

**Special Regime Comparison Matrix
Invest in Egypt**

Issue	Local Investment Law	Free Zone Law (Law 8 of 1997)	Investment Zone Law (Law No. 19 of 2007)	SEZ Law (Law 83 of 2002)
Corporate tax rate	20%	0	20%	<ul style="list-style-type: none"> 10%
Taxes on Wages and Salaries	22.5%	20%	22.5%	<ul style="list-style-type: none"> 5% foreign and local
Taxes on goods and services	2%	0	2%	<ul style="list-style-type: none"> 0%/subject to payment of duties and foreign components (sales tax exempt)
Customs duty rate/processes	<p align="center"><u>New Investment Law</u></p> <ol style="list-style-type: none"> 30% discount off the investment costs of Sector (B): This sector covers the rest of the areas in the Arab Republic of Egypt 50% discount off the investment costs of Sector (A): This sector includes the geographic locations which most urgently need development, in accordance with the Investment Map, and according to the distribution of investment activities in such areas as indicated by the Implementing Regulations of this Law <ul style="list-style-type: none"> 2% overall customs tax exemption on the value of imported equipment and machinery. 	<ul style="list-style-type: none"> 0% Processes in duty free zones are considerably simpler than in national territory with GAFI¹ 	<p align="center"><u>New Investment Law</u></p> <ol style="list-style-type: none"> 30% discount off the investment costs of Sector (B): This sector covers the rest of the areas in the Arab Republic of Egypt 50% discount off the investment costs of Sector (A): This sector includes the geographic locations which most urgently need development, in accordance with the Investment Map, and according to the distribution of investment activities in such areas as indicated by the Implementing Regulations of this Law <ul style="list-style-type: none"> 2% overall customs tax exemption on the value of imported equipment and machinery. 	<ul style="list-style-type: none"> Vat 0% Customs Supreme Committee created by Law Purpose is to deliver customs services through Authority No duties on domestic Components when sold in Egypt No duties when exported outside Egypt

¹ Projects within Free Zones have to provide a financial guarantee to their Free Zone Authority according to their level and type of imports (art 56 of the Investment Law Regulations – decree 1247 of 2004). The Projects have to insure shipments under transit from ports of entry to the free zone, and pay 0.1% of the value of liable duties and taxes to the Authority – who provide a guarantee to customs for the transit.

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	<ul style="list-style-type: none"> • New customs law will incorporate duty draw-back with 12 months export minimum requirement <u>Processes</u> • Foreign investors will receive the same treatment under law as Egyptian. • Investment projects will not be nationalized. • No administrative authority can revoke or suspend investment project licenses without proper warning, due process, and time to correct any issues. • Investors' projects may include up to 10% foreign employees, and up to 20% for investment companies. • Investors have the right to transfer their profits abroad as well as the Foreign employees. 		<ul style="list-style-type: none"> • New customs law will incorporate duty draw-back with 12 months export minimum requirement <u>Processes</u> • Foreign investors will receive the same treatment under law as Egyptian. • Investment projects will not be nationalized. • No administrative authority can revoke or suspend investment project licenses without proper warning, due process, and time to correct any issues. • Investors' projects may include up to 10% foreign employees, and up to 20% for investment companies. • Investors have the right to transfer their profits abroad as well as the Foreign employees. 	
Fees	As defined in laws	<ul style="list-style-type: none"> • 1% of the export value of manufacturing projects • 1% of total import value for warehouse projects 	<ul style="list-style-type: none"> • Based on board of directors' determination not to exceed fees specified in effective laws 	<ul style="list-style-type: none"> • Determined by the board of directors not to exceed fees specified in effective laws
Sale to domestic market	No restrictions	<ul style="list-style-type: none"> • Maximum 50% of manufactured goods allowed. Practice is 20% 	No restrictions	<ul style="list-style-type: none"> • No limitations • Percentage allowable determined by the Authority's board • Duty/tax payments not applicable to local value added/content

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Land sale	No restrictions	<ul style="list-style-type: none"> Public zones: Practice is to lease land 25 years but land ownership not restricted Private zones: land purchased by investors 	No restrictions	<ul style="list-style-type: none"> Land (lease 25) in SEZone
Labor flexibility	<p style="text-align: center;">Low</p> <ul style="list-style-type: none"> Normal Egyptian Labor Law applies, cumbersome hiring/firing processes adherence to State Social Insurance Law required Normal government approval required for 10% up to 20% for investment companies for foreign employees issued by Authority 	<p style="text-align: center;">Medium</p> <ul style="list-style-type: none"> Fixed term contracting allowed Normal Egyptian Labor Laws applies, cumbersome hiring/firing processes adherence to State Social Insurance Law required 	<p style="text-align: center;">Medium</p> <ul style="list-style-type: none"> Fixed term contracting allowed Normal Egyptian Labor Laws applies, cumbersome hiring/firing processes adherence to Normal government approval required for 10% up to 20% for investment companies for foreign employees issued by Authority 	<p style="text-align: center;">High</p> <ul style="list-style-type: none"> Nationals may be employed on fixed term contracts Freedom to opt out of State Social Insurance scheme Normal government approval required for foreign work permits issued by Authority
Project/investment approvals authority	<ul style="list-style-type: none"> Establish a company in GAFI Commercial Registration of company Land allocation request IDA approval IDA license required Environmental Affairs Approval Duty drawback authorized/managed by customs LOC required posting for value of exempted duties 	<ul style="list-style-type: none"> GAFI handles all the administrative procedures and constitutes the sole point of contact between an investor and the national government and the governorate and municipal authorities. 	<ul style="list-style-type: none"> GAFI through a board of directors created for each investment zone 	<ul style="list-style-type: none"> SEZone Authority is fully invested by the law to represent the government within the SEZ Regime with the exception of the following ministries: <ul style="list-style-type: none"> - Defense - Interior Affairs - Foreign Affairs - Justice - Environment affairs Authority