

A year ago, Ethiopia implemented a system, used by the EU, known as Binding Tariff Information (BTI). However, importers have found it difficult to use.

BTI helps identify the correct classification of tariffs (taxes on imports or exports) for the goods a company intends to export or import. All BTI's issued by national customs authorities are held in the European Binding Tariff Information database. BTI also provides assurance that goods have the correct commodity code (an eight-digit number for exports outside the EU or ten-digit for imports from outside the EU), if you know the commodity code you can look up other important information like duty rates or import export restrictions. It also shows what the total tariff will be. BTI is also used by the World Trade Organization (WTO) and in many other countries because it avoids delays at customs gates. For these reasons BTI is crucial for making business decisions. It allows an importer to decide if the commodity will be sold and what the final price would be after adding tariff costs. Ethiopia uses a Tariff Book. It was launched in 2012 by the World Customs Organization (WCO). The WCO uses Harmonized System Codes (HS Codes) to unify the classification of goods. Items are classified in six digit numbers recognized by countries that have adopted the harmonized system. However, if the item is not listed in the Tariff Book it creates a problem. This often occurs if the item is a new product. Customs Officers have to use verified information to determine the Cost, Insurance and Freight (CIF) of an item.

The government is still working on adopting the latest HS codes issued by the WCO in 2017. In general, it takes countries a year to accomplish this. A team in the Ministry of Finance is working with the Customs Commission and other stakeholders to prepare the Tariff Book. It is expected to be finished in a month.

On April 1, 2017, a directive was signed by Kebede Chane who led the former Ethiopian Revenue and Customs Authority (ERCA). It said that the customs commission had 30 days to respond to requests from importers.

Importers felt that this was too much time.

"We responded in an average of ten days because there were not that many requests last year, and now that we have established a new team it will take even less time," Getu Legesse, who leads the commission's Tariff Clarification and Origin Directorate, told Capital.

A 30-day extension can be granted for extenuating circumstances, according to the directive. For example, if there is a delay in acquiring documents, laboratory reports or expertise comments. The BTI will be intact only for three consecutive years and will be binding only through the commission and the requesting importer, but other importers may use it without the commission's help.

The item must be imported within a year, otherwise the commission will not be obliged by the BTI. The commission's plan is to extend that period to three years.

The BTI will not be issued for non-produced items or those promised to be made in future, if the item to be imported is forbidden to enter to the country or if the item is explained in the Tariff book. When a person requests a BTI but the commission declines to give it to them, they must notify that person within five working days. However, the BTI can be asked for at any time by the importer, according to the directive.

"We are amending the directive because the tariff books are very complicated and difficult for many to understand," said Getu. "We will avail the service for anyone who wants the clarification regardless of whether the item is clearly stated in the book."

When people were importing an item and they wanted to get a BTI, they had to travel to Addis Ababa, because it is the only head office that provide the service. Getu says they aren't planning to

expand the service to other regions currently. They want to promote the service and offer it in the headquarters. The commission is required to send the findings and the BTI to all branches within 30 days for them to implement their calculations. The branches will serve the customer when they come with a declaration, original and copy of the BTI later, comparing it to the initial one sent from the head office.

They are primarily using a centralized service because of the binding nature of the BTI and so it can be used for other transactions. "We need to make this decision with a very critical nature and the issue of abuse should also be taken seriously," said Getu.

The directive also stated that if there are going to be additional fees; such as laboratory costs professional fees paid to consultants outside the commission, the importer will cover them.