

## Tax - Employee Notes



Ethiopia	Incentive Plan/LTIP
<b>When will I be taxed in relation to my plan benefits?</b>	<b>Grant:</b> No income tax. No social security. <b>Vesting:</b> Income tax and social security. <b>Transfer to participant:</b> No income tax. No social security. <b>Sale by participant:</b> Capital gains tax on increase in value since vesting. No social security.
<b>What is the maximum rate of income tax payable in relation to my plan benefits?</b>	35% (2025/26). Any change in tax rates usually takes effect from 8 July.
<b>Income tax rates</b>	The maximum rate applies to income over ETB14,000 per month.
<b>Will my employer withhold income tax in relation to my plan benefits?</b>	Yes
<b>Are my plan benefits subject to social security contributions?</b>	Yes Employee and employer social security. Employer must withhold the employee contribution.
<b>Employee social security</b>	<b>Employee social security (max rate):</b> 7% <b>Employee social security (cap):</b> no cap.
<b>What is the maximum rate of capital gains tax?</b>	30% Although capital gains tax applies to the sale of shares in Ethiopia, when the sale proceeds are brought onshore they would need to be declared and there is a risk that the tax authorities would request income tax to be paid on the proceeds.
<b>What is the maximum tax rate payable on dividends?</b>	15% There is a risk that dividends will be treated as taxable income on receipt by the employee in Ethiopia.

<p><b>Do I have to report any income in relation to the plan to my local tax authority?</b></p>	<p>Individuals who receive employment income only, are not required to file personal income tax returns.</p> <p>Individuals who receive income which is not subject to withholding, are classified as follows:</p> <ul style="list-style-type: none"><li>• Category A: individuals whose annual turnover is above ETB1,000,000 must file tax returns and pay tax within four months after the end of the tax year;</li><li>• Category B: individuals whose annual gross income is between ETB500,000 and ETB1,000,000 must file tax returns and pay tax within two months after the end of the tax year;</li><li>• Category C: individuals whose annual gross income is below ETB500,000 must file tax returns and pay tax within one month after the end of the tax year.</li></ul> <p>There is no specific filing in relation to equity related incentives.</p> <p><b>Report name:</b> Personal income tax return. Tax returns must be filed online (<a href="#">here</a>).</p> <p><b>Tax period:</b> the Ethiopian budgetary year runs from 8 July to 7 July.</p> <p><b>Reporting deadline:</b> the reporting deadline depends on the category of the taxpayer as set out above.</p>
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This summary assumes that you only pay tax in one place. Different rules may apply if you pay tax in different places.

This summary is only a guide. It is limited to a general description of national tax laws and does not address various issues which may impact the tax result, including: local, city, regional, state or other provincial taxes; retention and holding periods; restrictions on the shares; clawback terms and periods; and your own individual circumstances. We do not guarantee any particular tax result. Therefore, we recommend that you consult your own tax advisor regularly to determine your tax position.

The information provided is understood to be correct as of 9 February 2026. Changes in legislation or practice after this date may affect the tax treatment.

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