



# DOING BUSINESS IN EGYPT

## 2018

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# || EGYPT AT A GLANCE

## GETTING TO KNOW EGYPT

- Egypt is going through a structured set of economic reforms
- GDP is expected to grow by 3.9% in 2017
- The CPI inflation rate has decreased to 29.7% as of May 2017

## LEGAL ASPECTS

- Incorporating a company in Egypt takes an average of 6 working days
- There are 9 steps required to incorporate a company in Egypt
- The main legal forms used are the Limited Liability Company & the Joint Stock company

## LABOUR ASPECTS

- There is no minimum wage set for the private sector in Egypt
- Improvements in the labor conditions were introduced by the Unified labor law in 2003
- All private companies are required to provide health insurance to their employees

## TAX ASPECTS

- Corporate tax is at a flat rate of 22.5%
- The Value-Added tax replaced the general sales tax at 14%
- Stamp and real estate tax are other types of taxes

## ACCOUNTING ASPECTS

- Companies are required to present their accounts using the Egyptian Accounting Standards
- Companies are legally bound to keep their books in Arabic either hand-written or electronically

## INVESTMENT OVERVIEW

- Refund of 50% of the value of the land allocated for the industrial projects in case the production starts within 2 years from the land delivery date
- A new tax reduction system for projects established in under-developed locations - Sector A

# GETTING TO KNOW EGYPT



## DEMOGRAPHICS

Population: **94.6 m**

Capital: **Cairo**

Languages: Arabic (official), English & French



## ECONOMY

GDP: **\$342.8 billion** (official exchange rate)

GDP per capita: \$12,100 (2016 est.)

GDP real growth: **3.8%** (2016 est.)

Unemployment: 13.1% (2016 est.)

Public debts: 92.6% of GDP (2016 est.)

Main sectors: Textiles, food processing, tourism, chemicals, pharmaceuticals, hydrocarbons, construction, cement, metals, light manufactures

Main investment authority: General Authority for investment & free zones

A heavily populated country in Northern Africa, Egypt is a strategic middle eastern state. It is bisected by the fertile Nile river where most economic activity takes place. Although its fastly growing population (the fastest in the Arab world) is a major advantage, it acted as a severe constraint on the government's ability to introduce economic reforms and meet the aspirational demands of a young society. In 2011, the Egyptian population ousted their 30-year rule President Mubarak. Unfortunately, the country's economy post-revolution experienced a severe downturn. Major political unrest stormed the country for a couple of years until President Sisi took power in 2014. Although the new cabinet prioritized security, they had introduced bold economic reforms. The first batch of reforms were macro-economic in nature such as cutting energy subsidies and freeing the exchange rate while the second batch centered around luring foreign investment by enhancing the business and investment environment. These reforms are backed by Egypt's international financing partners the IMF and the African Development bank. This restored confidence & stability in the economy and is starting to yield positive results.

# LEGAL ASPECTS

## FOREIGN INVESTMENT

In light of several recent fiscal and monetary reforms, the Egyptian government has issued a new “investment law” to incentivize foreign direct investment. The law harbors a more fertile business environment through tax and non-tax incentives, which include but aren’t limited to a 50% tax discount on investment in underdeveloped areas, as well as 30% reduction on sector specific investment indicated by the government such as Energy, tourism, pharmaceuticals ..etc The law also dictates that the government may approve bearing all or partial costs of connecting utilities to the investment projects.

Pertaining to land allocation and cost, one provision refunds 50% of the cost of land paid to start an industrial project, if production begins within two years while another restores private sector free zones- exempting them from tax and customs completely. As a result, in the first half of the fiscal year 2017, Egypt’s direct foreign investment has jumped by 39% reaching \$4.3 billion.

To simplify the procedural and legislative process, the new law provisions General Authority for Investment and Free Zones (GAFI) as a “one stop shop” responsible for regulation and license issuance. Licenses and approvals will take a maximum of 60 days.

There are four possible legal forms of business in Egypt, below is a comparison of the two main forms:

Features	Limited Liability Company	Joint Stock Company
Responsibilities of shareholders	Limited to the paid-in capital	Limited to the paid-in capital
Share capital	No minimum capital required	Minimum capital of EGP 250,000 paid as follows: -10% during incorporation -15% within 90 days of incorporation -Paid in full within 5 years of incorporation

# LEGAL ASPECTS

A comparison of the two main forms continued:

Features	Limited Liability Company	Joint Stock Company
No. of shareholders	Minimum 2 and maximum 50	Minimum of 3 shareholders
Debentures	Debentures may not be issued by limited liability companies.	Negotiable debentures or bonds may be issued.
Management	Limited liability companies are managed by one or more managing directors, of which at least one must be an Egyptian national. If more than 10, a supervisory council must be formed.	Managed by a board of directors (BoD) comprised of 3 or more of any nationality.
Audit	Mandatory, An auditor registered in the Registry of Accountants & Auditors (RAA) must be appointed by the general assembly of shareholders.	Mandatory, An auditor registered in the Registry of Accountants & Auditors (RAA) must be appointed by the general assembly of shareholders.
Accounting	Statutory financial statements in accordance with the Egyptian Accounting Standards (EAS) must be issued at least once a year.	Statutory financial statements in accordance with the Egyptian Accounting Standards (EAS) must be issued at least once a year.

# LEGAL ASPECTS

## Steps to incorporate a company

1. Prepare, review and authenticate the company's Article of Association from GAFI.
2. Request of corporate name.
3. Opening of bank account on behalf of the company to be incorporated.
4. Deposit of social capital in the bank account opened on behalf of the company to be incorporated
  - Limited Liability Company : 100%
  - Joint Stock Company : 10% (at least)
5. Prepare and submit the security check application for the foreign shareholders / partners and the board members / managers.
6. Notarize the Article of Association.
7. Issuing the Commercial Register and tax card.
8. Obtaining of the Tax file and Tax ID number.
9. The establishment process typically takes between 3 - 4 weeks following the availability of certain documentation, after which the company can open its own bank account and obtain a bank certificate.

# LEGAL ASPECTS

## Approximate cost to incorporate a company in Egypt:

Cost Item	Limited Liability Company	Joint Stock Company
Incorporation fees	0.1% of the issued capital at a maximum 1,000 EGP and a minimum of EGP 100	0.2% of the issued capital at a maximum EGP 11,000 and a minimum of EGP 1,100
Authentication by the Bar Association (for companies with issued capital above 20,000)	EGP 1% of the issued capital at a maximum of EGP 25,000 and a minimum of EGP 200 + EGP 50 legal stamp duty	EGP 1% of the issued capital at a maximum of EGP 25,000 and a minimum of EGP 2,00 + EGP 50 legal stamp duty
Notarization of the Articles of Incorporation	0.25% of the issued capital at a maximum of EGP 1,000	0.25% of the issued capital at a maximum of EGP 1,000
Commercial Register	EGP 56	EGP 56
GAFI Publication fees	EGP 300	EGP 500
Chamber of commerce	Annual membership 0.2% of issued capital at maximum of EGP 2,000 and at a minimum of EGP 24 + EGP 29 Stamps	Annual membership 0.2% of issued capital at maximum of EGP 2,000 and at a minimum of EGP 24 + EGP 29 Stamps
Issuance of shares	--	0.05% of issued capital at a maximum of EGP 10,000
Syndicate Of Commercial Professions	EGP 125 to be paid for an issued capital less than EGP 500,000 and EGP 250 for an issued capital more than EGP 500,000	EGP 125 to be paid for an issued capital less than EGP 500,000 and EGP 250 for an issued capital more than EGP 500,000



# LEGAL ASPECTS

## REPRESENTATIVE OFFICE

Foreign companies can establish in Egypt representation, liaison, or scientific offices. The object of such offices is limited to studying the Egyptian market and exploring the possibility for their companies to manufacture or carry out business in Egypt, but without actually performing any kind of commercial activity including commercial agency work, or performing any activity which may generate income.

Representation, liaison, or scientific offices should be registered at the Companies Registrar before they are allowed to operate in Egypt.

There is no minimum capital required for a representation, liaison, or scientific office, but the funds required to establish any such office and to run it should be transferred from abroad in foreign convertible currency and deposited at one of the accredited banks in Egypt. However, scientific offices of pharmaceutical companies are allowed to use the royalties and promotion allowances in meeting their expenses or part thereof.

Since representation, liaison, and scientific offices cannot exercise any commercial activity that could generate income, they are not subject to the corporate tax and their employees do not enjoy any profit-sharing rights.

There are no minimum capital requirements; however, the parent company should transfer a minimum of USD 1,000 to be deposited in the representative office's account upon establishment.

The representative office is not liable to corporate tax since it is not performing any commercial activity. However, it will be required to pay the employment taxes of the manager and any staff. It is also liable for stamp duty and local withholding tax.

The establishment formalities take approximately 6-8 weeks once all required documentation is available.

## JOINT VENTURE

The details of joint venture or licensing agreements between Egyptians and their foreign partners are a matter of mutual agreement, defined by their contract, not by special law. Invested capital may be repatriated without prior approval of the government's investment authority, the General Authority for Investment and Free Zones (GAFI). Foreign equity in joint ventures can be as low as a few percentage points, depending upon mutual agreement. Egyptian Law No. 8, the Investment Incentives and Guarantees Law, allows foreign investors to own any amount, up to 100%, in projects in most sectors.

# LEGAL ASPECTS

## BRANCHES

A foreign company may register a branch office in Egypt, provided that the foreign company has a contract (with either the private or public sector) to perform work in Egypt. Although a branch office can engage in commercial, financial, industrial and contractual activities, the activities that the branch will carry out will be limited to those stated in its contract in Egypt.

To establish a branch office, the approvals of the Minister of Trade, the General Authority for Investment and Free Zones, the Minister supervising the relevant field of activity of the branch and the Investment Authority must be obtained. A branch office must also be registered in the Commercial Registry and with the Companies Department. The registration application must be accompanied by the following documents:

- The Articles of Incorporation of the company.
- An audited balance sheet for the most recent fiscal year.
- The corporate resolution(s) authorizing the establishment of the Egyptian branch, appointing its manager and allocating the necessary capital for its operations.
- A copy of the contract it has signed concerning its activities in Egypt.

The branch must also be registered with GAFI. The registration is valid for five years. The branch must comply with Egyptian law, including laws governing companies, taxation, labor, social insurance and foreign exchange. In particular, it must have an Egyptian auditor. Furthermore, the following must be submitted to the Companies Department annually:

- A copy of the balance sheet, and the profit and loss statement audited by an Egyptian auditor.
- The names and nationalities of the managers.
- The details of all personnel and salaries paid to the Egyptian employees.
- The details of profits and the proportion of those profits allocated to employees.

# LABOUR ASPECTS

The Egyptian labor market is regulated by the new unified Labor Law No. 12 for 2003. The new Law comprises 257 articles that address all the legal aspects regulating the Egyptian labor market. The law aims at increasing the private sector involvement and at the same time achieving a balance between employees' and employers' rights. Amongst the most important issues that the law addresses is the right of an employer to fire an employee and the conditions pertaining to this as well as granting employees the right to carry out a peaceful strike according to controls and procedures prescribed in the new law.

Provisions concerning the workers in the Company The number of Egyptian workers in Egypt in the Companies ruled by the present law should not be less than 90 % of the manpower in it, and their earnings not less than 80 % of the total of wages paid by the company to its workers.

The number of professional and administrative Egyptian workers in the shareholder companies working in Egypt must not be less than 75 % of the total of workers in them and the total of their earnings not less than 70% of the total of the wages and salaries paid by the company to these categories of workers. The provision of the preceding paragraph is applicable on commandite companies with shares, and limited liability companies, the capitals of which exceed EGP 50,000.

## THE SOCIAL SECURITY SYSTEM & PUBLIC HEALTH INSURANCE

Social security is a public program designed to protect individuals and their families from income losses due to unemployment, old age, sickness, or death and to improve their welfare through public services (e.g. Medical Care).

For Egyptian employees, who must constitute a significant part of a company's workforce, there is a social security system under which the employer pays contributions equivalent to approximately one-fourth of the salary earned, up to a certain limit of salary.

Contributions in the private sector under social security regulations are levied only on Egyptian nationals who are in full-time employment. Contributions are required at the following rates:

On the monthly basic salary up to EGP 1,240, at 26% and 14% for employer and employee respectively; and on any amount in excess of the basic salary (EGP 700), or other allowances or overtime, up to EGP 2,430 monthly, at 24% and 11% for employer and employee respectively.

For seasonal and temporary workers employed by construction contractors, a different system applies, Social Security contributions by the contractor amount to 18% of the percentage that labor costs bear to total contract costs. This levy may significantly increase labor costs on projects.

# LABOUR ASPECTS

Benefits provided under the social security scheme are pensions, disability payments, sickness payments, maternity and death allowances, and unemployment insurance. These benefits are not given to non-Egyptians.

All private sector companies in Egypt are required to provide free health care for their Egyptian employees either through the Medical Insurance Plan of the Ministry of Social Insurance or privately. They are also required to contribute to the Pension Insurance Fund of the Ministry of Social Affairs and Insurance.

\* Maximum limits of basic and variable salary are changed every year.

\* If the company does not desire to update to maximum limit every year, it has to apply at least 7% increment on basic salary every year.

## Other benefits:

### 1. Annual increment

Employees are entitled to a periodical annual increment of not be less than (7%) of the basic salary on which the social insurance subscriptions are calculated. Thus until the National Council for Wages issues the decisions regulating the payment of that increment.

### 2. Overtime Pay

The minimum overtime premiums are 35% of normal pay for overtime worked during daylight, 70% for that worked at night, and 100% on vacation days and 200% on official holidays.

### 3. Minimum wage

No minimum wage for the private sector is set. The minimum wage in the governmental sector is EGP 1,200 per month

### 4. Profit sharing

Employees of a Joint Stock Company, Limited Liability Company, or Foreign Branch are entitled to a share in the distributable profits. The share is fixed at an amount not less than 10% of distributable profits and not more than the total annual salaries of all employees. However, Limited Liability Companies with capital less than EGP 250,000 are not mandated to pay a profit share to employees.

### 5. Bonuses

There is no obligation to pay bonuses

# LABOUR ASPECTS

## SPECIAL REQUIREMENTS FOR FOREIGN RESIDENTS

### Visas:

Tourists and visitors are generally permitted to enter the country with a minimum of immigration formalities. Except for nationals from certain countries who must obtain visa from the Egyptian Consulate in the country where they live, most visitors require temporary visas to enter Egypt. These are issued at ports.

#### 1. Tourist visa

Tourist visas are issued to foreign nationals visiting Egypt for recreational purposes or to foreign nationals whose stay in Egypt will not exceed three months. It is possible to renew this visa for similar durations.

#### 2. Temporary visa

Temporary visas are issued to foreign nationals who are entering Egypt for reasons other than recreational purposes and whose stay will exceed three months but will not exceed one year

### Work permits:

All Egyptian workers, except part-time or temporary staff, must obtain work certificates.

Foreigners interested in employment in Egypt have to obtain work permits and follow the corresponding regulations issued by the Ministry of Manpower and Migration in this regard. After a work permit is obtained, the foreign national's visa (whether tourist or temporary) is converted into a work visa, with the same duration as the work permit.

Work permits are easier to obtain for technical staff than for unskilled or semi-skilled workers. Work permits are usually granted to foreigners for a period of one or less than one year. It may also be issued for a period exceeding one year after settling the relative fee for the requested period.

# LABOUR ASPECTS

## Documents necessary for obtaining work & residence permits for foreigners in Egypt:

- Letter from the Work License of Foreigners Department to issue the visa approving his work in Egypt to be addressed to the Passport Authority, and to the competent Manpower Department, the Companies Department, or the General Authority for Investment & Free Zone (GAFI).
- Filling the applications forms for work permits of foreigners willing to work in Egypt. These application forms may be obtained from the work permit department at the Manpower and Training Directorate-Tahrir Complex.
- Passport for perusal. It is important to apply while residence is valid.
- Copies of passport size photographs of the foreigner.
- Copies of the company incorporation contract.
- Copies of the Tax ID Card.
- A copy of the commercial register.
- Copies of the certificates of academic degrees and experience of the foreigner.
- The license for exercising the profession in the cases where such license is required.
- A memorandum justifying the recruitment of the foreigner for that job, stating the reasons for not recruiting an Egyptian as well as the tasks assigned to the foreigner together with the name of the Egyptian assistant whose qualifications and experience are consistent with the foreigner.
- Approval of the related Authority (e.g. Investment Authority, Egyptian General Petroleum Corporation ... etc.).
- A delegation from the company to the person who is going to apply for the work permit on behalf of the foreigner.
- A certificate from a public hospital or a recognized laboratory such as the vaccination laboratory of the Ministry of Health, confirming that the foreigner is free of HIV.
- The approval of the concerned security authorities. This can be arranged through the department of work permits at the Manpower and Training Directorate at Tahrir complex.
- Evidence of settlement of the work permit fees.

# LABOUR ASPECTS

## Fees for issuing the permit is set as follows:

- Issuing the permit for the first time or on its renewal for both Aliens and nationals of Arab countries is approximately L.E. 1,000.
- The fee should be due in full for the whole year or its fractions.

## WITHHOLDING TAX (PERSONAL INCOME TAX)

In general, this tax is withheld at source from payments to Egyptians and foreign nationals working in Egypt. A tax is imposed on the total net income of the resident individuals for income earned in Egypt as well as the income earned outside Egypt for resident individuals whose center of commercial, industrial or professional activities is in Egypt. Tax is also imposed on the income of non-resident individuals for their income earned in Egypt.

### Taxable income:

Taxable income is defined as payment from employment, including salaries, wages, overtime, bonuses, paid leave, commissions, profit shares and all cash and in-kind benefits. Reimbursement for expenses of spouses and dependents is also considered taxable income. In addition, school tuition fees, long-term living expenses, and overseas and hardship allowances are taxable.

Non-residents are taxed using the same tax brackets applicable to residents. Employees (both resident and non-resident) are entitled to an annual exemption of EGP 7,000.

Natural persons are subjected to the following rates of income tax dependent on level of income as follows:

Taxable income bracket		Tax rate	Discount on tax due
From EGP	To EGP	Percent	Percent
0	7,200	0%	-
7,201	30,000	10%	80%
30,001	45,000	15%	40%
45,001	200,000	20%	5%
Over 200,000		22.5%	0%

# TAX ASPECTS

## MAIN TYPES OF TAXES

### Corporate tax

Companies are bound to a flat rate of 22.5% corporate tax rate. It is imposed on the below:

- Companies residing in Egypt on all profits gained from Egypt or abroad
- Companies not residing in Egypt but have a permanent establishment in Egypt

All companies should present their tax return within four months of the end of their financial year. At the date of the submission, the amount would be due and payable.

Deductable expenses include:

- Costs of importation;
- Costs of setting up in Egypt;
- Administrative and other related expenses, and
- Depreciation expenses.

Non-deductable expenses include:

- Reserves and appropriations;
- Financial fines and criminal penalties; and
- Income tax payable.

Losses made in the current year can be used to reduce the taxable profit in a subsequent year. Losses can be carried forward for up to five years.

Capital gains tax on shares are applicable on the sale of unlisted shares. It is subject to the regular tax rate for corporate & individual shareholders (22.5%).

Dividends distributed by resident companies to resident or non-resident individuals or companies are subject to a 10% withholding tax.

### VAT tax

The new VAT law replaced the old general sales law tax. It applies to a broader range of goods and services and is levied at 14% as a general rate however there're different rates for different specified goods and services. There are also some goods & services that are exempted such as training & medical services. In addition to this, it introduced the reverse charge mechanism whereby transactions involving non-residents providing services / royalties to Egyptian resident entities have become subject to VAT in Egypt.



# TAX ASPECTS

## Withholding tax

### Withholding Payments on Account of Tax: (Onshore Payments)

- The new law has retained the withholding payments on account of the taxpayer. Moreover it introduced a new pretax payment system.
- The obliged parties to apply the withholding payments mechanism include government ministries and departments, public sector companies, free zone companies, syndicates, all kinds of non-governmental organizations.
- Withholding payments will be applied to any payments such as commissions, brokerage, purchases, supplies, contracting or services over LE300 paid to private sector entities.
- Withholding payments will be applied to non-commercial professions at 5% for each amount more than LE100.
- Free zone projects are clearly obliged to withhold the taxes due on their employees and remit such amounts to the tax authority.
- A ministerial decree will be issued to determine the withholding payment rate that should not be exceeding 5% of the payment as follows:

Activity	Rate
Constructing & supplies	0.5%
Services	2%
Professional fees & commissions	5%

# || TAX ASPECTS

## Other taxes

Stamp tax is applicable in the below situations:

- Land registration/property transfers/transfer of deeds (including lease agreements)
- Banking Transactions
- Payments by Governmental Bodies

Real estate tax is levied on all constructed properties. An 'assessment committees" is formed in every governance to evaluate the market fair value of the unit and the tax rate is 10% of the annual rental value of the taxable real estate. The value is evaluated in January of every year and is payable in two instalments at the end of June and December.

# ACCOUNTING ASPECTS

## AUDIT & ACCOUNTANCY

During incorporation, a company should state the name of the auditor performing the audit in its Article of Association. Certain types of businesses, including banks and insurance companies, are required to have two auditors mentioned in their Articles of Association.

The financial accounts and the tax return should be prepared on an annual basis for each financial year, which is usually a 12 month period. An exception to the rule is if the company is incorporated after 7 days from its start of its financial year, then the company may have an extended financial year (23 months).

Filing accounts should be prepared in accordance with the Egyptian Accounting Standards and presented to the following authorities (there are no filing fees):

- Egyptian Stock Market (obligatory for Banks).
- GAFI
- Tax authority

In addition, it is obligatory for certain types of businesses, such as banks, to publish their annual financial statements in two national newspapers. The statements should be prepared in accordance with the Egyptian Accounting Principles; International Financial Accounting & Reporting Standards may be prepared for management purposes only.

It is legally required to maintain local books and records in hand-written Arabic. Electronic recording of the books and registers is also permitted.

The above accounting, audit and filing requirements apply where:

- The capital of the business exceeds EGP 50,000.
- The annual turnover is greater than EGP 250,000.
- The annual net profit, according to the last tax assessment, exceeds EGP 20,000.

Supporting documentation must also be kept for the entries in the books, and receipts are required to be issued for any payments received.

# || INVESTMENT OVERVIEW

## INTRODUCTION

A new investment law was issued under No.72 of 2017(The new investment law) as a part of the ongoing efforts aiming at attracting new investments to Egypt through offering further incentives and guarantees, removing obstacles and streamlining the procedure.

According to the latest ranking published by the Financial Times, Egypt is one of the top 5 global FDI inflows India, China, Indonesia and the United States respectively.

The provisions of the annexed Law shall govern the investment within the Arab Republic of Egypt. The provisions of the Law shall apply to local and foreign investments, regardless of its size, and investment shall be placed in accordance with the provisions of this Law, either under the regime of the Inland Investments, Investment Zones, Technological Zones, or Free Zones.

The Investment Law introduces a new tax reduction system for investments in certain geographical areas as well as investments in specific sectors. Only new companies established after the issuance of the law can benefit from this tax reduction system.

## SCOPE OF APPLICATION

The Law applies on all local and foreign investment projects in Egypt. Investment projects are defined as those working in one of these sectors: manufacturing, agriculture, trade, education, health, transportation, tourism, housing, construction, sports, electricity, energy, natural resources, water, telecommunication and technology.

# INVESTMENT OVERVIEW

## INVESTMENT GUARANTEES

**The law sets out a set of guarantees to ensure the...**

- 1.** Fair and equitable treatment to both foreign and Egyptian investors. The Prime Minister has the authority, subject to reciprocity, to grant a foreign investment project, a more favorable treatment.
- 2.** Granting a residence permit to foreign investors for a period of minimum 1 year and maximum of the duration of the project.
- 3.** Licenses given and state-owned land or property allocated to an investment project may not be withdrawn except after giving the investor a prior notice of 60 days to clear the violation.
- 4.** Suspension or termination of any license can only occur after a final court decree.
- 5.** The right to repatriate profits and/or receive international funds to finance the project without any restrictions.
- 6.** Facilitating liquidation procedures to be finalized within 120 days
- 7.** Expats can be employed up to 10% of the total number of employees, this percentage can be increased to 20% subject to the approval of GAFI.

## INVESTMENT INCENTIVES

**All investment projects, except free zone projects, shall enjoy the following incentives:**

- 1.** Registration of the articles of incorporation, loan agreements and pledge contracts are exempted from stamp duty tax and notary public fees for a period of 5 years from the date of establishment.
- 2.** Exemption from the land of registration fees.
- 3.** Application of a unified flat customs duty tax rate of 2% on all machines and equipment needed for establishing the investment project.
- 4.** Allowing the establishment of special customs offices dedicated for the Investment Project's exports or imports in agreement with the Minister of Finance.

# INVESTMENT OVERVIEW

**All investment projects, except free zone projects, shall enjoy the following incentives:**

- 5.** The State shall incur the expenses paid by the Investor, in whole or in part, for the extension of utilities to the real-estate properties allocated for the Investment Project, upon the operation of the Project.
- 6.** The State shall incur a part of the expenses of the technical training provided for the staff.
- 7.** Refund 50% of the value of the land allocated for the industrial projects in case the production starts within 2 years from the land delivery date.
- 8.** Allocate lands free of charge for some of the strategic activities in accordance with the relevant rules prescribed by the law.

## **Tax benefits:**

**Article 11 of the Law provides for a new tax reduction system for a period of 3 years for projects established after the issuance of the Law. The reduction will be from the net taxable profits subject to the following rates:**

- 1.** 50% of the investment cost of setting up a project in geographical locations that are in most need for development (underdeveloped locations) The Law named these locations as Sector A. The executive regulations shall clarify which investment sectors in Sector A can benefit from this 50% tax rebate rate.
- 2.** 30% of the investment cost of a project that is set-up in other remaining geographical locations other than Zone A, which the Law named as Zone B

The reduction amount shall not in all cases exceed 80% of the paid-up capital of the project for a period of maximum 7 years.



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