



Ethiopia electric vehicle incentives



Overview

Ethiopia is taking bold steps to make electric vehicles (EVs) more accessible by offering financial incentives that reduce import costs. These measures aim to cut down on fuel imports and capitalize on the country's 90% reliance on hydropower for electricity generation. Another major update involves tax incentives for EV imports. Imports of vehicles with combustion engines have 15% VAT; up to 100% excise tax; 10% surtax; and 3% withholding tax—thus making them extremely expensive in the local market. Ethiopia is concentrating on lowering its reliance on fossil fuels and utilizing renewable energy, including solar, wind, and hydro. The government is also addressing infrastructure challenges, such as power outages and limited private-sector participation, which have slowed EV adoption. Projections suggest that by 2040, nearly half of the country's 1 million vehicles will be electric. This strategic move aims to address transportation challenges, provide relief to the middle class, and align with Ethiopia's commitment to sustainable development. In a notable policy shift, the Ethiopian government has increased customs duty on imported electric domestic vehicles, raising the rate from 15 percent to 20 percent. The decision to implement a 5 percent increase follows the International Monetary Fund's (IMF) call for Ethiopia to expand its tax base.



Article Content

E-Mobility Assessment for Ethiopia. Africa E-Mobility Week 2025 ...

All scenarios assume a full ban on new ICEV imports from January 2024. EV fleet growth depends on how quickly incentives, infrastructure, and retrofit programs are implemented.

Ethiopia Automotive EV Market

This new tax incentives for electric vehicles, and an increase in the country's electricity supply from the Grand Ethiopian Renaissance Dam, leave Ethiopia well-positioned to see a sharp ...

Ethiopia's game-changing move: tax incentives for ...

The Ministry of Finance's recent decision to exempt electric cars from taxes signals a promising shift. Electric cars not only contribute to a ...

Ethiopia introduces incentives to speed up transition to ...

The Ethiopian government has introduced various incentives to encourage the expansion of electric vehicles (EVs), with an ambitious goal of ...

Ethiopia EV Import Guidelines 2025: Customs, ...

Ethiopia is taking bold steps to make electric vehicles (EVs) more accessible by offering financial incentives that reduce import costs. These ...

E-vehicles exempted from tax in Ethiopia

The Ministry of Finance in Ethiopia has exempted electric vehicles from value-added tax (VAT), excise tax, and surtaxes and reduced the import tax on those ...

Ethiopia's Bold Move Towards Electric Vehicles

By restricting imports of petrol and diesel cars, policymakers hope to redirect demand toward electric vehicles (EVs), which can be powered by the ...

Ethiopia's government is pushing for 500,000 electric vehicles within ...

The Ethiopian government is promoting the growth of electric vehicles (EVs) by offering incentives to increase both foreign and domestic investment in EV infrastructure and production.

ETHIOPIA E-MOBILITY STRATEGY AND IMPLEMENTATION ...

Ethiopia's strong side of EV adoption lies in encouraging government policies and strategies including the removal of significant tax burdens on electric vehicles, ban on ICE vehicle import and assembly ...

Ethiopian Government Raises Customs Duty on ...

In contrast, EVs benefit from considerable tax incentives, such as the elimination of VAT, excise taxes, and a reduced customs duty rate of 15% ...

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For more information, pricing, or custom solutions, please contact us:

Website: <https://lup.edu.pl>

Email: info@lup.edu.pl

Phone: +48 512 478 936

Address: ul. Marszałkowska 10, 00-001 Warsaw, Poland

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