



Investment Climate in Egypt Incentives and Guarantees

The General Authority for Investment & Free Zones

Promotion Department

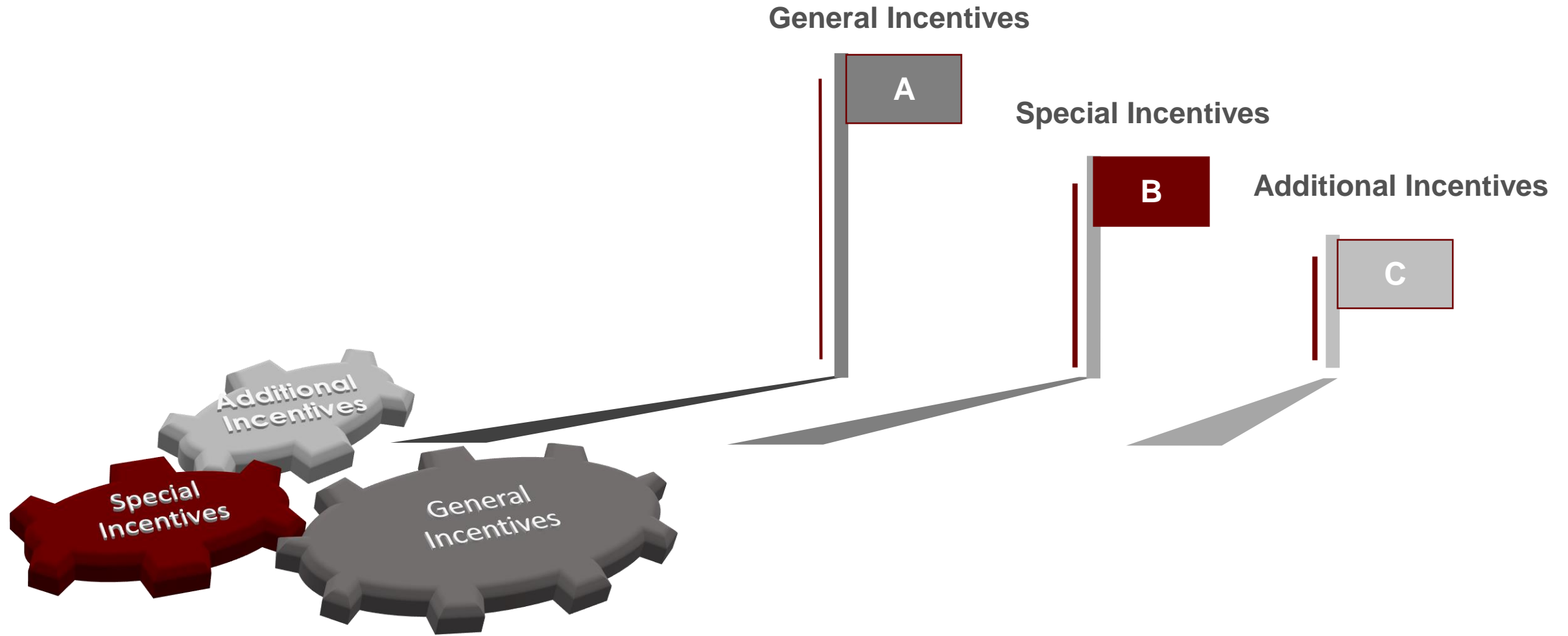
2024



I. Incentives



I. Incentives



I. General Incentives

All investment projects subject to the provisions of the Investment Law, whether established before or after the implementation of its provisions, enjoy general incentives, with the exception of projects established under the free zones system.

2% Unified
Customs duty

For imported machinery production lines, equipment and devices necessary for the project.
The same tax also applies to machinery and equipment imported by public utility projects..

5 Years
Exemptions

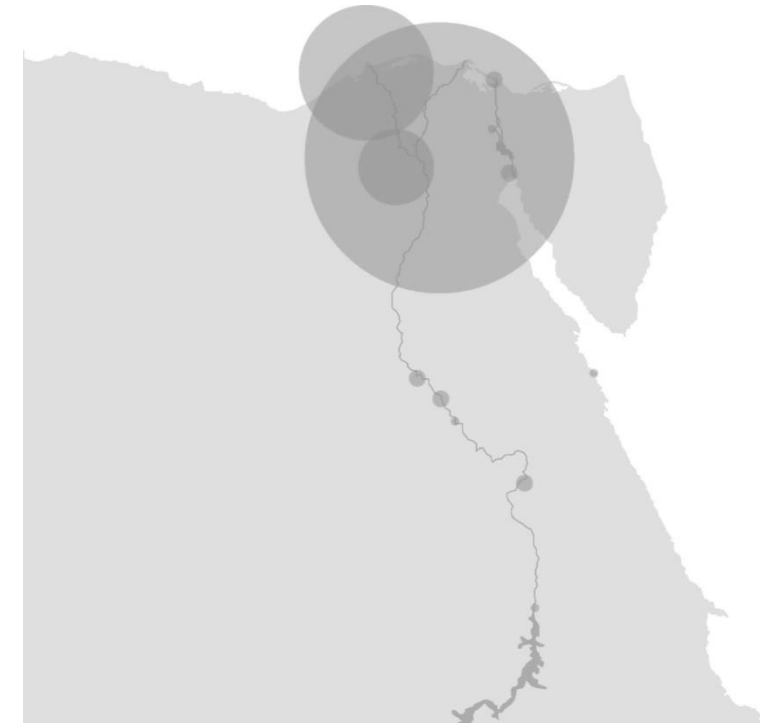
For incorporation contracts, credit facilities and mortgage contracts related to corporate business. From the stamp tax and documentation fees, since the date of registration in the commercial register..

Exemptions

From the stamp tax and documentation fees for land's registration contracts required for setting up companies and establishments..

Zero
customs

For industrial investment projects' imports of casts, molds and other similar production requirements.
For the projects that are subject to the provisions of this law. (In order to use it for a temporary period to manufacture its products and then re-export it abroad).



II. Special Incentives

Tax Incentives for new or existing investors

Area (A)
Need more development

50%

Of the investment costs to be deducted from the Tax base (net profit) over 7 years maximum.

- SCzone
- Border governorates, including the Red Sea governorate, (south of Safaga)
- South of Giza governorate
- Upper Egypt governorates
- Administrative Capital Zone
- Suez Canal governorates - East
- Golden Triangle's economic zone

Area (B)
Rest of the country.

30%

Of the investment costs to be deducted from the Tax base (net profit) over 7 years maximum.

- Labor intensive projects (> 500 at a wage cost of > 30% of the operating cost.
- Wood industries, printing and packaging, and chemical industries. ()
- Electricity production and distribution projects. (Prime minister decree)
- Food industries, agricultural crops and agricultural waste recycling.
- Mega and strategic projects (S C Decree).
- Manufacture of antibiotics, oncology drugs and cosmetics.
- Automotive industry and its feeding industries.
- Projects depending on or produce new and renewable energy
- Export projects (at least 50%).
- Tourism projects specified (S C Decree).
- Engineering, metal, textile and leather industries.
- SMEs

In addition to the specific activities for area (A) & Area (B) according to cabinet decree no. 104 /2022 (and all other related decisions)

The incentives include the expansions of the existing investment projects. (It is an increase in the capital used by adding new assets that lead to an increase in the production capacity of the project).

Special Incentives Terms

 **50%**

Area (A)

Need more development

- New established companies
- Expansions for existing and new projects

To be established within a maximum period of 12 years from the investment law executive regulations implementation date issued on 28/10/2017.

The company should have regular accounting system

New assets not used in other existing projects at the time the law comes into force.

The investor should not have liquidated a project for the purpose of establishing a new investment project to enjoy the incentives.

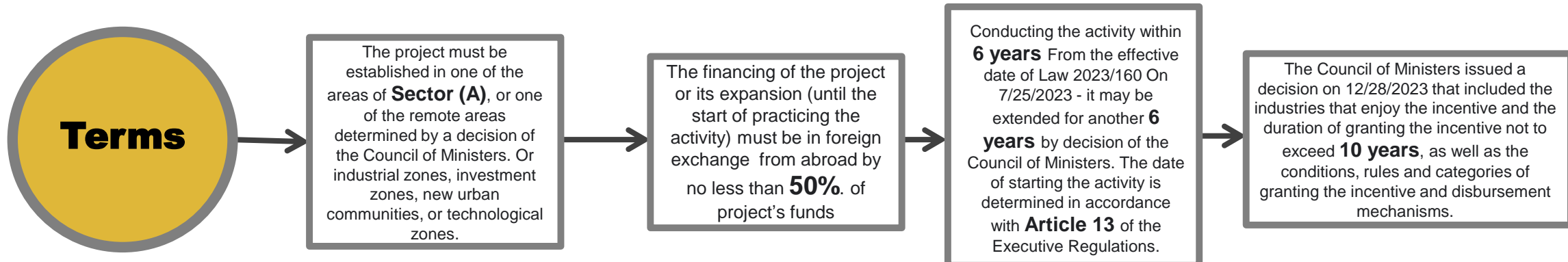
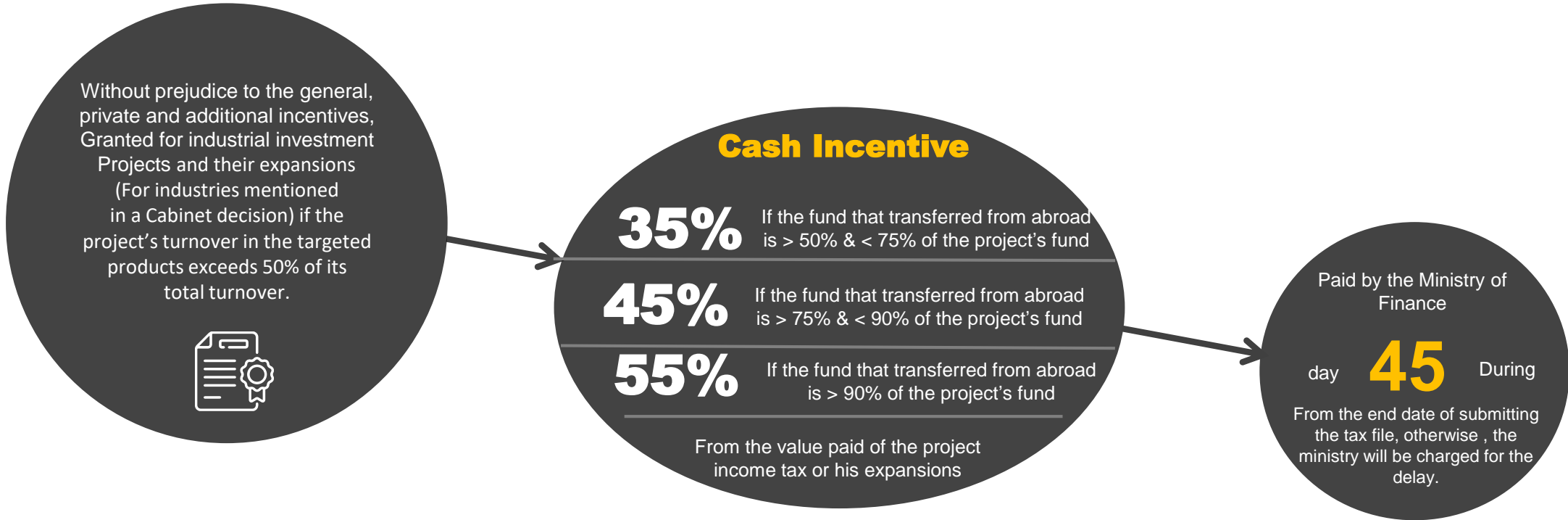
 **30%**

Area (B)

Rest of the country.

In all cases, the investment incentive must not exceed (80%) of the paid-up capital until the date of starting the activity.

New activities may be added to enjoy special incentives by a decision of the Supreme Investment Council.



The incentive is not due if it is proven that any of the tangible assets of a company existing at the time the provisions of the decision were contributed to establishing the project, or that the shareholders have liquidated the company to establish a new project for the purpose of enjoying the incentive.

III. Additional Incentives

Granted by a decree of the cabinet

Permission for investment projects to establish special customs ports for exportations or importations.

The state will bear the value of connecting the utilities for the project or part thereof, after operating ..

The state bears part of the technical training cost for workers..

Half of the value of the land allocated for industrial projects shall be refunded in the event that production begins within two years from the date of handing over the land.

Allocating pieces of land free of charge for some strategic activities in accordance with the regulations prescribed by law in this regard.

Exemption from usufruct of the projects lands for a maximum period of 10 years, starting from the date of operation.

By a decision of the Prime Minister, projects that enjoy special incentives may be exempted from the costs of establishing infrastructure, public services and utilities, at a rate not exceeding 50% thereof.

The public treasury may bear not more than 50% of the consideration for the project's consumption of basic utilities for a maximum period of 10 years.

Other non-tax incentives may be created whenever needed by a decision of the Cabinet.

Additional Incentives Terms

Must have started production or practiced activity (with a report that its activity is within the activities stipulated in the Investment Law (Article 11) to enjoy additional incentives

Export at least 50%

That Egypt to be one of the main production locations for the project

Financing of projects rely on its resources from foreign exchange transferred from abroad To an Egyptian bank

At least 50% local ingredients

Advanced technology projects, transfer advanced technology to Egypt, and support industries feeding it

That the company's activity be based on Outputs from research projects carried out in Egypt





Real estate sector incentives

The Ministry of Housing grants a package of incentives to various investment projects in new cities:

1. The percentage of service lands in the integrated urban project to be increased from 12% to 15% , or reduced to 5% of the project land area in a manner that does not conflict with contracts concluded with clients in the event of sale.
2. Increasing the implementation period for all service, investment and urban projects by 20% of the periods included in the contract at the time of allocation (original + additional), for projects that are still in the implementation period.
3. The project is considered completed once it reaches 80% of its implementation. (Provided that all utilities for the project are implemented).
4. Providing a direct allocation mechanism, to give opportunities for all real estate companies in various categories.
5. Reducing the reservation advance rate for large projects exceeding one billion pounds.
6. Granting a period of 6 months to implement projects in new cities. (This incentive is for small residential plots of land for individuals) .
7. The time limit for real estate development projects was extended by 20%, in order to reduce the pressure on real estate developers, in addition to leaving a deadline for the developer who has completed the implementation of 80% of his project to implement the remaining 20% without a specific timetable according to the existing circumstances on the project.
8. Reducing the additional interest imposed by the Ministry of Finance on developers from 2% to 1%.
9. 80% exemption from paying late fines once the late dues are paid in full. (Not currently valid).
10. Foreigners obtain residency for a period of five years, renewable for those who own one or more properties with an amount of no less than 200.000 US dollars.
11. Granting real estate developers and investment projects (real estate, agricultural, industrial, tourism, etc.) in new cities and all parts of the state, a 10% interest in installments for two years.

Conditions:

- The validity of the legal and procedural status of lands.
- Not to conflict with contracts concluded with clients, if any.
- Do not conflict with the height restrictions allowed in the area where the project is located.
- Commitment to providing parking spaces in accordance with the Egyptian Code for Garages and its amendments within the boundaries of the plot of land.
- Waiving any lawsuits before granting these facilities.
- Commitment to obtain all approvals from the competent authorities that may be required.
- These incentives are granted to valid projects (within the original period and the period added by decisions of the Authority), for a period of one year, and are presented to the Council of Ministers for approval of these incentives.

Incentives for the real estate, utilities and urban communities sector

The real estate sector incentives law has not been issued yet



Real estate projects that obtain the golden license:

- Urban development projects to eliminate slums within the governorates.
- Establishing/developing and raising the efficiency of the main utility stations (drinking water stations and levers - Seawater desalination plants - Sewage stations and levers...).
- Implementing main feeder/transmission utility lines across different cities and governorates to serve new urban communities.
- Establishing/developing/raising the efficiency of roads and main internal axes, as well as connecting cities, new urban communities, and governorates.
- Housing projects that aim to provide adequate housing for all segments of society (housing for all Egyptians - alternative housing...).



Social responsibility incentives and export incentives

Social Responsibility Incentives
 Deduction of expenses incurred by the project at a maximum
10%
 of the annual profits of the project for which it will be held accountable



Export Incentives
 Export reimbursement program

Allocating a percentage of the project's profits for the sustainable development goals.

Improving and protecting the environment

Providing services in health, social, cultural or other services.

Supporting technical education or financing research, studies, and awareness campaigns aimed at developing production in coordination with the universities or scientific research institutions.

Training and scientific research.

For companies working in chemicals - Fertilizers - Building materials - Refractories - Metal industries - Construction - Agricultural crops - Printing and packaging - Medical industries - Leather sector - Furniture - Craft and handicraft industries - Information and communications technology companies - Food industries – Textile - Ready-made clothing - Home furnishings - Engineering industries - Automobile industries - Ceramics - Electronic devices.

50% support for exports destined for the African market, and a discount of up to 80% on freight charges.

An 50% of the basic support rate for Upper Egypt, the border governorates, the city of Al-Rubiki, and the Furniture City in Damietta.

2% subsidy for exports that have an Egyptian trademark.

SCZone projects.

The export subsidy program is included in all related programs and incentives

Tax Incentives for SMEs

(Law No. 152/2020)



Exempting capital gains resulting from the disposal of assets, machines or production equipment for projects subject to the provisions of the SMEs Law from the tax due if the sale proceeds are used to purchase new machines and assets within one year from the date of disposal.



Dividend distributions of the sole proprietor company are not subject to income tax and the company is subject to the provisions of the SMEs law.

The Cabinet may provide partial or total exemption from real estate tax for SMEs projects for a period estimated by the Council.

Exempting higher education and scientific research bodies from customs duties and taxes, including value-added tax, on imported tools, devices, and materials necessary for the implementation of research projects.

Funding for scientific research projects is deducted from the net income subject to income tax, and this funding is calculated among the expenses and costs of those companies when calculating the tax base of industrial and commercial profits tax.

Exemption of research teams' rewards for approved scientific research and development projects from all types of taxes and fees if the project was funded by external grants (according to the applicable rules).



Incentives for waste management activities

(Law No. 202/2020)



Companies whose main objective is to carry out integrated waste management operations shall enjoy the benefits, guarantees, exemptions and incentives stipulated in the Investment Law.

A deduction of no more than 10% of the net annual profits of establishments, companies or persons licensed to practice the activity is made in order to support and enhance the integrated waste management system.





Incentives for green hydrogen projects and its derivatives



The provisions of this law shall apply to Green hydrogen projects production and its derivatives carried out within 5 years from the date of entry into force of this law.

Projects enjoy incentives prescribed for the duration of the validity of the projects' expansions agreements, 7 years from its commercial startup date.

To enjoy incentives, The project must commercial begin operation Within 5 years from the date of its conventions contracts.

- The project or its expansions in financing must depend on foreign exchange financed from abroad by a rate of not less than 70%. of its investment cost.
- **And that the project is committed to using local components whenever they are available in the local market, with a minimum of 20% of the project components.**
 - And to contribute to the localization of modern technology and techniques, while providing training programs for Egyptian workers.
- **Developing the local areas in which the project operates through the rules of social responsibility in accordance with the provisions of Article 15 of the Investment Law.**

- Green hydrogen production factories and its derivatives.
- Desalinated water production factories allocating a certain percentage of their production to the production of green hydrogen and its derivatives.
- Stations producing electric power from renewable energy sources, at a rate of not less than 95% of their production, to feed green hydrogen factories and its derivatives.
- Projects for transporting, storing or distributing green hydrogen and its derivatives produced inside Egypt.
- Projects for manufacturing or storing production inputs necessary for factories, by a decree of the Cabinet.
 - Future expansions of previous projects.

Cash Incentive

Not less than **35%**

Not more than **55%**

From the value paid of the project income tax or its expansions

Paid by the Ministry of Finance

day **45** During

From the end date of submitting the tax file, otherwise , the ministry will be charged for the delay.

One approval is granted for green hydrogen projects and its derivatives and their expansions subject to the provisions of this law.

Equipment, tools, machinery Equipment, raw materials, supplies, transportation required for green hydrogen projects and its derivatives except for passenger cars, are exempted from value added tax

The project is allowed to import itself Or through others for what they need to establish and expand without the need to be registered in the importers register .. and to export its products by itself or through others without A license and without the need to register with the Exporters Register.

The public treasury bears:

- Tax on real estate buildings of green hydrogen projects and its derivatives.
- Stamp tax, documentation fees, and declaration of articles of incorporation, credit facilities contracts, mortgages, and land registration contracts.
- The customs tax due on imports necessary for the establishment of projects, with the exception of passenger cars.

30% foreign workers are allowed during the first 10 years

Allowing the establishment of special customs departments

Granting a 30% reduction of fees, usufruct and services in the Egyptian sea ports

A reduction of 25% of the value of the usufruct of industrial lands, and a 20% reduction of the usufruct of storage warehouse lands in ports.

A grace period for payment of the right to use industrial and storage lands, starting from the date of commercial operation, without fines



Coming Soon

Coming Soon



Incentives for the financial and business district



Coming Soon

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Tourism incentives

Tourism projects enjoy a special incentive, by adding (Cairo – Giza – Qalibiya) governorates to the geographical scope of area (A) with regard to some tourism activities by granting them an investment incentive, a deduction from the net taxable profits at a rate of (50%), a deduction from the investment costs, with the aim of increasing and accelerating the rates of tourism development and encouraging increasing the number of new hotels rooms.



Health sector incentives

Categories of investment incentive for hospitals & medical institutions according to the scoring system

Category (A) if he achieves a percentage of points
85% – 100%

Category (B) if he achieves a percentage of points
75% – 85%

Category (C) if he achieves a percentage of points
65% – 75%

Category (D) if he achieves a percentage of points
50% – 65%

- ✓ General guarantees and incentives.
- ✓ Special incentives.
- ✓ Golden license.
- ✓ Exemption from the usufruct fee for the lands allocated for establishing the project for a period of 10 years.
- ✓ The state bears 50% of the cost of connecting facilities to the project after the project is operational.
- ✓ The state bears 50% of the cost of technical training for workers.

- ✓ General guarantees and incentives.
- ✓ Special incentives.
- ✓ Golden license.
- ✓ Exemption from the usufruct fee for the lands allocated for establishing the project for a period of 5 years.
- ✓ The state bears 25% of the cost of connecting facilities to the project after the project is operational.
- ✓ The state bears 30% of the cost of technical training for workers.

- ✓ General guarantees and incentives.
- ✓ Special incentives.
- ✓ Golden license.
- ✓ Exemption from the usufruct fee for the lands allocated for establishing the project for a period of 3 years.
- ✓ The state bears 10% of the cost of connecting facilities to the project after the project is operational.
- ✓ The state bears 15% of the cost of technical training for workers.

- ✓ General guarantees and incentives.
- ✓ Special incentives.
- ✓ Golden license.
- ✓ Exemption from the usufruct fee for the lands allocated for establishing the project for a period of 2 years.
- ✓ The state bears 5% of the cost of connecting facilities to the project after the project is operational.
- ✓ The state bears 5% of the cost of technical training for workers.





II. Guarantees





Investment Guarantees

Equable treatment for national and foreign investors.

Protecting the project from nationalization, and seizure.

The right in transferring the profit, dividends, and liquidation output.

Importing raw materials, production requirements, machinery and spare parts necessary for the activity without having to register them in the importers register.

The project has the right to export its products without the need to register them in the exporters register.

Residence permit for a period of not less than one year for serious investment projects. The project was granted a number of residencies according to its needs.

60 days grace period to rectify the violations.

The right to employ foreign workers within the range of 10% of workforce, increased to no more than 20%

Investment projects' property may not be sequestered, confiscated, or frozen unless they are subject to court order.

No additional fees shall be imposed except after the approval the Supreme Council for Investment.

III. Other Aspects to Stimulate Investment in Egypt



1- Golden License

One valid approval for new, strategic or national projects or PPP projects that contribute to achieving development in the fields specified by a decision of the Cabinet.



Issued by the cabinet within the Pre-identified activities

One license to establish, operate and manage the project, including building permits, allocating the necessary real estate for it, and operating licenses.



31

Golden License .. (Terms – Documents Required - Procedures)...



31

Terms

That the company be established after the issuance of the investment law; It may be granted to existing companies prior to the enforcement of the provisions of the Investment Law.

Strategic, and development projects; It may be granted to new investment projects that carry out activities subject to the investment law.

Or to be one of the .PPP projects. (public facilities activities- infrastructure – new and renewable energy – roads and transportation means – ports)

Documents required

The company's article of incorporation and articles of association, together with .a certificate of incorporation;

Company's commercial registry.

Company's tax card.

A preliminary feasibility study (Prepared by a recognized consultancy firm having good reputation);

Evidence that the company is solvent enough to carry out the project;

Project timetable;

An acknowledgement by the company's legal representative to the effect that the company will provide all utilities related to the project' s infrastructures.

An acknowledgement by the company's legal representative to the effect that the company abides by all rules and regulations concerning the project's activity

Procedures

Submitting an application to the technical secretariat of the golden license unit in GAFI. After the fulfillment of all the terms and controls

The unit assess the application.

Determining the required properties for the project and its jurisdictions.

Determining building permits, and the extent of the license-to-operate required for the project determining the governmental agencies that grant the licenses

Determining the incentives for the project

The unit will furnish the application to the cabinet for approval or rejection.

The approval of issuing the golden license shall be followed by notifying GAFI and publishing it in the Official Gazette.

The unit coordinates with the competent authorities to activate the golden license.

Follow up.



2- Incentive Decrees Issued by The Supreme Investment Council for Investment



Allowing licensing for industries projects based on natural gas as one of the production inputs to operate under the free zones system (manufacture - liquefaction - transportation).
As well as oil refining projects - fertilizer industry - iron and steel).
(A law passed by the Egyptian parliament).

First time, to allow service companies to operate as private offshore.

Launching a unified electronic platform for the establishment, operation and liquidation of projects in cooperation with all concerned parties.

Lifting restrictions on the foreign ownership of real-estate.

Allowing the foreign investor to register in the Importers Register for a period of 10 years.

Company incorporation in 1 day.
And granting investors residency immediately after the establishment of the project.

Shrinking the timeline for security clearance to 10 days; in case the approvals are denied, transactions shall be made through the General Authority for Investment and Free Zones and the Financial Regulatory Authority

Simplifying the requirements and controls for the establishment of private free zones by canceling the capital requirement, investment costs, and the location of the project activity.

Resilient legal framework
JSC – LLC – sole proprietorships – Offshore.

Widening the scope of issuing the golden license to include more projects' spectrum, not only the strategic projects

Establishing a permanent unit in the Cabinet for emerging companies.

Speedy resolution of commercial disputes pending before the courts

Reducing the financial or procedural burdens related to the projects establishment or operation.

Cancellation of exemptions granted to state entities in investment and economic activities



3- Incentives of Investment Schemes

Free Zones

Exemption of necessary tools, supplies, machinery, and means of transportation of all kinds necessary for conducting the activity from customs taxes, value-added tax, and other taxes and fees throughout the period of conducting the activity.

The project and its profits are not subject to the tax or customs laws or legislation in force within the country throughout the period of practicing the activity.

Exempting project imports from the local market from value-added taxes.

9

Public Free Zones

204 Private Free Zones

The allocation of real estate necessary for the establishment of projects shall be in accordance with the system of public free zones, according to the usufruct system.

The chairman of the free zone is responsible for licensing projects within the zone

Investment Zones

Availability of lands and industrial units with complete facilities

Enjoy general, special and additional incentives

No Export Limitation

Temporary customs clearance and drawback rules are applied

11 Zones

1269 Project

2405 Acre

It is based on an integrated development system in various industrial, agricultural, commercial, service, logistic and tourism fields and activities

The Board of Directors of the investment zone shall manage its affairs and overcome all obstacles facing projects.

The Executive Office of the Authority is responsible for dealing with all relevant authorities in the country on behalf of the projects.

All approvals and licenses for projects are issued by the General Authority for Investment in easy procedures.

Technology Zones

0 %

All the tools, supplies, and machines necessary to carry out the licensed activity for the projects located within the technological zones of all kinds are not subject to taxes and customs duties.

Enjoy general, special and additional incentives

6

Zones

Enjoy general, special and additional incentives

4

Industrial Zones

455 KM²

6

Ports

SCZone

50%

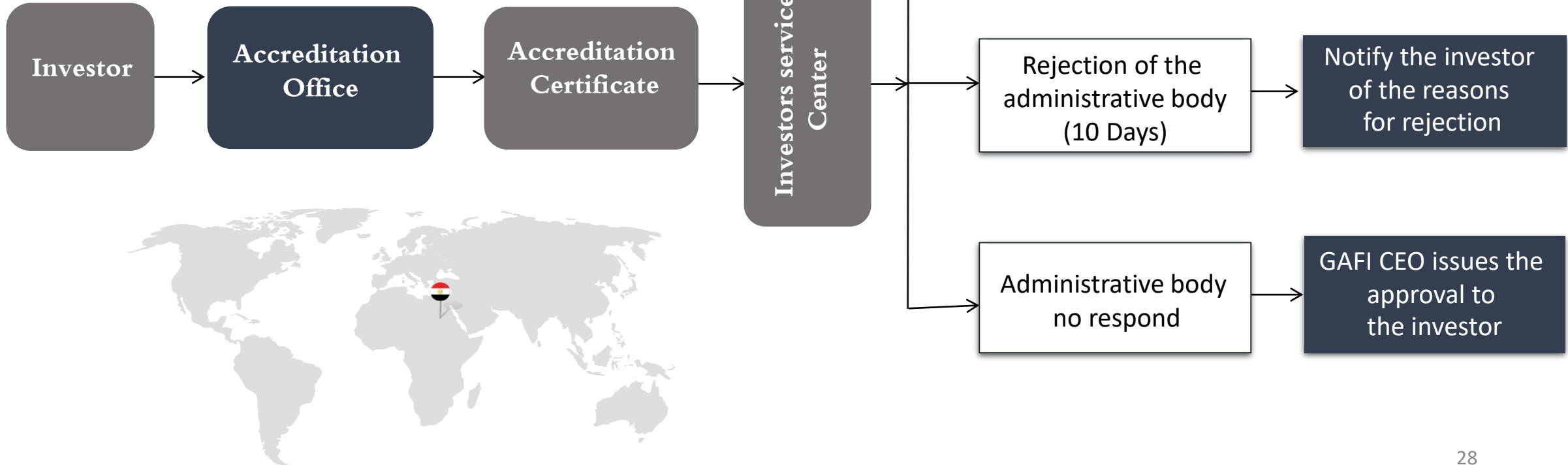
(A area) Tax incentives

0% Customs Taxes

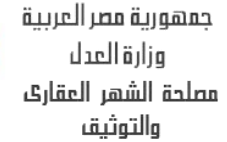
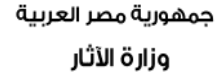
0% VAT

Premier Services and Trade hub with Investment opportunities. in different sectors at unique strategic location

4- Accreditation Offices



5- Representing all Governmental bodies in the Authority's Investors Services Center



6- Granting the Egyptian Nationality to Foreign Investors

Setting up
investment project

**400.000
USD**

Transferred
from abroad

With capital
share
percentage
not less than

40%

Liquidation -
suspension -
disposition

250.000 USD

Deposit (Not
returned) at the CBE
To retain the
nationality



7- Digital Transformation

Electronic Establishment



Electronic Bidding



Electronic Signature



8- Investment Map

The investment map includes:

- Providing all available investment opportunities, and information about investing in Egypt, in one platform .
- Private sector and developers investment opportunities.
- The real estate type and its location; activity, sector, pricing, disposal system and utilities..
- Benefits and incentives granted to the activity, guarantees, authorities responsible for the project activity, and jurisdictions (As the authority with jurisdiction shall submit all needed data to be added to the investment map).
- Coordinates of investment opportunities - method of disposal - facilities - guarantees, benefits and incentives - jurisdiction over lands.
- Electronic biddings of jurisdictions investment opportunities, and therefore lands can be reserved through the investment map electronically.
- The map is linked to a large number of government websites, for more detailed data.
- Electronically reply to investors' inquiries through the investment map.
- Delivering investment opportunities electronically to investors by registering on:



www.investinegypt.gov.eg

Visit



9- Aftercare

Solving investors problems through:



The Ministerial Committee for Resolving Investment Disputes is headed by the Minister of Justice

Ministerial Committee for Settlement of Investment Contract Disputes

The permanent unit for resolving investors problems in the Cabinet, headed by the Prime Minister assistant.

The Central Department for Aftercare

Investors' Dispute Settlement Center 

Grievance committees against the Authority's decisions

Dispute resolution committees with other parties





Thank you

The General Authority for Investment & Free Zones

Promotion Department

2024

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For more info: <https://www.gafi.gov.eg>

Investment map: www.investinegypt.gov.eg

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