

## **Guarantees in Investment Law**

- 1- Foreigners obtain residence in Egypt throughout the duration of the project.
- 2- Financing the project from abroad without restrictions regarding foreign currency, taking profits and transferring them abroad, the liquidation of the project and the transference of all or some of its output abroad. And monetary transfer abroad and vice versa without restrictions or delay.
- 3- The existing projects subject to this Law shall be entitled to import by themselves or through others what they need without having to be registered in the Register of Importers and they may export by themselves or through others their products without being registered in the Exporters Register.
- 4- The project can employ 10% foreign employees and can be increased to 20% in the absence of adequate national manpower, in strategic projects of a special nature which are determined by a decision of the Supreme Council, an exception of the percentage may be provided under the condition of the training of national manpower.
- 5- The foreign worker may transfer his Receivables abroad in whole or in part.
- 6- The license may not be revoked or suspended, and the real estate may not be withdrawn until after the investor has been warned and his point of view has been heard and give him time to remove them.
- 7- No administrative body may add any burdens to projects except after taking the opinion of the Investment Authority and the approval of the Council of Ministers and the Supreme Council.
- 8- In the event of liquidation, the competent administrative authorities shall notify the Investment Authority and the Company of their obligations within a maximum period of 120 days commencing from the date of filing the liquidation request by the liquidator. The expiry of 120 days without the statement of obligations shall be regarded as discharge of the company under liquidation without prejudice to the responsibility of those who failed to issue The statement or missed the date without reply.

- 9- Guardianship and custody may not be imposed except by a judicial ruling except in the case of tax debts.
- 10- It is not permissible to expropriate property except for public benefit with compensation at the same price on the day of expropriation and compensation is paid in advance.
- 11 -Investment projects may not be nationalized.
- 12- Equality between foreign and national investors (Reciprocity in the case of an agreement)
- 13- The State is obliged to respect and enforce the contracts it concludes.
- 14- Any project that is carried out on deception or fraud does not enjoy protection or guarantees and this is proven by a final court ruling or by arbitration.

**- Investment incentives:**

**General incentives:**

Apply to all investment projects except for free zones

1- All stamping, documentation, and proclamation fees shall be waived for all contracts of incorporation, credit facilities contracts, and related mortgages.

2- All companies and plants subject to this law shall be subject to a unified customs tax of 2% on all machinery and refractory imports necessary for their establishment.

3- investment projects of an industrial nature that are subject to this law retain the right to retrieve all molds/templates and all other similar production supplies without payment of customs fees (without breaching the provision of temporary release) and it's registered in a special register of the Investment Authority.

**Special incentives:**

**1- For projects established according to the investment map and have an incentive and is deducted from the net profits taxable as follows:**

- **First: Sector (A)** is entitled to a 50% deduction on investment expenses this includes projects operating in the following geographic areas: The Suez Canal Economic Zone, The Golden Triangle, and other locations to be determined by The Council of Ministers in The Executive Regulation.

- **Second: Sector (B)** is entitled to a 30% deduction on investment expenses this includes projects operating in all other areas of Egypt not included in Sector (A) in the areas that have development potential and nearby areas that also have potential.

Projects specified for sector (B):

1. Labor intensive Projects
2. Small and Medium Enterprises (SMEs)
3. Projects dependent on the use or production of Renewable Energy
4. National and Strategic Projects to be specified in a decree from GAFI's Supreme Council
5. Projects concerned with the generation and distribution of electricity to be specified in a decree from The Council of Ministers based on the recommendations of the competent Minister and The Minister of Electricity
6. Projects that export at least 50% of its total production outside of Egypt
7. Automotive industry and its feeder industries
8. Wood, furniture, printing, packaging and chemical industries
9. Manufacturing of antibiotics, oncology drugs and cosmetics
10. Food industries, agricultural crops and recycling of agricultural wastes
11. Textile, metal and leather industries
12. Information and Communication Technology related industries

**2- In all cases, investment incentive shall not exceed 80% of the capital paid before the start of operations.**

**3- The term of the deductions shall not exceed a period of 7 years following the start of operations.**

**4- Additional projects can be added to this category based on a decision from The Supreme Council.**

**The requirements for being granted the special incentives:**

1. The establishment of a new company or institution with the purpose of conducting investment operations.
2. The establishment of said new company or institution must take place within no longer than 3 years following the entry into force of the executive regulations of this law, and the duration may be extended for another period by a decision of the Council of Ministers.
3. The company operating in more than one region shall maintain separate accounts for each region.
4. None of the shareholders or partners had contributed to a project that's been granted the special incentives with any of the physical assets of an existing project or has liquidated that company for the purpose of establishing a new investment project that would be granted the incentives. Such acts entail the loss of the right to receive the incentives.

**Additional incentives:**

A decision by the Council of Ministers may grant additional incentives to projects benefiting from special incentives:

1. The establishment of private customs outlets for the exports of the investment project following an agreement with the minister of finance.
2. The state shall reimburse the investment project for some of the expenses of allowing the project access to public utilities following commencement of operations.
3. The state shall bear part of the expenses for employee training.
4. The state shall reimburse the investment project 50% of the value of the land dedicated to manufacturing projects in the event that operations commence within 2 years of receiving said land.
5. The allocation of free land for specific strategic projects.

The Cabinet of Ministers may issue a decree granting additional non-tax incentives based on a proposal by the competent minister if it is deemed necessary.

**\* Additional conditions for obtaining any additional incentives:**

- 1- Egypt shall be one of the main citizens of the product in which it specializes.
- 2- The financing of the project shall be dependent on cash financed from abroad.
- 3- Exporting part of its products by not less than (50%) abroad.
- 4- The company's activities must include one of the fields of modern technology and transferring advanced technology to Egypt and supporting the industries that feed it.
- 5- The percentage of local raw materials shall not be less than (50%) of the product.
- 6- The company's activity should be based on research projects carried out inside Egypt.