamation may be cited as the “Rural land Use Payment and Agricultural Activities Income Tax Amendment Proclamation No. 99/2005”.

2. Definitions

In this proclamation unless the context requires otherwise:

- 1) “Rural land” means any rural land outside the area designated legally as town area by municipality or appropriate body.
- 2) “Farmer” means an individual, other than those mentioned below under sub article 3, who participate on farming not for business or profit but for earning his living. But it does not include pastoralists.
- 3) “Enterprise” means state farm and any enterprise required to pay rural land use payment as per this proclamation.
- 4) “Person” means any natural person, or any body having judicial personality.

- 5) “Agricultural Activity” means the cultivation or development of rural land by any means and with the aid of any implement and producing any product, the breeding of livestock on rural land, the development of forestry and wild animals’ by-products and fish development or production.
- 6) “Rural Land Use Payment” means rural land use payment payable for rural land used for agricultural activities.
- 7) “Income tax” means tax payable on income from agricultural activities.
- 8) “Tax collector” means Revenue Bureau or any person delegated by Revenue Bureau to collect rural land use payment and income tax;
- 9) “Bureau” means the Revenue Bureau of Oromia Regional National Government; this includes its offices at zone, woreda and city administration levels;
- 10) “Investor” shall have the meaning assigned to it under the proclamation to encourage, promote and coordinate investment, proclamation No.3/1994;
- 11) “Government” means Oromia Regional National Government.
- 12) “Council” means Council of Oromia Regional National Government;

3. Scope of Application

This proclamation is applicable in Oromia Regional Government:

- 1) With respect to rural land use payment, it is applicable on farmer, investor and enterprise; with respect to income tax, it is applicable on farmer;
- 2) Regarding the income tax of enterprise and investor, the assessment, collection and any case associated are executed according to Oromia Regional National Government Income Tax Proclamation NO.74/2003.

4. Notification of Name and Rural Land Holding Size of Farmer or Enterprise or Investor

- 1) Any enterprise that pays rural land use payment according to this proclamation shall notify its rural land holding size and timely changes to the Revenue Bureau;
- 2) The Bureau of Agriculture & Rural Development shall notify farmers’ name and their rural land holding size to the Revenue Bureau;
- 3) With respect to investors, the body that signs the agreement shall notify to the Revenue Bureau as soon as the agreement is signed;

5. Maintaining Records and Rural Land Use Payment and Income Tax Collecting Body

- 1) The Revenue Bureau shall register and maintain record on names and rural land holdings sizes from the lists submitted to it according to article 4 of this proclamation;
- 2) Farmers' income tax and rural land payment to be paid in pursuance with this proclamation shall be collected by the Revenue Bureau or a chairman of kebele peasant association who is delegated for this purpose by Revenue Bureau upon signing an undertaking to that effect;
- 3) Rural land use payment to be paid by investors and enterprises shall be collected by the Revenue Bureau;
- 4) The handling and supervision of the collected state funds are governed by proclamation, regulation and directives of the finance;

6. Receipts and Depositing Money Collected

- 1) Every rural land use payment or income tax payer shall be given legal receipts by the Revenue Bureau or tax collector for the income tax or rural land use payment he pays in pursuance with this proclamation.
- 2) Revenue collected by Revenue Bureau shall be deposited at Finance and Economic Development offices.

PART TWO

Payment of Rural Land Use Payment and Income Tax

7. Payment of Rural Land Use Payment

- 1) Rural land held by farmers or enterprises or investors for agricultural activities shall be subjected to rural land use payment;
- 2) Enterprises and investors shall pay rural land use payment on all rural land they own legally;
- 3) Any rural land held for agricultural activities by a farmer whether cultivated or not is subjected to rural land use payment except for damages beyond his control;

8. Amount of Income Tax & Rural Land Use Payment due by a Farmer

Rural land use payment and income tax payable by a farmer within a year shall be according to the table shown below.

9. Amount of Rural Land Use Payment Due by Enterprises and Investors

- 1) Rural land use payment due by enterprises and investors shall be according to the table shown below.
- 2) Where enterprises and investors acquired book of account, the payment of rural land payment shall be considered as expense when income tax is to be assessed;

10. Duration of collection of Rural Land Use Payment and Income Tax

- 1) Rural land use payment due by investors and enterprises shall be payable within first six months of the budget year.
- 2) Rural land use payment and income tax due by the farmers shall be payable starting from the beginning budget year up to April 30 E.C.
- 3) Chair person of the Kebele Administration delegated by the Revenue Bureau upon signing obligation to collect rural land use payment and income tax, shall deposit the revenue he collected to the Revenue Bureau in pursuance with directive to be issued by the Revenue Bureau;
- 4) The rural land use payment and income tax amount shall remain fixed unless the rural land holding size vary or amended by law;

11. Exemption to Rural Land Held for Forest Development

A government organization or non-government organization or a private investor who develops forest upon directives of the Oromia Investment Commission shall be exempted from rural land use payment;

PART THREE

Responsibilities

12. Powers and Responsibility

- 1) The Revenue Bureau shall have the power and responsibilities vested in it in this Proclamation and article 2(5) of the Bureaus' establishment Proclamation No. 96/2005,
- 2) Office of the Woreda Administration shall have the power and responsibilities to execute the rural land use payment and income tax and collect on time, to aware the farmers their rights and responsibility, to coordinate and supervise, to make matters appeared for appeal be decided within a short period of time;

PART FOUR

Rights of Rural Land Use Payment and Income Tax Payers

13. Rural Land Use Payment and Income Tax Payers Right

- 1) Upon the request of any rural land use payment and income tax payer, the Revenue Bureau shall provide him with clarification on the manner of assessment of the following accounts:
 - (a) The rural land holding size on which the income tax and rural land use payment assessed;
 - (b) The amount of rural land use payment and income tax,
 - (C) The penalty imposed,
 - (d) Other necessary clarification,
- 2) A farmer who objects the rural land use payment and income tax assessment as well as an investor or an enterprise who objects rural land use payment shall within 30 days from the date of receipt of assessment notice have the right to submit his appeal to the tax appeal committee to be established in accordance with article 14 of this proclamation;
- 3) The appeal of the farmer or investor or an enterprise is heard subject to the deposit of 50% of the rural land use payment and/or income tax assessed to the Revenue Bureau;
- 4) Each appellant shall submit his appeal with the receipt for deposit of the amount required according article 13(3) of this proclamation to the secretary of the committee. The date on which the secretary received the appeal shall be taken as the date on which the appeal is submitted;

14. Tax Appeal Committee

- 1) An appeal committee shall be established at each woreda. The committee shall have the following members.
 - (a) Chairman of Woreda Administration Chair person
 - (b) Woreda Agriculture and Rural Development office head member,
 - (c) Woreda Peoples Organization, Culture, Sport & Social Affairs office head member,
 - (d) Woreda Finance & Economic Development office head member,
 - (e) An expert from Woreda Agriculture & Rural Development office member,

- (f) Two representative of the concerned peasant association members,
- 2) The woreda Administration shall assign secretary for the committee;
- 3) The presence of more than 50% of committee members shall constitute a quorum;
- 4) The secretary up on verifying the fulfillment of the requirements shall open immediately and present the appeal to the committee;

15. Burden of Proof

With regard to the rural land use payment and income tax assessment against which an appeal is made:

- 1) The appellant shall first give his reasons for objection to the rural land use payment and income tax assessment;
- 2) The burden of providing the manner of rural land use payment or income tax assessment shall shift to the Revenue Bureau and production of evidence is the primary case;

16. Decision of the Tax Appeal Committee

- 1)The committee shall, after due consideration of the grounds and evidences of the appellant as well as the reply of the Revenue Bureau in the context of their evidence deliver a fair and impartial decision;
- 2)The committee's decision shall be on a majority vote. In case of a tie, the chairperson shall have a casting vote;
- 3)The committee shall have the power to confirm or reduce the amount of the rural land use payment or income tax appealed from. It shall give a valid reason for doing so;
- 4)The committee shall decide all cases appearing before it within a short period of time. This shall be specified in the directive to be issued by the Bureau;
- 5)The copies of the decision shall be given in written to the parties;
- 6)The decision of the committee shall be final unless an appeal is made by any one of the parties within 15 days from the date of receipt of the decision;
- 7)The appellant shall pay the rural land use payment and income tax, according to the decision of committee within 30 days from the date of receipt of the decision;

17. Appeals to A Court

- 1) Where any party is dissatisfied with the decision of the tax appeal committee on account of an error on interpretation of the law, he may appeal to the High court within 30 days from the date of the receipt of the decision;
- 2) The taxpayer may only appeal to the court after paying 75% of the rural land use payment and income tax decided by the committee;

18. Power of the court

- 1) The court of appeal may only make the necessary correction on an error on the interpretation of the law, where it finds one, and remand the case to the tax appeal Committee. It shall not enter into the merits of the assessment of rural land use payment and income tax;
- 2) The committee shall correct its decision according to the correction of the interpretation of the law and submit in written to the parties;

19. Proceedings of Appeal Matters

For the purposes of this proclamation the follow up, coordination, execution, directions, decisions rendered and letters of appeal matters are signed by the head or chair person of office of woreda Administration;

PART FIVE

Administrative Penalties

20. Penalties

Any farmer or investor or enterprise who fails to pay the rural land use payment and income tax due under this proclamation within the legally specified period shall pay a penalty of five percent (5%) of the amount overdue in respect of every month up to a maximum penalty of twenty five percent (25%);

21. Power to waive penalty

The Revenue Bureau may waive the penalty of rural land payment and income tax where it is verified with evidence that the failure of the farmer, or investor or enterprise from making payment on time is due to reasons beyond his control. The detail shall be specified in the directives to be issued;

22. Simulation of Penalty as Tax

Any type of penalty imposed in accordance with article 20 of this proclamation shall be considered as an integral part of the rural land use payment or income tax due from the farmer or investor or enterprise and shall be collected accordingly;

23. Rural Land Use Payment and Income Tax Collection Enforcement

If any rural land use payment and income tax payer on his own initiative or having received assessment notification or having been otherwise informed of the rural land use payment and income tax due on him, fails to effect payment or to lodge his appeal to the appeal committee, the Revenue Bureau any time stating from the due date:

- 1) If farmer, may initiate an execution proceeding before the appropriate court;
- 2) If an enterprise, according to Income Tax Proclamation NO. 74/2003, may collect the tax through seizure of the property belong to the rural land use payment payer.

Directives shall provide the details;

24. Remuneration

A person designated to collect farmer's rural land use payment and income tax in accordance with this proclamation shall be paid one percent 1% of the collection he or it has made by Revenue Bureau;

PART SIX

Miscellaneous Provisions

25. Special Power

Where the harvest of farmers of one or more woredas is adversely affected owing to drought or other causes beyond their control, the council of Regional Government may waive the rural land use payment and income tax due on them in whole or part;

26. Power to Issue of Regulation and Directives

- 1)The council of Regional Government may issue regulation for the proper implementation of this proclamation;
- 2)The Bureau may issue directives for the carrying out on of this proclamation and the regulation to be issued;

27. Duty to Cooperate

Every farmer or enterprise or investor or government or private entity shall have the duty to cooperate in the carrying out to the provisions of the proclamation and regulation or directives to be issued in pursuance with this proclamation;

28. Criminal Penalties

Any one who violates the provisions of the proclamation or regulation or directives to be issued pursuant to this proclamation shall be punishable in accordance with the penal code;

29. Inapplicable Laws

- 1) The Rural Land Use Payment and Agricultural Income Tax proclamation No. 8/1995 and No. 64/2002 are repealed and replaced by this law;
- 2) Any law, regulation, directive or practice, which is inconsistent with the provisions of this proclamation, shall not apply on matters covered under this proclamation;

30. Transitional Provisions

Without prejudice to the provision of article 29 of this proclamation, prior proclamation and directives shall continue to apply on matters that due with respect to investors and enterprise up the coming into force of this proclamation.

31. Effective Date

This proclamation shall come into force as of the 6th day of September 2005.

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September 6, 2005

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President of Oromia National Regional Government

