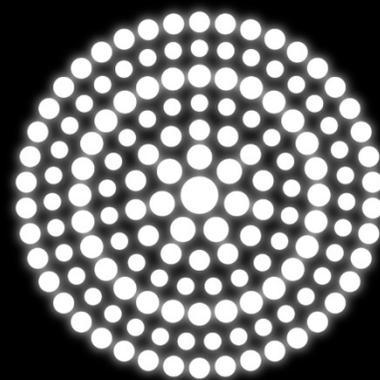


International Tax Egypt Highlights 2021

Updated January 2021



Recent developments

For the latest tax developments relating to Egypt, see [Deloitte tax@hand](#).

Investment basics

Currency: Egyptian Pound (EGP)

Foreign exchange control: There are no foreign exchange controls.

Accounting principles/financial statements: Egyptian Accounting Standards apply.

Principal business entities: These include the joint stock company, limited liability company, partnership limited by shares, limited and unlimited partnership, branch and representative office of a foreign company, and the single owner limited liability company.

Corporate taxation

Rates

Corporate income tax rate	22.5%
Branch tax rate	22.5%, plus 10% branch remittance tax
Capital gains tax rate	10% (suspended until the end of 2021) or 22.5%

Residence: A company is deemed tax resident in Egypt if it is established according to Egyptian law, if its main or actual center of management is in Egypt, or if the Egyptian government or a public juridical person owns more than 50% of its capital.

Basis: Resident companies are taxed on their worldwide income; nonresident companies are taxed only on Egyptian-source income. Branches are taxed in the same way as subsidiaries.

Taxable income: Corporate income tax is imposed on the profits of the company calculated primarily according to Egyptian Accounting Standards and adjusted by specific provisions based on the tax law. Tax is payable on the total profits after deducting the necessary and relevant expenses incurred in deriving the profits (the “tax pool”). Statutory payments to employees under profit-sharing rules may not be deducted for corporate income tax purposes and are not subject to the salary tax.

Rate: The standard corporate income tax rate is 22.5%. Companies engaged in the exploration and production of oil and gas are taxed at a rate of 40.55%.

Surtax: There is no surtax.

Alternative minimum tax: There is no alternative minimum tax.

Taxation of dividends: Under a “dividend exemption” (DIVEX) mechanism, 90% of the dividends received by an Egyptian resident parent company from an Egyptian or foreign subsidiary are exempt from corporate income tax. The mechanism applies where the resident parent holds at least 25% of the shares of the subsidiary for at least two years before the distribution or, if the holding period is not met at the time of the distribution, the parent commits to hold the shares in the subsidiary for two years. If the ownership is less than 25%, the dividends are excluded from the tax pool together with related costs, based on a formula specified in the law.

For resident parent companies receiving dividends from resident subsidiaries that qualify for the DIVEX mechanism, the effective tax on dividends is 22.5% on 10% of the dividend, in addition to the 10% withheld at source by the subsidiary (effective tax rate of 12.25%) or 5% withheld at source by the subsidiary if the subsidiary is a listed company (effective tax rate of 7.25%).

Dividends distributed by companies, including companies established under the special economic zones system, and profit shares distributed by partnerships to a nonresident natural person and to a resident or nonresident juridical person, including profits of nonresident juridical persons realized through a permanent establishment (PE) in Egypt, are subject to a 10% withholding tax except for dividends distributed in the form of free shares. The rate is 5% for dividends distributed by companies listed on the Egyptian stock exchange. The profits of a PE must be distributed within 60 days from the PE’s financial year-end.

Capital gains: Capital gains derived by a resident company from the sale of shares listed on the Egyptian stock exchange are subject to a reduced 10% corporate income tax rate in a separate income tax pool. However, this tax has been “suspended” temporarily (i.e., an exemption is granted) until the end of 2021; the 10% tax will apply on resident sellers after that date. This suspension period does not apply to gains from the sale of government bonds.

Capital gains derived by a nonresident company from the sale of shares listed on the Egyptian stock exchange or from the disposal of treasury bills are not subject to tax.

Capital gains derived by a resident or a nonresident entity from the disposal of unlisted securities in Egyptian companies are taxed at the standard corporate income tax rate. Where relief may be available under a relevant tax treaty, the nonresident taxpayer should file a form with the International Tax Department (formerly the Tax Treaties Department) of the Egyptian Tax Authority (ETA) to get formal “pre-approval” of the tax treaty application.

Losses: Losses may be carried forward for five years (three years for losses derived from trading in shares). The carryback of losses is not permitted, except for losses incurred by a construction company on long-term contracts.

Foreign tax relief: Foreign taxes paid overseas may be deducted from Egyptian income tax payable, but the deduction may not exceed the total tax payable in Egypt.

Participation exemption: See “Taxation of dividends” and “Capital gains,” above.

Holding company regime: There is no holding company regime.

Incentives: Projects established under the free zone system are not subject to tax in Egypt.

The investment law provides fiscal incentives for investment projects established after 31 May 2017 in the form of a reduction of net taxable profits. A deduction equivalent to 50% of the “investment costs” is granted for investments made in geographic locations most urgently in need of development (designated as Sector A); a deduction of 30% of the investment costs is granted for projects established in Sector B (all other areas). The deduction may be utilized over a maximum period of seven years from the date activity commences and is capped at 80% of the paid-up capital as at that date.

Compliance for corporations

Tax year: The tax year is the accounting year.

Consolidated returns: Consolidated returns are not permitted; each company must file a separate return.

Filing and payment: Companies must file a tax return within four months following the end of the financial year (FY). Tax is assessed on the information provided in the tax return.

Taxpayers may submit their data, records, information, and any other documents related to any type of taxes (i.e., tax returns) in any language. However, translated Arabic versions of all documents must be attached. The Arabic translation must be done by an accredited center related to the ETA.

Taxpayers must submit their tax returns through an electronic system with their e-signature.

Companies that sell goods or provide services must register all their purchases and sales on the electronic system. In addition, all collections, whether cash or electronic, must be registered on the same system, including the value of sales and services and their tax due, and an electronic invoice with an e-signature should be issued for each sale transaction.

Penalties: Various penalties apply for failure to apply the system of withholding, collection, and remittance of tax; failure to file a return; and other offenses.

Interest is calculated at 2% above the annual credit and discount rate announced by the Central Bank of Egypt.

If the amounts included in the tax return are less than the final assessed tax amount, an additional penalty may be imposed based on the difference between the amounts included in the return and those in the assessment. The rate is 20% where the difference is less than 50%; 40% where the difference is 50% or more; and 40% of the final assessment tax due where the tax return was not submitted.

A penalty ranging from EGP 3,000 to EGP 50,000 is imposed on taxpayers who submit their tax returns late but within 60 days following the due date. Where the period exceeds 60 days, the penalty ranges from EGP 50,000 to EGP 2 million.

A penalty ranging from EGP 20,000 to EGP 100,000 is imposed on taxpayers in certain other noncompliance cases (i.e., other than failure to file their tax returns). A penalty up to EGP 50,000 is imposed on taxpayers who do not keep books and records (whether in print or electronically) during the legally required period.

In cases of tax evasion, the government may prosecute and the person seeking reconciliation must pay 100% of the tax liability before a criminal case, 150% of the tax liability where a criminal case is brought to the competent court but a final judgment is not rendered, and 175% of the tax liability where a final judgment is rendered.

Rulings: Taxpayers may apply for an advance ruling by submitting a written request and copies of relevant documents to the ETA. The ETA will issue a decision on the request within 30 days after receiving all the relevant documents.

Individual taxation

Rates		
Individual income tax rate	Taxable income	Rate
	Up to EGP 15,000	0%
	EGP 15,001–EGP 30,000	2.5%
	EGP 30,001–EGP 45,000	10%
	EGP 45,001–EGP 60,000	15%
	EGP 60,001–EGP 200,000	20%
	EGP 200,001–EGP 400,000	22.5%
	Over EGP 400,000	25%
Capital gains tax rate	10% (suspended until the end of 2021) or progressive rates up to 25%	

Residence: Individuals are resident if they are present in Egypt for more than 183 days in a fiscal year; are deemed to have a permanent abode in Egypt; or are Egyptian nationals performing their work duties abroad but being paid for these duties from an Egyptian source.

Basis: Resident individuals are taxable on their worldwide income if Egypt is the “center of their commercial interests.” Nonresident individuals are taxed only on their Egyptian-source income.

Taxable income: Taxable income includes income from employment, income from commercial or industrial activities, and income from noncommercial activities (i.e., professional services). Mandatory profit sharing, pensions, and end-of-service bonuses are not subject to salary tax.

Rates: Progressive rates up to 25% are levied on all types of income derived by individuals. The annual taxable income affects the application of the different tax brackets, as higher taxable incomes are not eligible for the lower tax rates, as illustrated below:

- Annual taxable income that exceeds EGP 600,000 but does not exceed EGP 700,000 does not qualify for the 0% tax rate. The first EGP 30,000 of taxable income is taxed at 2.5%, with the balance taxed according to the remaining tax brackets.
- Annual taxable income that exceeds EGP 700,000 but does not exceed EGP 800,000 does not qualify for the 0% and 2.5% tax rates. The first EGP 45,000 of taxable income is taxed at 10%, with the balance taxed according to the remaining tax brackets.
- Annual taxable income that exceeds EGP 800,000 but does not exceed EGP 900,000 does not qualify for the 0%, 2.5%, and 10% tax rates. The first EGP 60,000 of taxable income is taxed at 15%, with the balance taxed according to the remaining tax brackets.
- Annual taxable income that exceeds EGP 900,000 but does not exceed EGP 1 million does not qualify for the 0%, 2.5%, 10%, and 15% tax rates. The first EGP 200,000 of taxable income is taxed at 20%, with the balance taxed according to the remaining tax brackets.
- Annual taxable income that exceeds EGP 1 million does not qualify for the 0%, 2.5%, 10%, 15%, and 20% tax rates. The first EGP 400,000 of taxable income is taxed at 22.5%, with the balance taxed according to the remaining tax brackets.

Resident employees who derive income from a secondary employer are subject to tax on that income at a 10% flat rate.

Dividend income received by resident individuals is taxed at a rate of 10%; the rate is reduced to 5% where the dividends are distributed by companies listed on the Egyptian stock exchange.

Capital gains: Capital gains derived by resident individuals from the sale of shares listed on the Egyptian stock exchange are subject to a reduced 10% tax rate in a separate income tax pool. However, this tax has been “suspended” temporarily (i.e., an exemption is granted) until the end of 2021. This suspension period does not apply to gains realized by resident individuals from the sale of government bonds.

Capital gains realized by nonresident individuals from the sale of shares listed on the Egyptian stock exchange or from the disposal of treasury bills are not subject to tax.

Capital gains realized on the sale of unlisted shares of Egyptian companies by resident or nonresident individuals are subject to progressive tax rates up to 25%.

Income derived from the sale of assets in a sole proprietorship becomes part of an individual’s taxable base (including the sale of a sole proprietorship’s real estate). If owned as a personal asset and not classified as sole proprietorship assets, real estate sales are subject to a separate 2.5% tax on the gross proceeds.

Deductions and allowances: Available deductions depend on the type of income. Various allowances are available for items such as social security contributions and health insurance premiums.

Foreign tax relief: Foreign taxes paid overseas may be deducted from Egyptian income tax payable, but the deduction may not exceed the total tax payable in Egypt.

Compliance for individuals

Tax year: The tax year is the calendar year.

Filing status: Each individual must file an annual return; spouses are not permitted to file a joint return.

Filing and payment: Individuals must submit a declaration of income before 1 April following the end of the tax year and pay tax based on the declaration.

The employer is responsible for withholding and paying salary tax to the tax authorities on a monthly basis. The employer must submit quarterly tax returns electronically for salary taxes in January, April, July, and October of each year. The returns should include the number of employees and their information, total gross salaries, amount of salary tax withheld and remitted with a copy of payment receipts, and any changes that have occurred with respect to the employees.

Taxpayers also are required to submit an annual reconciliation along with their tax return to the ETA in January of each year.

However, if employees are paid from an offshore source, the employees must declare their income and benefits for the entire year and pay the applicable tax to the tax authorities with the annual income tax return before 31 January of the following year.

Penalties: If the amounts included in the tax return are less than the final assessed tax amount, an additional penalty may be imposed based on the difference between the amounts included in the return and those in the assessment. The rate is 20% where the difference is less than 50%; 40% where the difference is 50% or more; and 40% of the final assessment tax due where the tax return was not submitted.

A penalty ranging from EGP 3,000 to EGP 50,000 is imposed on taxpayers who submit their tax returns late but within 60 days following the due date. Where the period exceeds 60 days, the penalty ranges from EGP 50,000 to EGP 2 million.

A penalty ranging from EGP 20,000 to EGP 100,000 is imposed on taxpayers in certain other noncompliance cases (i.e., other than failure to file their tax returns). A penalty up to EGP 50,000 is imposed on taxpayers who do not keep books and records (whether in print or electronically) during the legally required period.

In cases of tax evasion, the government may prosecute and the person seeking reconciliation must pay 100% of the tax liability before a criminal case, 150% of the tax liability where a criminal case is brought to the competent court but a final judgment is not rendered, and 175% of the tax liability where a final judgment is rendered.

Rulings: Taxpayers may apply for an advance ruling by submitting a written request and copies of relevant documents to the Egyptian tax authorities. The tax authorities will issue a decision on the request within 30 days after receiving all the relevant documents.

Withholding tax

Rates				
Type of payment	Residents		Nonresidents	
	Company	Individual	Company	Individual
Dividends	5%/10%	5%/10%	5%/10%	5%/10%
Interest	0%	0%	0%/20%	0%/20%
Royalties	3%	3%	20%	20%
Fees for technical services	3%	3%	20%	20%

Dividends: Dividends paid to a resident or a nonresident entity or individual are subject to a 10% withholding tax. The rate is reduced to 5% where dividends are distributed by companies listed on the Egyptian stock exchange. In cross-border situations, the rate may be further reduced under an applicable tax treaty.

See “Taxation of dividends” under “Corporate taxation,” above, for rates applicable to dividends received by resident parent companies from resident subsidiaries that qualify for the DIVEX mechanism.

Interest: Interest paid to residents generally is not subject to withholding tax, although a 20% withholding tax applies to interest paid with respect to Treasury bills and bonds.

Interest paid to a nonresident is subject to a 20% withholding tax, unless the rate is reduced under an applicable tax treaty. Treaty benefits generally may not be applied directly (i.e., at source); the domestic rate must first be applied. Where a more favorable rate applies under a tax treaty, the recipient subsequently must file a tax refund request with the ETA to recover the excess tax withheld. Treaty benefits may be applied at the time of payment where the recipient successfully files an advance ruling request (ARR) with the ETA.

Interest paid to a nonresident on a long-term loan (i.e., a loan with a term of at least three years) is not subject to withholding tax.

Royalties: Royalties paid to residents are subject to a 3% withholding tax.

Royalty payments made to a nonresident are subject to a 20% withholding tax, unless the rate is reduced under an applicable tax treaty. In the absence of an advance ruling to apply a reduced treaty rate, withholding tax on royalties is withheld at the domestic rate at the time of payment and the recipient subsequently must apply for a refund.

Fees for technical services: Technical service fee payments made to residents are subject to a 3% withholding tax.

Payments to nonresidents for “services” are, in principle, subject to a 20% withholding tax unless otherwise provided in an applicable tax treaty. In contrast to interest and royalties, reduced treaty rates may apply directly to technical service

fee payments so that the recipient is not required to file a refund request. It is common for the ETA to reclassify service payments that are suspected to include a right to use “experience” as royalties and apply the higher domestic withholding tax rate.

Branch remittance tax: Profits realized by a branch or PE of a foreign company are deemed distributed to the head office within 60 days from the year-end and are subject to the 10% dividend withholding tax, subject to the provisions of an applicable tax treaty.

Anti-avoidance rules

Transfer pricing: Transfer pricing rules allow the ETA to adjust the taxable income of an entity if the income is reduced as a result of a controlled transaction that would have yielded different results had the transaction occurred between unrelated parties.

Transfer pricing guidelines require a three-tiered approach to transfer pricing documentation with local file, master file, and country-by-country (CbC) reporting requirements. Taxpayers with commercial or financial transactions with related parties not exceeding EGP 8 million in total during a particular FY are exempt from preparing and submitting a master file and local file for that year.

CbC reporting and related notification requirements apply to Egyptian tax resident parent entities with at least one foreign subsidiary and annual consolidated group revenue of at least EGP 3 billion in the immediately preceding year. For non-Egyptian parented multinational enterprises (MNEs), an Egyptian tax resident entity is required to file a notification with the ETA if the consolidated group revenue is equal to or greater than EUR 750 million in the immediately preceding year.

The three documents (master file, local file, and CbC report) must to be filed annually with the ETA by the deadlines specified in the transfer pricing guidelines and legislation. The deadline to file the master file is in line with the master file filing deadline for the ultimate parent company, whereas the local file is due within two months from the corporate income tax return filing date. The CbC report must be filed within one year following the end of the FY to which the report relates, whereas the CbC reporting notification must be filed before the end of the FY to which the CbC report relates.

Failure to submit any required transfer pricing documentation may result in:

- A high-risk rating and an increased risk of audit;
- Unilateral transfer pricing adjustments by the ETA; and
- Percentage penalties based on the amount of the disputed annual tax base, where adjustments result from a transfer pricing audit.

The penalties imposed are a percentage of the total value of the related party transactions entered into by the taxpayer during the tax year, as follows:

- Failure to declare all related party transactions in the taxpayer’s corporate income tax return in accordance with the return’s template: 1%;
- Failure to submit a master file or local file: 3%; and
- Failure to submit a CbC report (where the Egyptian resident taxpayer is the ultimate parent entity of the MNE group) or corresponding CbC reporting notification form (where the Egyptian resident taxpayer is a subsidiary of a foreign parented MNE) based on pre-determined thresholds: 2%.

Total penalties cannot exceed 3% of the aggregate value of the related party transactions entered into by the taxpayer during the tax year where the taxpayer has failed to submit more than one document in the same year.

Egypt’s advance pricing agreement (APA) program is designed to help taxpayers determine in advance the appropriate arm’s length price for their controlled transactions with associated entities. The transfer pricing guidelines specify certain criteria that taxpayers must meet to be eligible to apply for an APA. Currently, the APA program is limited to unilateral APAs, i.e., an agreement that only involves the taxpayer and the ETA regarding an appropriate transfer pricing methodology for particular transactions. A taxpayer wishing to conclude a unilateral APA is required to formally approach the ETA for a pre-filing meeting at least six months prior to the first day of the proposed covered period, following the procedures specified in the guidelines. The process of concluding a unilateral APA typically lasts from three to six months.

Interest deduction limitations: A 4:1 debt-to-equity ratio applies. The tax deduction for any interest on debt exceeding this ratio is disallowed. In addition, the deduction is disallowed for interest paid that exceeds twice the credit and discount rate (announced by the central bank at the beginning of each calendar year).

The interest rate on loans between related parties must be at arm’s length and supported by proper transfer pricing documentation.

Controlled foreign companies: Income from investments in nonresident companies is recognized under the equity method of revenue recognition and is taxed in Egypt where the following three conditions are satisfied simultaneously: (1) the Egyptian entity owns more than 10% of the nonresident company; (2) more than 70% of the nonresident company’s income is derived from dividends, interest, royalties, management fees, or rental fees (i.e., “passive income”); and (3) the profits of the nonresident company are not subject to tax in its country of residence, are exempt, or are subject to a tax rate of less than 75% of the corporate tax rate applicable in Egypt.

Hybrids: There are no rules regarding hybrids.

Economic substance requirements: There are no economic substance requirements.

Disclosure requirements: See “Transfer pricing,” above.

Exit tax: There is no exit tax.

General anti-avoidance rule: A general anti-avoidance rule (GAAR) applies, under which, if any of the principal purposes of a transaction is tax avoidance or tax deferral, the tax authorities may, as the result of a tax audit, adjust the transaction’s tax effects and subject the economic substance of the transaction to tax.

Value added tax

Rates	
Standard rate	14%
Reduced rate	Varies

Taxable transactions: VAT generally applies to the supply of all goods and services. Services are broadly defined as anything that is not classified as a “good,” including, but not limited to, intellectual property rights, consultancy services, management services, etc. Input VAT may be offset against output VAT on items other than those subject to tax at a “schedule rate.” Schedule rates are typically lower than the standard rate but the VAT paid is noncreditable and nonrefundable.

Rates: The standard rate is 14%. Lower schedule rates can apply on goods or services that are specifically listed in the table attached to the VAT law, such as construction services and professional services, among others.

The VAT law contains a list of exemptions that consists of 57 categories of goods and services, including: basic food products; provision of natural gas; transmission and distribution of electricity; banking services and other regulated nonbanking financial services and insurance services; rental of residential or nonresidential properties; and health and education services. In addition, certain Egyptian state bodies and entities are exempted from VAT, as well as entities exempted by virtue of an international agreement or special law.

Exports of goods or services, and goods or services provided to companies located in the free zones, are zero-rated.

Certain goods and services are specified as “tabled items” that are subject to a special rate, and their providers are not allowed to offset input VAT against output VAT. These items include professional services, petroleum products, media productions, etc. Construction contracts also are included in the table, but input VAT paid to subcontractors may be offset against output VAT on the same projects.

Other goods and services are denoted as “double taxed” items and are subject to the general rate as well as the “table rate;” these include cars, home appliances, air conditioning equipment, and mobile telecommunication services.

Registration: Resident providers of goods or services must register for VAT purposes only if their annual revenue is at least EGP 500,000. Voluntary registration is possible below this limit. No minimum registration threshold exists for providers of tabled or double taxed items. Importers of taxable goods or services for trading purposes, exporters, distribution agents of taxable goods or services, as well as manufacturers or importers of goods and services subject to the schedule tax, are required to register for VAT irrespective of the level of their turnover.

Filing and payment: The Unified Tax Procedures Law, which is effective as from 20 October 2020, aims to unify various tax procedures that apply to the corporate income tax, VAT, the state development tax, stamp tax, and other similar taxes. More specifically, the new law facilitates the collection of taxes by merging tax filing procedures. Executive regulations providing further guidance are expected to be published sometime in 2021.

Taxpayers may submit documents and analysis to the ETA in a language other than Arabic, but all must be translated into Arabic and certified by an official translator.

The ETA will give taxpayers a unified tax registration number to be used for all types of taxes and on all correspondence and transactions. For new tax registrations, the ETA will issue a registration certificate within five business days from the date all relevant documents are submitted.

Taxpayers should record their purchases and sales of goods and services in an electronic system as described in the executive regulations to be published.

The deadline to submit monthly VAT returns, including for periods of nontaxable activity is the month following the end of the tax period. This deadline may differ from the monthly VAT return deadline for importers and exporters, or the deadline for those providing services only once a year and who submit only one VAT return per year. These deadlines should be approved by the head of the ETA or his delegates.

The Unified Tax Procedures law also integrates all penalties and fines for non-compliance with the tax laws. Penalties ranging from EGP 3,000 to EGP 50,000, in addition to the tax due and other payments (i.e., additional taxes) are imposed on taxpayers who file a VAT return and pay the tax late but within 60 days following the deadline. In addition, penalties apply if the return contains incorrect information. If the period exceeds 60 days, the penalties range from EGP 5,000 to EGP 200,000 and are doubled if late filing and payment reoccur within three years.

Other taxes on corporations and individuals

Unless otherwise stated, the taxes in this section apply both to companies and individuals and are imposed at the national level.

Social security contributions: The social security regime applies only to local nationals, unless a reciprocal social security agreement applies with a foreign national's home country. According to the new unified social insurance and pension law, the applicable contribution rate is 29.75%, with 11% as the employee share and 18.75% as the employer share. As from 1 January 2021, the minimum and maximum monthly salary caps are EGP 1,200 and EGP 8,100, respectively. Certain allowances, including those payable for transportation, travel, meals, and accommodation, may be excluded from the salary cap, provided the total allowances do not exceed 25% of the contribution salary.

Payroll tax: There is no payroll tax.

Capital duty: There is no capital duty.

Real property tax: Most real property in Egypt is subject to a real estate tax. A 10% rate applies on the annual rental value after allowing a 32% deduction to cover related costs for nonresidential property, and a 30% deduction for residential property. Exemptions are provided for nonresidential property that is used for commercial, industrial, and administrative purposes with an annual rental value of less than EGP 1,200, and for residential units with an annual rental value of less than EGP 24,000. The user of the property pays the tax, which is due in two installments. The annual rental value of real estate is assessed every five years.

Transfer tax: There is no transfer tax.

Stamp duty: Stamp tax is charged at variable and fixed rates: 0.1% per quarter for banking transactions; 20% on commercial advertisements; and rates ranging from 1.08% to 10.08% on insurance premiums.

Stamp tax applies to the total value of trading in securities (i.e., Egyptian or foreign securities, listed or unlisted), excluding public treasury bills ("T-bills") and bonds, without any deduction allowed for expenses. The tax is imposed on both the buyer and the seller, at rates of 0.125% for nonresident sellers and nonresident buyers, and 0.05% for resident sellers and resident buyers. However, a 0.3% rate applies to both the buyer and the seller, without any deduction allowed for expenses, in the case of a sale or acquisition of at least 33% of the: (i) shares or voting rights (in terms of number or value) of a resident company, or (ii) assets or liabilities of a resident company by another resident company, in exchange for shares in the acquiring company. If multiple transactions conducted by one legal person related to a company result in exceeding the 33% limit during the two years following the first transaction, the seller and buyer are subject to a 0.3% rate on the total amount of the transactions, with the right to offset any stamp tax already paid on such transactions.

Stamp tax does not apply to transactions related to the sale or purchase of securities taking place on the same day.

After the suspension period (i.e., as from 2022), residents should be exempt from stamp tax on the sale of securities.

Net wealth/worth tax: There is no net wealth tax or net worth tax.

Inheritance/estate tax: There is no inheritance tax or estate tax.

Other: Government agencies, partnerships, and companies are required to pay a solidarity contribution (to fund the state health insurance scheme) of 0.25% of annual revenue to the tax authorities when filing the corporate income tax return. The contribution is not considered a deductible cost when calculating taxable profits for corporate income tax purposes.

Tax treaties: Egypt has concluded more than 60 bilateral tax treaties. The OECD multilateral instrument (MLI) entered into force for Egypt on 1 January 2021. For information on Egypt’s tax treaty network, visit [Deloitte International Tax Source](#).

Tax authorities: Egyptian Tax Authority (ETA)

Contact us:

Kamel Saleh

Email: ksaleh@deloitte.com

Giuseppe Campolo

Email: gcampolo@deloitte.com

Ramy George

Email: rageorge@deloitte.com

Deloitte refers to one or more of Deloitte Touche Tohmatsu Limited (“DTTL”), its global network of member firms, and their related entities (collectively, the “Deloitte organization”). DTTL (also referred to as “Deloitte Global”) and each of its member firms and related entities are legally separate and independent entities, which cannot obligate or bind each other in respect of third parties. DTTL and each DTTL member firm and related entity is liable only for its own acts and omissions, and not those of each other. DTTL does not provide services to clients. Please see www.deloitte.com/about to learn more.

Deloitte is a leading global provider of audit and assurance, consulting, financial advisory, risk advisory, tax and related services. Our global network of member firms and related entities in more than 150 countries and territories (collectively, the “Deloitte organization”) serves four out of five Fortune Global 500® companies. Learn how Deloitte’s approximately 330,000 people make an impact that matters at www.deloitte.com.

This communication contains general information only, and none of Deloitte Touche Tohmatsu Limited (“DTTL”), its global network of member firms or their related entities (collectively, the “Deloitte organization”) is, by means of this communication, rendering professional advice or services. Before making any decision or taking any action that may affect your finances or your business, you should consult a qualified professional adviser.

No representations, warranties or undertakings (express or implied) are given as to the accuracy or completeness of the information in this communication, and none of DTTL, its member firms, related entities, employees or agents shall be liable or responsible for any loss or damage whatsoever arising directly or indirectly in connection with any person relying on this communication. DTTL and each of its member firms, and their related entities, are legally separate and independent entities.

© 2021. For information, contact Deloitte Global.