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Company formation in Ethiopia

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Flag



Coat of arms

Common form	PLC (private limited company)
Registry	Ministry of Trade and Regional Integration (commercial registration)
Minimum capital	Foreign investors: USD 200,000 (USD 150,000 with an Ethiopian partner) under the investment law
Directors	1 manager
Local director	Foreign investors need an investment permit from the Ethiopian Investment Commission
Corporate tax	30%
VAT / sales tax	15%
Typical timeline	Usually 1–2 months
Tax treaties	Domestic rates and treaty list [5]
Currency	Ethiopian birr (ETB)

In short: To set up a company in Ethiopia, most founders form a PLC, registered with the Ministry of Trade and Regional Integration (commercial registration). Minimum capital: foreign investors: USD 200,000 (USD 150,000 with an Ethiopian partner) under the investment law. Corporate tax: 30%. Registration: usually 1–2 months (as of November 2026).

Short guide. Tax figures come from PwC Worldwide Tax Summaries (reviewed 15 July 2026); company-law details summarise official guidance and can change. Confirm requirements with the Ministry of Trade and Regional Integration (commercial registration) before filing.

Foreign investors in **Ethiopia** need an investment permit from the **Ethiopian Investment Commission** and minimum capital set by the 2020 investment law. Some sectors remain reserved for Ethiopian nationals.

Business structures

Most founders in Ethiopia form a PLC, registered with the Ministry of Trade and Regional Integration (commercial registration). Other forms are listed below.

- **PLC** – the usual company form for private businesses

Requirements

Minimum share capital in Ethiopia (2026): foreign investors: USD 200,000 (USD 150,000 with an Ethiopian partner) under the investment law. Directors required: 1 manager. Local resident director: foreign investors need an investment permit from the Ethiopian Investment Commission.

- A company name that is available, checked with the registry.
- Share capital: foreign investors: USD 200,000 (USD 150,000 with an Ethiopian partner) under the investment law.
- Directors: 1 manager.
- Local residency: foreign investors need an investment permit from the Ethiopian Investment Commission.
- A registered office address in Ethiopia.
- Articles of association; standard templates are often available.

Registration process

Typical time to register a company in Ethiopia (2026): usually 1–2 months. The usual steps are:

1. Choose the company form and check that the name is available.
2. Prepare and sign the articles of association.
3. File the registration with the Ministry of Trade and Regional Integration (commercial registration).
4. Receive the company's registration number, and pay in the share capital where required.
5. Register for corporate tax and VAT or sales tax with the Ministry of Revenues.

Taxation

The corporate tax rate in Ethiopia in 2026 is 30%. Standard VAT or sales tax: 15%.

Tax	Rate and notes
Corporate income tax	30%
VAT / indirect tax	15%
Withholding tax on dividends to non-resident companies	15%

Ongoing compliance

Annual compliance in Ethiopia: Companies file annual financial statements and tax returns with the Ministry of Revenues, and keep their details up to date with the Ministry of Trade and Regional Integration.

Double tax treaties

Ethiopia has a network of double tax treaties. A double tax treaty decides which country may tax cross-border income and usually caps the withholding tax the paying country can charge.

Domestic withholding tax on payments to non-resident companies

Dividends	Interest	Royalties
15%	10%	10%

The reduced rate for each partner country is set by the treaty concerned; PwC's withholding tax summary for Ethiopia lists them.

Domestic rates from the PwC Worldwide Tax Summaries withholding tax quick chart (November 2026). Treaty benefits require proof of tax residence and are subject to anti-abuse rules.

Frequently asked questions

How long does it take to register a company in Ethiopia?

Typical registration time in Ethiopia: usually 1–2 months (as of November 2026), once all documents are ready. Opening a bank account and tax registrations can take longer.

What is the minimum share capital for a company in Ethiopia?

Minimum share capital in Ethiopia: foreign investors: USD 200,000 (USD 150,000 with an Ethiopian partner) under the investment law (as of November 2026).

What is the corporate tax rate in Ethiopia in 2026?

The corporate tax rate in Ethiopia in 2026 is 30%. See the Taxation section for reduced rates and other taxes.

Can a foreigner own 100% of a company in Ethiopia?

Yes, for most activities, though some sectors restrict foreign ownership or require approval. Local director rule in Ethiopia: foreign investors need an investment permit from the Ethiopian Investment Commission.

What withholding tax applies to dividends paid from Ethiopia?

Ethiopia withholds 15% on dividends paid to non-resident companies under domestic law, often reduced by a tax treaty. See the Double tax treaties section.

Official registries and resources

The official websites of the Ministry of Trade and Regional Integration (commercial registration) and the Ministry of Revenues have not yet been verified by our editors, so they are not linked here. Use the names above to find them, and beware of unofficial look-alike sites.

Figures as of November 2026. Rates, thresholds and procedures change; confirm with the official registry, the tax authority or a local adviser before filing.

See also

- Comparison of company formation by country
- Company formation in South Africa
- Company formation in Mauritius
- Company formation in Angola
- Company formation in Botswana
- All countries

References

Entries marked **Official** are the registry, government and tax authority sources for this country; footnote numbers in the infobox point to them.

1. Ethiopia: Corporate – Taxes on corporate income (reviewed 15 July 2026) . PwC Worldwide Tax Summaries. Accessed November 2026.
2. Quick charts: Corporate income tax (CIT) rates . PwC Worldwide Tax Summaries. Accessed November 2026.
3. Quick charts: Value-added tax (VAT) rates . PwC Worldwide Tax Summaries. Accessed November 2026.
4. Quick charts: Withholding tax (WHT) rates . PwC Worldwide Tax Summaries. Accessed November 2026.
5. Ethiopia: Corporate – Withholding taxes . PwC Worldwide Tax Summaries. Accessed November 2026.

Source: https://companyformationwiki.com/company-formation/ethiopia/
Version: last updated 25 November 2026. Check the online version for later changes.

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