DRAFTING NOTE

INCOME TAX ACT 2026

1. Status and purpose of this note

This drafting note is explanatory and is not part of the proposed Assembly Act. It identifies the legislative need, the relationship with earlier Eritrean law, the principal matters retained, the modernization choices made and the place of the draft within the emerging constitutional statute book. The instrument remains a consultation draft and should be finalized only after legal, institutional, fiscal and public review.

2. Legislative need and prior law

The income-tax field is spread across Proclamations 41/1993, 62–65/1994, 69/1995, 109/2000, 116–117/2001, 138/2003 and related notices. A coherent tax base and modern administration are required.

3. What the draft retains

The draft retains taxation of defined income, source and residence rules, deductions, withholding, business accounting and relief against double taxation where lawfully applicable.

4. What the draft updates and modernizes

It clarifies taxable persons and income, protects legality and property, supports electronic filing, simplifies small-business compliance, addresses related parties and cross-border income, limits discretion and coordinates objections and collection with the Tax Administration Act.

5. Constitutional, code and treaty fit

The draft is framed under the Constitution of Eritrea 1997 and must be read with the Civil Code, Penal Code, Civil Procedure Code and Criminal Procedure Code of Eritrea 2015 where those Codes govern. It is also coordinated with the other institutional, financial, commercial, land, labour, administrative and sectoral drafts in this collection. References to international or regional standards guide compatibility and implementation; they do not bypass the Treaty-Making Act or convert an unincorporated instrument into domestic law.

6. Scope and organization

The principal divisions address preliminary provisions; charge, residence and source; employment income; business income; investment income and gains; persons and entities; small business and agriculture; international taxation; mining and petroleum income; withholding and payment; and the concluding enforcement, transitional and final provisions.

7. Transition, implementation and consultation

The draft preserves lawful accrued rights, completed transactions, pending proceedings and institutional continuity where appropriate, while preventing temporary savings from preserving unconstitutional coercion or indefinite executive discretion. Before enactment or issuance, authentic predecessor instruments and amendments should be verified, cross-references and fiscal capacity confirmed, implementing regulations and digital systems prepared, and affected institutions, professions, communities and the public given a practical opportunity to comment.

CONSULTATION DRAFT — NOT ENACTED LAW

ACT NO. ___/2026

INCOME TAX ACT 2026

(ACT)

AN ACT TO IMPOSE INCOME TAX THROUGH A FAIR, MODERN AND TRANSPARENT SYSTEM, CONSOLIDATE THE SUBSTANTIVE LAW GOVERNING INCOME FROM EMPLOYMENT, BUSINESS, INVESTMENT, AGRICULTURE, MINING AND PETROLEUM OPERATIONS, AND PROVIDE FOR RELATED MATTERS.

PREAMBLE

WHEREAS under Article 32(1) and (3) of the Constitution of Eritrea, the National Assembly is the supreme legislative body and is responsible for enacting laws governing public revenue and national economic policy;
WHEREAS the income-tax instruments adopted since independence require consolidation, constitutional safeguards, simplified compliance and rules suited to electronic commerce, modern investment and open competitive markets;
WHEREAS taxation must be imposed only by law, applied equally, administered transparently and designed to finance public services without arbitrary deprivation of property or unnecessary obstruction of work, enterprise and development;
WHEREAS Eritrea requires a system that protects subsistence households, treats residents and nonresidents according to genuine economic connection, and coordinates fairly with lawfully binding international agreements;
NOW, THEREFORE, the National Assembly of Eritrea enacts as follows:

CHAPTER I
PRELIMINARY PROVISIONS

Article 1 — Short title

This Act may be cited as the Income Tax Act 2026.

Article 2 — Objects

1. raise revenue through lawful, equitable and administratively practical taxation;
2. protect a reasonable subsistence level and encourage productive work and investment;
3. tax income according to residence, source and genuine economic connection;
4. prevent avoidance and evasion through proportionate, reviewable measures; and
5. provide certainty, digital accessibility and fair dispute resolution.

Article 3 — Application

1. This Act applies to income derived on or after its commencement by an individual, entity, partnership, trust or other person.
2. Special rules for mining and petroleum income supplement the general rules and do not displace sector regulation.
3. Administrative procedure is governed by this Act until and except to the extent a Tax Administration Act provides consistently with it.

Article 4 — Definitions

1. “accounting period” means the period for which taxable business income is computed;
2. “business” includes a trade, profession, vocation, manufacture, digital activity and commercial agriculture;
3. “entity” includes a company, cooperative, association, public enterprise and other body;
4. “market value” means the arm's-length price between independent persons;
5. “permanent establishment” means a fixed or otherwise substantial taxable business presence in Eritrea;
6. “resident” means a person resident under Articles 10 to 12;
7. “tax year” means the calendar year unless lawfully approved otherwise;
8. “taxable income” means income remaining after deductions and relief expressly allowed; and
9. “withholding agent” means a person required to deduct and remit tax.

Article 5 — Legality of taxation

1. No tax, rate, surcharge, exemption or compulsory payment may be created except by an Act or an instrument made within express legislative authority.
2. An unpublished direction, private agreement or administrative practice shall not increase liability or withdraw a statutory right.

Article 6 — Constitution and other laws

1. This Act shall be interpreted consistently with the Constitution and treaties lawfully binding upon Eritrea.
2. The Civil and Commercial Codes govern status, transactions, entities, accounting and property except where this Act supplies a tax rule.
3. The Labour, Mining, Petroleum, Investment, National Bank, Data Protection and Public Finance laws remain applicable within their fields.

Article 7 — Annual tax legislation

1. Tax rates, personal allowances and monetary thresholds shall be stated in Schedule 1 and may be amended only by an Act, including an annual budget or tax-rates Act.
2. A regulation may index an amount by a published consumer-price measure only where this Act expressly provides the formula.

CHAPTER II
CHARGE, RESIDENCE AND SOURCE

Article 8 — Charge to income tax

1. A resident is chargeable on worldwide taxable income, subject to foreign-tax relief and treaty rules.
2. A nonresident is chargeable only on Eritrean-source income attributable to a sufficient connection specified by this Act.

Article 9 — Categories of income

1. Taxable income comprises employment, business, investment and taxable gains.
2. Classification shall follow economic substance, and the same amount shall not be taxed twice under different categories.

Article 10 — Individual residence

1. An individual is resident when ordinarily resident in Eritrea or present for at least one hundred eighty-three days in a twelve-month period.
2. Temporary absence does not end residence where the individual's permanent home and centre of vital interests remain in Eritrea.

Article 11 — Entity residence

1. An entity is resident if incorporated under Eritrean law or effectively managed in Eritrea.
2. Dual residence shall be resolved by a lawfully binding treaty or, absent one, by effective management and genuine economic connection.

Article 12 — Change of residence

1. Residence begins and ends when the governing facts materially change and shall not be manipulated through brief or artificial presence.
2. The tax year may be apportioned where a person becomes or ceases to be resident.

Article 13 — No citizenship-only charge

1. Eritrean citizenship or diaspora status alone does not create income-tax liability.
2. A citizen abroad is taxable only when residence, Eritrean-source income or another connection expressly established by this Act exists.

Article 14 — Eritrean-source income

1. Employment income is sourced where services are performed, subject to short-visit and treaty rules.

2. Business income is sourced to activities, assets, personnel or a permanent establishment in Eritrea.
3. Rent and gains from land are sourced where the land is situated.
4. Dividends are sourced to an Eritrean-resident payer, interest to an Eritrean resident or permanent establishment bearing the cost, royalties to use in Eritrea, and digital income to a substantial Eritrean user or market connection.

Article 15 — Permanent establishment

1. A permanent establishment includes a place of management, branch, office, factory, workshop, mine, petroleum site, substantial construction project or dependent agent habitually concluding contracts.
2. Preparatory or auxiliary activity, independent agency and short activity lacking substantial presence do not alone create a permanent establishment.

CHAPTER III
EMPLOYMENT INCOME

Article 16 — Employment income

1. Employment income includes salary, wage, allowance, bonus, commission, gratuity and the fair value of a benefit arising from employment.
2. Reimbursement of a documented business expense and an exempt benefit is excluded.

Article 17 — Benefits in kind

1. Housing, vehicle, concessional loan, private expense and other noncash benefits shall be valued by transparent rules approximating actual economic value.
2. Minor workplace amenities, required protective equipment and benefits impracticable to value may be excluded by regulation.

Article 18 — Exempt employment receipts

1. Reasonable medical, injury and death compensation, qualifying pension benefits and documented relocation or travel for the employer are exempt as prescribed.
2. An exemption shall be construed according to its protective purpose and shall not shelter disguised remuneration.

Article 19 — National and public service

1. Pay for lawful national or public service is employment income subject to the same allowance and rate rules as comparable employment.
2. Release, demobilization, rehabilitation and compensation payments may receive relief stated in Schedule 1 or another Act.

Article 20 — Employment withholding

1. An employer shall deduct tax under the published pay-as-you-earn table and remit it with an electronic or accessible statement.
2. Withholding is credited to the employee and does not transfer the employer's failure to an employee from whose pay tax was actually deducted.

CHAPTER IV
BUSINESS INCOME

Article 21 — Business income

1. Business income includes receipts and gains from carrying on a business, including consideration in money, kind or digital form.
2. Capital contributions, borrowings and return of principal are not income except to the extent this Act provides otherwise.

Article 22 — Basis of computation

1. Taxable business income begins with reliable financial statements prepared under applicable accounting standards and is adjusted under this Act.
2. Form shall not prevail over the actual economic transaction.

Article 23 — Accounting method

1. An accrual method applies to entities and substantial businesses, while an individual small business may use cash accounting as prescribed.
2. A method shall be applied consistently and may be changed with approval preventing omission or duplication.

Article 24 — General deduction

1. A person may deduct an expense incurred wholly and reasonably in producing taxable business income.
2. Private consumption, capital expenditure, income tax, penalties, bribes and undocumented fictitious expenses are not deductible.

Article 25 — Employee and training costs

1. Reasonable remuneration, pension contributions, workplace safety, apprenticeship and genuine worker-training costs are deductible.
2. A payment to a related person is deductible only to the extent commercially reasonable and actually incurred.

Article 26 — Interest deduction

1. Interest on debt genuinely used to earn taxable income is deductible subject to arm's-length and excessive-debt limitations.
2. Rules shall not deny ordinary bank finance or discriminate merely because lawful finance is obtained abroad.

Article 27 — Depreciable assets

1. The cost of a wasting business asset is recovered through depreciation over its useful life under Schedule 2.
2. Repairs preserving an asset are deductible; expenditure substantially improving it is capitalized.

Article 28 — Intangible and digital assets

1. Acquired intellectual property, software and other finite-life intangible assets are amortized over their useful lives.
2. Internally created goodwill is not depreciable, and research or development expenditure receives the treatment stated in Schedule 2.

Article 29 — Inventory

1. Inventory is valued consistently at the lower of cost and net realizable value using an accepted method.
2. Artificial write-down, undisclosed reserve and manipulation between related persons are prohibited.

Article 30 — Bad debts

1. A business debt proved irrecoverable after reasonable recovery effort is deductible if its amount was previously included in income.
2. A later recovery is included in income.

Article 31 — Business losses

1. A verified business loss may be carried forward for seven tax years and set against income of the same business or ring-fenced activity.
2. Losses expire or are restricted following artificial ownership change or trafficking, but genuine reorganization and start-up investment shall be protected.

Article 32 — Digital business and platforms

1. Income earned through an online platform, electronic marketplace, software, remote service or digital asset is taxable under the ordinary residence and source rules.

2. Technology alone shall not create a tax disadvantage, and reporting duties imposed on a platform must be proportionate and protect personal data.

CHAPTER V
INVESTMENT INCOME AND GAINS

Article 33 — Dividends

1. A dividend is included in investment income subject to credit, exemption or withholding stated in Schedule 1.
2. A return of paid-up capital is not a dividend except to the extent it distributes accumulated profit or disguises income.

Article 34 — Interest income

1. Interest and economically equivalent finance income are taxable when received or accrued under the applicable accounting method.
2. Interest on qualifying public-interest savings may receive a limited statutory exemption.

Article 35 — Rent

1. Rent includes consideration for use of land, buildings and movable property, less lawful expenses, depreciation and financing cost.
2. A reasonable simplified deduction may be elected for small residential landlords instead of itemized expenses.

Article 36 — Royalties

1. A royalty includes payment for use of intellectual property, industrial knowledge, natural-resource information and similar rights.
2. Payment for an ordinary copyrighted product or service is not recharacterized as a royalty without economic justification.

Article 37 — Capital gains

1. A gain on disposal of a business or investment asset is proceeds less indexed tax cost and allowable disposal expense.
2. Personal effects and a principal residence within reasonable limits are exempt as stated in Schedule 1.

Article 38 — Recognition events

1. Sale, exchange, compulsory acquisition, cancellation and transfer for inadequate consideration may constitute disposal.
2. Death, qualifying family transfer and genuine reorganization may receive deferral rather than immediate tax.

Article 39 — Involuntary disposal

1. Compensation for expropriation, destruction or compulsory acquisition is treated as proceeds.
2. Gain is deferred where replacement property is acquired within the prescribed reasonable period.

Article 40 — Foreign-currency amounts

1. A foreign-currency amount shall be converted at a published market-consistent rate under National Bank law on the relevant date.
2. An artificial official rate shall not be used to confiscate value, manufacture income or deny a genuine cost.

CHAPTER VI
PERSONS AND ENTITIES

Article 41 — Individuals

1. An individual receives the personal allowance and progressive rates in Schedule 1.
2. Spouses are assessed separately unless they jointly and freely elect a consolidated method provided by law.

Article 42 — Companies

1. A company is taxed as a separate person at the rate in Schedule 1.
2. Shareholders are not liable for company tax merely by ownership, subject to fraud, unlawful distribution and statutory recovery rules.

Article 43 — Partnerships

1. A partnership computes net income and allocates it transparently among partners according to genuine economic rights.
2. The partnership shall file an information return, and each partner includes the allocated share whether or not distributed.

Article 44 — Trusts and estates

1. A trustee or personal representative is responsible for tax on retained income and required reporting.
2. Income vested in a beneficiary is taxed once according to rules preventing omission and double taxation.

Article 45 — Cooperatives

1. A cooperative is taxed according to its legal and economic character, with deductible patronage refunds where genuinely allocated by transactions.
2. Member transactions shall not be denied ordinary deductions merely because conducted cooperatively.

Article 46 — Public bodies and enterprises

1. Government ministries and noncommercial public functions are exempt, but a public enterprise carrying on business is taxed on the same basis as a private competitor.
2. A subsidy or public-service compensation shall be accounted for transparently under its statutory purpose.

Article 47 — Nonprofit organizations

1. A registered public-benefit organization's income applied exclusively to its lawful purpose is exempt, except unrelated commercial business income.
2. Political favoritism, private benefit and distribution to members defeat the exemption to the relevant extent.

CHAPTER VII
SMALL BUSINESS AND AGRICULTURE

Article 48 — Small-business regime

1. A resident individual below the prescribed turnover threshold may elect a simple turnover or cash-profit regime.
2. The regime shall use low rates, simple electronic or paper records and no arbitrary official estimate where reliable evidence exists.

Article 49 — Transition to ordinary taxation

1. A business exceeding the threshold for two consecutive periods enters ordinary taxation prospectively.
2. Artificial fragmentation among related persons shall be disregarded, while genuine separate family businesses remain separate.

Article 50 — Subsistence agriculture

1. Produce consumed by a smallholder household and noncommercial exchange necessary for subsistence are not taxable income.
2. A tax shall not be imposed merely by counting livestock, cultivated land or family members without regard to ability to pay and actual commercial activity.

Article 51 — Commercial agriculture

1. Commercial farming, fishing, livestock, forestry and processing are taxed as business after ordinary deductions and loss relief.
2. Seasonality, drought, crop cycle and biological assets shall be addressed by practical accounting and averaging rules.

Article 52 — Agricultural relief

1. Verified disaster, epidemic, crop failure or forced market closure may justify deferral, remission or income averaging under published criteria.
2. Relief shall be geographically and politically neutral, reviewable and reported in aggregate.

Article 53 — Rural collection safeguards

1. Local administration may assist registration and payment but shall not determine liability through secret quota, collective punishment or uncompensated seizure.
2. A taxpayer shall receive an assessment, receipt, reasons and accessible objection procedure in a language reasonably understood.

CHAPTER VIII
INTERNATIONAL TAXATION

Article 54 — Foreign tax credit

1. A resident receives credit for foreign income tax paid on the same income up to the Eritrean tax attributable to it.
2. Unused credit may be carried forward as prescribed but shall not generate a refund exceeding Eritrean tax.

Article 55 — Tax treaties

1. A lawfully binding tax treaty prevails over inconsistent ordinary rules to the extent constitutionally approved and domestically effective.
2. Treaty relief shall be denied to an arrangement whose principal purpose is abusive access contrary to the treaty's object.

Article 56 — Transfer pricing

1. Transactions between associated persons shall be priced as independent persons would price comparable transactions.
2. The administration shall use recognized methods, permit reasonable documentation and avoid impossible demands on small businesses.

Article 57 — Corresponding adjustment

1. Where a transfer-pricing adjustment creates double taxation, Eritrea shall consider a corresponding adjustment supported by evidence.
2. Competent authorities may resolve cases under a treaty without depriving the taxpayer of domestic review.

Article 58 — Thin capitalization

1. Excessive related-party debt may be limited by a published earnings-based rule in Schedule 2.
2. The rule shall distinguish genuine project finance and shall not recharacterize principal as income without statutory basis.

Article 59 — Controlled foreign entities

1. Passive income artificially accumulated in a low-tax foreign entity controlled by residents may be attributed under regulations authorized by this Article.
2. Active foreign business with personnel, assets and genuine commercial purpose is excluded.

Article 60 — Nonresident withholding

1. Eritrean-source dividend, interest, royalty and prescribed service income paid to a nonresident is subject to final or creditable withholding under Schedule 1.
2. A lower treaty rate applies upon reliable proof, with refund available where excess was withheld.

Article 61 — Information exchange

1. Tax information may be exchanged only under an Act or lawfully binding agreement providing confidentiality, tax purpose and data safeguards.
2. Bulk political surveillance, fishing unrelated to tax and disclosure without lawful authority are prohibited.

CHAPTER IX
MINING AND PETROLEUM INCOME

Article 62 — Application to extractive operations

1. A mining or petroleum right holder is taxed under this Chapter and the general provisions except where expressly modified.
2. The Mining Act and Petroleum Act govern rights and operations; this Act governs income-tax consequences.

Article 63 — Ring-fencing

1. Income, deductions and losses shall be separately computed for each petroleum contract area and each major mining licence or integrated project as prescribed.
2. A cost from another area, affiliate or unrelated activity shall not reduce taxable extractive income unless allocated on an arm's-length basis.

Article 64 — Exploration and development cost

1. Verified exploration cost may be accumulated and recovered when commercial production begins under Schedule 2.
2. Development and production assets are depreciated by transparent methods reflecting economic use and preventing double recovery.

Article 65 — Decommissioning and rehabilitation

1. A contribution to an independently protected, legally required decommissioning or rehabilitation fund is deductible when irrevocably paid.
2. Unused funds, releases and excess deductions are brought into income.

Article 66 — Extractive income and value

1. Gross income includes arm's-length value of minerals or petroleum sold, exported, transferred to an affiliate or taken in kind.
2. Reference prices may test value but shall not replace evidence through an arbitrary minimum price.

Article 67 — Extractive rates

1. Mining and petroleum income is taxed at the respective rates in Schedule 1, subject to any additional rent tax enacted by law.
2. A licence, agreement or executive promise shall not secretly reduce a statutory tax.

Article 68 — Stability and transition

1. A fiscal-stability commitment has effect only if constitutionally authorized, published and interpreted narrowly according to its terms.
2. A change protecting human rights, environment, safety, anti-corruption or general tax administration is not compensable merely because compliance cost increases.

CHAPTER X
WITHHOLDING AND PAYMENT

Article 69 — General withholding

1. A payer shall withhold only from a payment and at a rate expressly stated in this Act or Schedule 1.
2. The recipient receives a certificate and credit unless the withholding is expressly final.

Article 70 — Business-payment withholding

1. Withholding from specified contracts, rent, imports or professional services may secure advance payment where evasion risk is demonstrated.
2. Rates shall be modest, creditable and not operate as a gross tax on a loss-making compliant business.

Article 71 — Remittance and statements

1. A withholding agent shall remit within the prescribed period and file a statement identifying payment and tax.
2. Electronic filing shall be available, with accessible alternatives during outages or for persons reasonably unable to use it.

Article 72 — Advance payments

1. A business taxpayer shall make periodic advance payments based on a reasonable estimate of current-year liability.
2. Payments may be reduced where income materially falls, without punitive approval barriers.

Article 73 — Credit and refund

1. Tax withheld and advance tax are credited against final liability.
2. An overpayment shall be refunded or applied at the taxpayer's election within a published period, with interest for unreasonable delay.

CHAPTER XI
RETURNS, RECORDS AND ASSESSMENT

Article 74 — Registration

1. A person crossing a statutory threshold or required to withhold shall obtain a tax identification number through a free, prompt process.
2. The number shall not become a general surveillance identifier or condition for an unrelated fundamental service.

Article 75 — Returns

1. A taxpayer shall file an accurate annual return unless exempted by a simplified or final-withholding regime.
2. Returns shall permit electronic filing, correction and acknowledgment and an accessible paper alternative.

Article 76 — Records

1. A taxpayer shall preserve records reasonably necessary to verify liability for seven years.
2. Electronic records and reliable copies are admissible, and demands shall respect privilege, privacy and proportionality.

Article 77 — Self-assessment

1. Tax stated in a return is assessed on filing, subject to audit and lawful amendment.
2. Acceptance of a return does not imply approval, and later adjustment requires reasons and evidence.

Article 78 — Administrative assessment

1. The revenue administration may assess omitted or understated tax after notice and opportunity to respond.
2. An estimate shall use the best available evidence, explain its method and remain open to rebuttal.

Article 79 — Limitation period

1. An assessment shall be made within five years after the return due date or filing, whichever is later.
2. Fraud or deliberate concealment extends the period to ten years, but no extension arises from administrative inaction alone.

Article 80 — Taxpayer information and service

1. The administration shall publish laws, rates, forms, rulings, service standards, offices and appeal routes without charge.
2. A taxpayer is entitled to timely assistance, receipt, confidentiality, reasons and treatment free from discrimination or political retaliation.

CHAPTER XII
AVOIDANCE, ENFORCEMENT AND REVIEW

Article 81 — General anti-avoidance rule

1. The administration may counteract an arrangement lacking substantial commercial purpose and principally designed to obtain a tax benefit contrary to this Act.
2. Ordinary choice between lawful alternatives, genuine investment and use of an express incentive are not avoidance merely because tax is reduced.

Article 82 — Notice and burden

1. An anti-avoidance adjustment requires detailed notice of facts, legal basis, reconstruction and calculation.
2. The administration bears the burden of proving penalty, fraud and abuse; the taxpayer bears facts uniquely within that person's control.

Article 83 — Interest and civil penalties

1. Interest compensates late payment at a published reasonable rate, and civil penalties require a defined breach and statutory maximum.
2. Penalty shall reflect culpability, harm, history, cooperation and correction, and shall distinguish error from fraud.

Article 84 — Collection safeguards

1. Final tax may be recovered by set-off, installment agreement, lien and civil enforcement authorized by law.
2. Seizure of a home, essential livelihood asset or third-party property requires judicial supervision and proportionality.

Article 85 — Criminal offences

1. Intentional evasion, fraudulent record, corrupt tax administration and obstruction may be referred for prosecution under the Penal Code and Criminal Procedure Code.
2. The revenue administration shall not determine criminal guilt or impose imprisonment.

Article 86 — Objection

1. A taxpayer may object to an assessment, penalty, withholding decision or denial of refund within sixty days, with extension for reasonable cause.
2. An officer independent of the original decision shall give a reasoned determination within sixty days.

Article 87 — Tax Appeals Tribunal

1. An independent Tax Appeals Tribunal shall hear appeals through accessible, impartial and technically competent procedure.
2. Its members shall have protected independence, disclose conflicts and publish anonymized decisions.

Article 88 — Judicial review and appeal

1. A Tribunal decision is appealable to the competent court on law, procedural fairness and another ground prescribed by law.
2. Constitutional review and relief against unlawful executive action remain available.

Article 89 — Payment pending dispute

1. Undisputed tax remains payable, but disputed tax may be stayed upon reasonable security or proof of hardship.
2. Security shall not be set so high that it destroys the practical right of appeal.

CHAPTER XIII
ADMINISTRATION AND FINAL PROVISIONS

Article 90 — Revenue administration

1. A professional revenue administration established by law shall administer this Act independently of partisan or personal direction.
2. Appointments, delegation, audit selection, information access and collection shall comply with civil-service, integrity and data-protection law.

Article 91 — Public rulings

1. The administration may issue binding public rulings explaining this Act consistently with its text.
2. A ruling shall be published and may not create tax, narrow an exemption or impose a penalty beyond legislative authority.

Article 92 — Regulations

1. The Minister responsible for finance may, after public consultation, make regulations on accounting, valuation, depreciation, withholding, filing, foreign tax, transfer pricing and transition.
2. A regulation shall remain within delegated authority, be published before enforcement and preserve accessible alternatives to digital procedure.

Article 93 — Schedules

1. Schedules 1 and 2 form part of this Act and may be amended only as expressly authorized by Article 7.
2. Rates and thresholds shall be reviewed annually for fairness, inflation, revenue and administrative cost.

Article 94 — Transitional inventory

1. Within twelve months, the administration shall inventory taxpayers, arrears, exemptions, pending disputes, systems, forms and legacy instruments.
2. Migration shall preserve valid credits and appeals while ending unpublished concessions, coercive assessments and citizenship-only demands.

Article 95 — Repeal

1. Income Tax Proclamation 62/1994, Rural Agricultural Income Tax and Cattle Tax Proclamation 63/1994, Mining Income Tax Proclamation 69/1995 and Revised Petroleum Operations Income Tax Proclamation 109/2000 are repealed upon full commencement.
2. Related regulations continue temporarily only to the extent publicly listed, necessary for continuity and consistent with this Act.

Article 96 — Savings

1. Accrued liability, refund, credit, objection and proceeding under repealed law continue subject to constitutional fairness.
2. No repeal revives an earlier law or validates an assessment, penalty or collection that was unlawful when made.

Article 97 — Periodic review

1. The National Assembly shall review this Act within five years and thereafter at intervals not exceeding five years.
2. Review shall address distributional fairness, subsistence protection, investment, compliance cost, digital access, extractive revenue, disputes and international obligations.

Article 98 — Commencement

1. Chapters I, XI, XII and XIII commence upon publication in the Gazette.
2. The remaining Chapters commence on 1 January following at least six months after publication, unless an Act appoints a later date.

SCHEDULE 1

TAX RATES, ALLOWANCES AND WITHHOLDING

The consultation draft reserves the precise rate bands, personal allowance, company rate, extractive rates, withholding rates and monetary thresholds for completion by the National

Assembly through transparent fiscal analysis before enactment. No liability arises from an omitted rate.

SCHEDULE 2

DEPRECIATION AND TECHNICAL TAX PARAMETERS

The consultation draft reserves asset classes, useful lives, loss limitations, interest-limitation percentage and technical parameters for completion by the National Assembly after consultation and publication of fiscal modelling. No executive authority may use this Schedule to create an unlegislated tax.

Made at Asmara, this ___ day of __________ 2026.

THE NATIONAL ASSEMBLY OF ERITREA