

Law no. 91 of 2005 Promulgating Income Tax Law

In the name of the people

President of the republic

The People's Assembly adopted the following law and we have issued it:

ARTICLE (1):-

In respect of the income tax, the attached law shall be applied.

ARTICLE (2):-

Income tax law promulgated by law no. 157 of 1981 shall be void, provided that, appeal committees formed according to the said income tax law shall continue until 31 December 2005 to consider the tax disputes relating to the years until the end of 2004 and thereafter the disputes remaining without settlement shall be referred to the committees formed according to the accompanying law.

Exemptions with fixed time in the said law shall remain effective with respect to persons whose exemption periods started before the effective date of this law until the expiration of such exemption periods.

Also item (1) of article (1) of law no.147 of 1984 for levying state resources development duty shall be void.

ARTICLE (3):-

Articles 16, 17, 18, 19, 21, 22, 23, bis and 24, 25 and 26 of law of investment incentives and guarantees promulgated by law no. 8 of 1997 shall be cancelled.

Exemptions provided for in the said articles shall remain effective for companies & establishments whose exemption periods became effective before the enforcement of this law until the expiration of such exemption periods.

In order to enjoy exemptions stipulated in this law , companies and entities established in compliance with the said law and have not started exercising its activity or production until the enforcement date of this law , must start practising its activity or production within a period not exceeding three years from the effective date of this law

ARTICLE (4):-

Each person shall be exempted from payment of all taxes due on his income as well as from all amounts of general sales tax for the taxation periods preceding the enforcement date of this law in addition to all amounts related to such taxes such as delay fine, additional tax and other, provided that the two following conditions are fulfilled:-

First: - the person should not have been previously registered or has presented tax return or has been subjected to any form of taxation audit by General Tax Authority or Sales Tax Authority.

Second: - the tax payer presents his tax return for his income for the recent taxation period including full related data and to report to sales tax authority when reaches registration limit before lapse of one year as from the enforcement date of this law. Exemption shall be ineffective if the tax payer doesn't present regularly, his tax returns for his income for the following three taxation periods.

ARTICLE (5):-

Litigation in all legal actions enrolled or being discussed at all degrees of courts before first of October, 2004 between taxation department and tax payers whose point of dispute is tax assessment, shall be terminated if taxable income (subject of dispute) doesn't exceed L.E.10000.

Unpaid taxes related to such actions shall not be claimed.

In all cases, the termination of the dispute shall not give the tax payer right to recover amounts paid by him on account of tax due on the disputed taxable income.

All the foregoing shall be applicable unless, the tax payer insisted on proceeding with litigation by submission of an application to the court considering the dispute during six months from the enforcement date of this law.

ARTICLE (6):-

In cases other than those set forth in article 5 of this law , the tax payers in disputes with taxation department whether enrolled or being discussed at courts of various degrees before 1st October , 2004 may request resolving such disputes within one year as from the date putting such law into force , against payment of :

- 1- 10% of the tax due on the disputed taxable income if its value doesn't exceed L.E.100.000
- 2- 25% of the tax due on the disputed taxable income for the amounts exceeding L.E.100.000 until L.E. 500.000 of taxable income after payment of the percentage stipulated in item (1) regarding the amounts not exceeding L.E 100 000 of this taxable income.
- 3- 40% of the tax and other amounts due on the disputed taxable income for amounts exceeding L.E.500.000 of this taxable income after payment of the two percentages stipulated in item (1 , 2) for amount exceeding L.E 500 000.

The tax payer shall be given discharge in respect of the disputed tax in case of his payment of the tax rates and other disputed amounts fixed as per the aforesaid items. And a resolution shall be issued for the termination of the dispute if the tax payer presented documents supporting payment.

In all cases, the termination of the dispute shall not give right to the tax payer to recover amount paid by him on account of disputed tax.

SECOND BOOK
TAX ON THE INCOME OF NATURAL PERSONS
PART ONE

ARTICLE (7):-

As an exception to item (1) of article (52) of the accompanying law, the debit interests shall be deductible for loans and advances obtained by corporate bodies regarding the amounts above the quadruple average of equity without exceeding eight times of the same for the period starting from the taxation year 2005 until the end of the taxation year 2009 according to the following schedule:-

- 8:1 for the taxation year 2005
- 7:1 for the taxation year 2006
- 6:1 for the taxation year 2007
- 5:1 for the taxation year 2008
- 4:1 for the taxation year 2009

ARTICLE (8):-

The minister of finance shall issue the executive regulation of this law and the accompanying law within a period of six months as from the date of publication in the official gazette and until such regulation is issued , the regulations and decisions applicable currently, shall remain effective without being contrary to the provisions of such two laws.

ARTICLE (9):-

This law shall be published in the official gazette and effective as from the day following its publication date, with due regard to the following:-

- 1- The provisions of the accompanying law shall be applicable to salaries and its equivalent as from the first of the month following the date of its publication in the official gazette.
- 2- The provisions of the accompanying law shall be applicable to revenues of the commercial and industrial activity as well as revenues of non-commercial professions and revenues of the real estate wealth of natural persons starting from the taxation period 2005.

Such provisions shall also be applicable for the profits of corporate bodies as from taxation period 2005 or the taxation period for the corporate body starting after the effective date of this law.

This law shall be stamped by the state official seal and shall be made enforceable as other laws.

Hosni Mubarak

**INCOME TAX LAW
BOOK 1
GENERAL PROVISIONS**

ARTICLE (1):-

In application of the provisions of this law, the following terms & expressions shall have the meaning opposite thereto:

Tax: - income tax

Minister: - minister of finance.

Chairman of authority: - chairman of tax authority.

Taxpayer: - natural person or corporate body subject to tax according to provisions of this law.

Stock Corporation: - joint stock companies, partnership limited by shares and Limited Liability Company.

Partnerships: - companies limited by shares

Corporation de facto: - the company established between natural persons without the fulfillment of establishment procedures or notarization except in cases resulting from individual firms legacy.

Project: - economic entity practicing the original activity in Egypt or the permanent establishment in Egypt affiliated to economic entity abroad.

Related person: - every person related to the tax payer in a manner which affect the determination of the taxable income including:-

- 1- Husband and wife, ascendants and descendants.
- 2- Stock company and the person having directly or indirectly 50% at least of shares number or value or voting rights.
- 3- Partnerships: joint partners and dormant partners therein.
- 4- Any two companies or more where in each of them, other person has 50% at least of number or value of shares or voting rights in each of the two companies.

Neutral price: - the price of dealing between two or more unrelated persons which is fixed according to market forces and the dealing conditions.

Royalties :- amounts paid of whatever kind against use or right to use publication rights of any literature , art or scientific work including cinema films , any patent , trade mark , design , layout , plan or formula , or secret operation , against use , or right to use industrial or commercial or scientific equipment related to industrial or commercial or scientific experience.

ARTICLE (2):-

In application of this law, the natural person shall be considered as residing in Egypt in any of the following cases:-

- 1- If he has a permanent residence in Egypt.
- 2- If he resides in Egypt for a period exceeding 183 days either consecutive or interrupted during twelve months.
- 3- The Egyptian national who performs the duties of his job abroad and receives his income from the Egyptian treasury.

The corporate body shall be deemed as residing in Egypt in any of the following cases:-

- 1- If it has been established subject to Egyptian law.
- 2- If its head office or actual office is based in Egypt.
- 3- If it is a company wherein the state or any public corporate body owns more than 50% of its capital.

The executive regulation indicates the rules of determining permanent domicile and the actual head office.

ARTICLE (3):-

The income realized from a source in Egypt includes the following:-

- (a) Income from services rendered in Egypt including salaries and the like.
- (b) Income paid by an employer resident in Egypt, even if the work has been performed abroad.
- (c) Income obtained by the sports man or the artist from activity in Egypt.
- (d) Income from work performed by a party not residing in Egypt through a permanent establishment in Egypt.
- (e) Income from disposals of movables belonging to a permanent establishment in Egypt.
- (f) Income from exploitation or disposal of real estate and the like located in Egypt as well as other real estate annexed thereto by allocation.
- (g) Dividends of Stock Corporation based in Egypt.
- (h) Quotas of profits paid by partnerships resident in Egypt.
- (i) Return paid by the government or municipal units or public corporate bodies or any other person resident in Egypt as well as the return paid by a permanent establishment in Egypt even if its owner is not residing in Egypt.
- (j) Rentals, license charges and royalties paid by a person residing in Egypt or paid by a permanent establishment in Egypt even if its owner is not resident in Egypt.
- (k) Income from any other activity performed in Egypt.

ARTICLE (4):-

The permanent establishment term , for the purpose of application of the present law , shall mean each constant place for carrying out all or some works of projects pertaining to a person not residing in Egypt , including by way of limitation:-

- (A) place of management
- (B) branch
- (C) building used as sale outlet
- (D) the office
- (E) the factory
- (F) workshop
- (G) mine , oil field , gas well , quarry or any other place for extracting natural resources including wood or any other products from forests.
- (H) Farm or plants.
- (I) Building site, construction or assembly project equipment or related supervisory activities.

also any person works for affiliated project shall be considered as a permanent establishment as long as he is authorized to enter into contracts in the name of the project unless his activity is limited to purchasing of goods or commodities required for the project.

The following shall not be regarded as permanent establishment:-

- 1- Utilizing facilities for storage purpose as well as showing the goods owned by the project only.
- 2- Retaining stock of goods owned by the project for storage or showing purpose.
- 3- Keeping stock of goods and commodities owned by the project to be remanufactured by another project.
- 4- Having fixed place for an activity of purchasing goods or data collection for the project.
- 5- Having a fixed place for performing any preliminary or auxiliary works to the project.
- 6- Having a fixed place for practicing any of the said activities in the above mentioned items provided, the gross activity practiced through the fixed place should be on preliminary or auxiliary basis.
- 7- Industrial or commercial activities practiced by a foreign company through broker or general agent by commission or any other agent of independent nature unless it has been proved that such broker or agent has devoted his efforts during the taxation period for the interest of the foreign company.

The influence of non- residing company on another residing company doesn't mean that the residing company is a permanent establishment of the other company.

ARTICLE (5):-

Taxation period is the fiscal year starts as from the first of January and ends on 31 December of each year or any period of twelve months taken as basis of calculating the tax.

Tax may be calculated for a period less than or exceeds twelve months and the executive regulation determines the accounting procedures.

Tax shall be payable on the day following taxation period and shall also be payable on the death of tax payer, discontinuance of his residence or wholly suspension of activity.

**BOOK (2)
INCOME TAX ON NATURAL PERSONS**

**PART (1)
SCOPE OF TAX APPLICATION & RATES**

ARTICLE (6):-

Annual tax shall be imposed on the total of the net income earned by natural resident and non- resident persons with respect to their income realized in Egypt.

The total net income is composed from the following sources:-

- 1- salaries and its equivalent
- 2- Commercial or industrial activity.
- 3- Professional or non-commercial activity.
- 4- Real estate wealth.

ARTICLE (7):-

Tax shall be applicable to amounts exceeding five thousand Egyptian pounds of the total net income achieved by the resident tax payer over a year.

ARTICLE (8):-

Tax rates shall be as follow:-

First tranch: above L.E 5000 until L.E 20000	10%
Second tranch: above L.E 20000 until L.E 40000	15%
Third tranch: above L.E 40000	20%

The annual total net income upon calculating tax shall be rounded to the lowest ten pounds.

PART (2)
SALARIES AND ITS EQUIVALENT

ARTICLE (9):-

Tax shall be applicable to salaries and its equivalent as follow:-

- 1- All amounts due to taxpayer as a result of working for other by or without a contract either regularly or irregularly whatsoever the names, forms or reasons for such dues, and whether such amounts have become due for works rendered in Egypt or abroad and its consideration has been paid by any party in Egypt including wages, remunerations, incentives, commissions, grants, overtime, allowances, quotas or shares in profits as well as cash and non cash benefits of whatsoever kind.
- 2- Amounts due to taxpayer from source outside Egypt for works performed in Egypt.
- 3- Salaries and remunerations of the chairmen and board members in public and public business sector companies who are not shareholders in such companies.
- 4- Salaries and remunerations of chairmen and board members in stock companies in consideration of their managerial activities.

The executive regulation of this law determines the basis of estimating the non-cash benefits.

ARTICLE (10):-

Revenues included in the taxable income for each part of the year wherein any taxable revenues have been obtained, shall be determined on this part of the year proportional to a year and on the basis of monthly revenues after being converted into annual revenues.

Should a change occur in the taxable revenues, the calculation of this revenues shall be amended as from the date of change on the basis of the new revenue or the old revenue whichever is lower after being converted into annual revenue.

A settlement shall be made annually according to procedures and rules set out in the executive regulation.

Accumulated salaries & wages and its equivalent which are paid in one payment in a year shall be distributed over years of maturity except for the financial consideration in lieu of leaves and the revenue included in the taxable income for each year, shall be recalculated and the accrued tax shall be settled on this basis.

ARTICLE (11):-

As an exception of article (8) of this law, tax shall be applicable to all amounts paid to non- residents whatever, the organization or authority employing such non- residents

under its supervision, also, tax shall be applicable to amounts obtained by residents from parties other than their original employers at a rate of 10% without any reduction for meeting costs and without making any other discount.

In all cases, the tax should be withheld and remitted to the competent tax inspectorate within the first 15 days of each month according to the rules or procedures specified in the executive regulation of this law.

ARTICLE (12):-

The following shall not be subject to tax:-

- 1- pensions
- 2- End of service remunerations.

ARTICLE (13):-

Without prejudice to other tax exemptions prescribed by special laws, the following shall be exempted from tax:-

- 1- L.E. 4000 annual personal exemption for the taxpayer.
- 2- Social insurance subscriptions and other deductions required by social insurance law or any other alternative systems.
- 3- Contributions of employees to special insurance funds established in pursuance of special insurance funds law promulgated by law no.54 of 1975.
- 4- Life Insurance premiums of taxpayer and health insurance for his own favour or in favour of his wife or minor children, And any other pension insurance premiums.
- 5- Non cash collective benefits :-
 - A. Meals for employees.
 - B. Collective transportation of employees.
 - C. Medical care.
 - D. Work Tools & uniform.
 - E. Housing made available by employer, in connection of their work
- 6- Employees share in profits distributed as per law.
- 7- Members of diplomatic corps , consular corps , international organizations as well as other foreign diplomatic representatives in the course of their official work provided, reciprocity treatment and within its limits.

For the items (3) and (4), the total tax exempted amounts shall not exceed 15% of net revenues or L.E.3000 whichever is greater.

The same subscriptions and premiums from any other income stipulated in article (6) of this law may not be repeatedly exempted from tax.

ARTICLE (14):-

Employers and parties committed to pay taxable revenues including companies and projects established under free zone system shall have to retain an amount on account of tax from the tax amounts due from them as stipulated in article (9) of this law and to remit amounts withheld to the competent tax inspectorate within the first fifteen days of each month.

Employers and parties committed to pay revenues shall have to pay tax difference without prejudice to their right to claim the taxpayer for payment of his tax debts.

ARTICLE (15):-

The party responsible for withholding tax and remitting it according to art. (14) Of this law, shall be obligated to:-

- 1- Present quarterly tax return to the competent tax inspectorate in January, April, July and October of each year on the form prepared for this purpose.
- 2- Giving the employee a sheet upon his request to write therein his triple name, the amount and kind of income and the amount of tax withheld.

The executive regulation indicates the rules and procedures of executing the provision of this article.

ARTICLE (16):-

If the employer or the party committed to pay the taxable revenues is not residing in Egypt or doesn't have a premises or establishment, the obligation to deliver the tax shall lie with the recipient entitled to taxable revenue according to rules and procedures stipulated in the executive regulation of this law.

PART (3) COMMERCIAL AND INDUSTRIAL ACTIVITY

ARTICLE (17):-

Profits of commercial and industrial activity are determined on the basis of revenues resulting from all commercial; & industrial operations including profits resulting from sale of the company assets stipulated in items 1, 2, 4 of art (25) of the present law and profits recognized through compensations obtained by the taxpayer as a result of destruction or expropriation of any of such assets as well as profits realized within the taxation period after excluding deductible costs.

Net profits are determined on the basis of income statement prepared in accordance with Egyptian accounting standards and the taxable income is determined through the application of provisions of this law to the net profit referred to.

ARTICLE (18):-

A resolution shall be issued by the minister indicating the basis of tax accounting and (collection) procedures of tax due on profits of small scale firms without contradicting the provision of law of developing small scale firms promulgated by law no. (141) of 2004 and in agreement with the tolerable tax accounting of such firms.

**CHAPTER (1)
TAXABLE REVENUES**

ARTICLE (19):-

Tax shall apply to profits of the commercial and industrial activity including:-

- 1- Profits of commercial or industrial establishments, mines, quarries and oil.
- 2- Profits of craftsmen and small – scale activities.
- 3- Profits provided by any commercial or industrial activity even if it is limited to single transaction and the executive regulation of this law indicates the rules of considering the activity as single transaction for the application of this item .
- 4- Profits realized as a result of operation or operations carried out by brokers or agents with commission, in general , each profit realized by any person practicing brokerage for purchasing , selling or leasing real estate or any kind of goods , services or movable property .
- 5- Profits resulting from leasing commercial or industrial place whether lease included all or some of tangible or intangible components as well as profits resulting from hiring mechanical and electrical machinery except agricultural tractors , irrigation machines & its accessories , machinery & equipment used in agriculture.
- 6- Profits provided by all kinds of transportation activity.
- 7- Profits realized by practicing construction or purchasing real estate for their own account for regular sale whether profits resulted from selling the real estate property as a whole or divided into apartments, rooms, administrative or commercial units or other.
- 8- Profits from division of land for the purpose of disposal or building.
- 9- Profits from land reclamation or cultivation and projects of exploiting poultry breeding yards or their mechanical hatching , animal breeding yards , livestock yards and their fattening which exceed 20 heads as well as fisheries projects.

ARTICLE (20):-

Tax shall not apply to profits resulting from revaluation of the individual firm assets when submitted as non- cash share capital participation provided shares equivalent to non- cash shares are nominal and shall not be disposable unless after the expiration of five years.

ARTICLE (21):-

The net taxable profit of the firm shall be determined on the basis of all related long term contracts in light of progress of work of each contract during the taxation period. The progress of work of each contract shall be determined on the basis of actual cost of works carried out until the end of taxation period in proportion to total costs of the contract.

The profit estimated for the contract is determined as the difference between its value and estimated costs.

The profit estimated for the contract during each taxation period is determined at a percentage of the profit calculated as per the said paragraph, equivalent to works performed during the taxation period provided the profits of the contract shall be adjusted at the end of the taxation period wherein the contract has been fully executed on the basis of its actual revenues less actual costs after deducting profits previously estimated.

If the taxation period account during which the contract has been completed, closed at loss, such losses shall be deducted from the profits of the period or prior taxation periods during which the contract is determined to be completed without exceeding the profits of the contract during this period.

The tax shall be recalculated on this basis and the taxpayer shall refund overpayments. If the resulting losses exceed the limits referred to in the preceding paragraph, the remaining losses shall be carried forward to the following years according to art. (29) Of this law.

In application of the provisions of this art., the long term contract shall mean manufacturing or processing or construction contract or the contract of providing related services and which are performed by the firm for the account of other against fixed amount and its performance takes more than one taxation period.

CHAPTER (2) TAXABLE REVENUES

ARTICLE (22):-

The net profits of commercial and industrial profits shall be taxed on the basis of gross profits less total costs and expenses required for realizing such profits. Deductible costs and expenses must fulfill the following:-

- 1- Costs & expenses should be related to the commercial or industrial activity and are required for practicing the activity.
- 2- Such costs & expenses must be actual and supported by documents save as, such costs and expenses that are not customarily supported by documents.

ARTICLE (23):-

The following shall be regarded as deductible costs & expenses:-

- 1- Returns of loans used in the activity of whatever amount after deduction of non-taxable credit returns or legally exempted.
- 2- Assets depreciation as stipulated in article (25) of the present law.
- 3- Dues and taxes incurred by the establishment except tax paid by the taxpayer as stipulated by this law.
- 4- Social insurance premiums incurred by the employer in favour of employees and for his own favour that are paid to public social insurance & pension organization.
- 5- Amounts withheld by the establishments every year from its money or profits for the account of special retirement or saving funds or other whether such funds have been established according to provision of law on special insurance funds no. 54 of 1975 or to law no.64 of 1980 related to alternative social insurance special funds or according to its system or special conditions or regulation.

The said amounts may not exceed 20% of the total wages & salaries of the employees provided the establishments should act according to a system having a regulation or special conditions stipulated therein that payments made by such establishments are equal to end of service remuneration or pension and the money of such funds should be separate from the money of the establishment and be invested for its own account.

- 6- Premiums of insurance policy concluded by the taxpayer for meeting disability, death or for the attainment of an amount or revenue, provided, the amount of premiums shall not exceed L.E.3000 per annum.
- 7- Donations paid to the government, municipalities and other corporate bodies of any amount whatsoever.
- 8- Donation and subsidies paid to charitable societies and Egyptian social institutions notarized according to laws organizing it as well as money offered to educational institutions and hospitals subject to the government supervision and Egyptian scientific research institutions provided such amounts don't exceed 10% of the net annual profit of the taxpayer.
- 9- Financial penalties and compensations due from the taxpayer according to his contractual liability.

ARTICLE (24):-

The following shall not be regarded as deductible costs & expenses:-

- 1- Reserves and provisions of whatever kind.
- 2- Financial penalties imposed on the taxpayer as a result of committing criminal violation either by himself or by any of his employees.
- 3- Income tax due according to this law.
- 4- Interest paid on loans exceeding double of credit & discount rate declared by Central Bank of Egypt at the beginning of the calendar year ending taxation period.
- 5- Interests of loans and debts of whatever kind paid to corporate bodies who are not subject to tax or exempted therefrom.

ARTICLE (25):-

Depreciation of the establishment assets shall be calculated as follow:-

- 1- (5%) of the purchasing cost, construction, development or renovation or rebuilding of any of the buildings, establishments, fittings, ships and aircrafts for each taxation period.
- 2- (10%) of cost of purchasing , development , improvement or renovation or rebuilding of any of intangible assets purchased including good will for every taxation period .
- 3- The following two categories of assets shall be depreciated as per the depreciation rates indicated opposite thereto:
 - A. Computer, IT programs and data storage systems 50% of the depreciation basis for each taxation year.
 - B. All other assets of the activity 25% of the depreciation basis for each taxation year.
- 4- No depreciation is calculated for land, artistic works, antiquities, jewelry and other assets that are not by nature subject to depreciation.

ARTICLE (26):-

Depreciation basis for the application of art (25) of the present law means the value of assets as per books as stated in the opening balance sheet covering taxation period , such basis increases by an amount equals to cost of assets used and cost of improvement or renovation or rebuilding during taxation period and such basis decreases by the equivalent to annual depreciation and the realizable value of assets

disposed as well as the compensation amount obtained as a result of its loss or destruction of assets during the taxation period.

If depreciation basis has been negative, the disposal value of the asset or its compensation for loss shall be added to the commercial and industrial profits of the taxpayer but in case the depreciation basis doesn't exceed L.E. 10000, the full depreciation basis shall be considered as deductible costs.

ARTICLE (27):-

30% shall be deducted from the cost of machinery & equipment used in the investment in production field whether new or used equipment, at the first taxation period of using such assets.

The depreciation basis stipulated in art. (25) Of this law shall be calculated for this period after deducting the 30% referred to.

In order to apply the two preceding paragraphs, the taxpayer should have regular books and accounts.

ARTICLE (28) :-

Bad debts may be deducted if the taxpayer has removed it from his accounts and submitted report from a certified accountant that:-

- 1- The firm has regular accounts.
- 2- The debt is related to the firm.
- 3- The debt amount has previously been included in the firm accounts.
- 4- Taking serious procedures by the establishment without successful collection and 18 months expired after the maturity date.

The following shall be deemed as serious procedures for the collection of the debt:-

- A- Attainment of payment order in cases where this procedure is allowed.
- B- Issuance of a judgment by court of first instance by virtue of which the debtor becomes obligated to pay his debt.
- C- Claiming the debt during the procedures taken for the enforcement of bankruptcy judgment of the debtor or his conclusion of a conciliation agreement to avoid bankruptcy.

If the debt has been collected in full or in part, the collected amounts should be included in the revenues of the firm in the year of collection.

ARTICLE (29):-

If the closing accounts of any year show a loss, then such loss shall be deducted from the profits of the year following thereto, if part of the loss still remains thereafter, it shall be carried forward yearly to the following years until the fifth year only and no losses shall be taken to the account of any other year thereafter.

ARTICLE (30):-

If the related persons have laid down conditions in their commercial or financial transactions that are different from those conditions agreed upon between non-related persons which may lead to reduce taxable income or transferring its burden from taxable person to another tax exempt person or to a person not subject to tax, then the tax authority shall determine the taxable profit on the basis of the neutral price.

The chairman of the tax authority shall have the right to sign agreements with related persons for the application of one method or another for determining the neutral price in its transactions.

The executive regulation of this law shall determine the method of determining the neutral price.

CHAPTER (3) EXEMPTIONS

ARTICLE (31):-

The following shall be tax exempt:-

- 1- Profits of land reclamation or cultivation for a period of ten years as of the commencement date of practicing the activity.
- 2- Profits from poultry production, honey bees breeding, livestock breeding and fattening yards, fisheries projects and profits of fishing boats for a period of five years from practicing activity.
- 3- Outcome of transactions & dealings between the natural persons for their investments of securities listed in Egyptian stock of exchange and the losses resulting from such dealing may not be carried forward to the following years.
- 4- Money obtained by the natural persons from :-
 - Interests of debentures and finance bonds of whatever kind that are listed in the Egyptian stock of exchange and issued by the government or stock companies.
 - Dividends of joint stock companies and partnership limited by shares.
 - Profits distributed for quotas in limited liability companies and partnerships as well as quotas of partners not participating in partnership limited by shares.

- Profits distribution of investment bonds issued by investment funds.
- 5- interests received by natural persons for deposits , saving accounts in banks accredited in A.R.E. , investment , saving and deposit certificates issued by such banks as well as interests of deposits & saving accounts in post office funds and interests on securities and deposit certificates issued by Central Bank of Egypt.
- 6- Profits recognized from new projects established by financing from social development fund within a percentage of such financing for five years from the date of practicing the activity or the starting date of production as the case may be and such exemption shall be applicable only to the person in whose name the loan has been executed.

PART (4)
REVENUES OF NON- COMMERCIAL PROFESSIONS

CHAPTER (1)
TAXABLE REVENUES

ARTICLE (32):-

- 1- Tax shall apply to net profits of free professions and other non-commercial professions practiced independently by the taxpayer in which work forms the basic element if resulted from practicing the profession or activity in Egypt.
- 2- Income received by owners of intellectual property from sale or exploitation of their rights.
- 3- Any revenues from any profession or activity not prescribed in article (6) of this law.

CHAPTER (2)
DETERMINATION OF REVENUES INCLUDED
IN THE TAXABLE INCOME

ARTICLE (33):-

Revenues entering in the taxable income every year are determined on the basis of net revenues during the previous year, revenues from non- commercial professions include proceeds from disposal of any professional assets as well as proceeds from know how transfer or waiving wholly or partially offices of practicing the profession and any amounts resulted from closing the office.

Net revenues are determined on the basis of revenues resulting from different operations as per the provisions of the present law after deduction of all costs and expenses required for practicing the profession including assets depreciation in compliance with simplified accounting principles by which ministerial decree is issued.

The following shall be deemed as deductible costs:-

- 1- Entry duties, annual subscription and charges of practicing the activity.
- 2- Taxes paid by the taxpayer in the course of practicing the profession except tax paid as per this law.
- 3- Amounts paid by the taxpayer to his syndicate according to its pension system.
- 4- Life insurance premiums and medical insurance premiums paid by the taxpayer for his own sake or his wife and minor age children.

In application of the items 3, 4 the total amounts of the net taxable income exempted shall not exceed L.E 3000 per year.

The same deduction may not be repeatedly effected from any other income stipulated in art. (6) Of this law

ARTICLE (34):-

Donations not exceeding the net annual revenues paid to government , municipality units , public corporate bodies or which are devolved to it , shall be deducted from net revenues stipulated in article (32) of this law , in addition to donations and subsidies paid to charitable societies and Egyptian non government organizations according to the provisions of law governing them as well as donations to educational institutions and hospitals subject to the government supervision and donations to Egyptian scientific institutions, provided , deductions don't exceed 10% of the net annual revenues. Such donations may not be deducted repeatedly from any other revenues of those stipulated in article (6) of the present law.

ARTICLE (35):-

All costs and expenses required for revenues recognition shall be deducted from gross revenues of the taxpayer as per regular accounts supported by documents including costs and expenses that are not customarily supported by documents based on the executive regulation and deduction rate shall be 10% in absence of regular books.

In application of the provision of this chapter article 29 of this law shall be applicable if statutory books are maintained.

CHAPTER (3) EXEMPTION FROM TAX

ARTICLE (36):-

The following shall be tax exempt:-

- 1- Educational institutions subject to supervision of the government or public corporate body or public sector or public business sector.
- 2- Revenues from writing and translation of books and literary, cultural scientific and religious articles except for revenues resulting from sale of the production of the written or translated articles in visual or audio form.

- 3- Revenues of teaching staff in universities and institutions and other from their written or compiled works printed specifically to be distributed among students according to the systems and prices laid down by universities & institutions.
- 4- Revenues of members of plastic artists association from their production of artistic works of photography, sculpture and carving.
- 5- Revenues of free professions people who are registered as active members, in professional syndicates in the field of their specializations, for a period of three years from the date of exercising the free profession.

They shall only be committed to settle the tax effective the first of the month next to the expiration of the term of the foregoing period of exemption, to which is added the training period as required by the law on the exercise of the profession, and the public service, military service, or reserve call up period, if it comes subsequent to the date of exercising the profession.

The period prescribed for tax exemption shall be reduced to one year for a person exercising the profession for the first time, if a period of more than fifteen years has passed since his graduation.

For the tax exemption to apply, he shall exercise the profession alone without participation by other party, unless that other party is tax exempt.

PART (5)
REVENUES OF REAL ESTATE WEALTH.

CHAPTER (1)
TAXABLE REVENUES

ARTICLE (37):-

The taxable revenues shall include:-

- 1- Revenues of agricultural land.
- 2- Revenues of buildings
- 3- Revenues of furnished units.
- 4-

CHAPTER (2)
DETERMINING THE REVENUES
ENTERING IN THE TAXABLE INCOME

ARTICLE (38):-

- 1- The revenue of agricultural lands shall be determined on the basis of rental value taken as a basis for assessing the tax imposed according to the rules prescribed in law no.113 of the year 1939 concerning the tax on agricultural lands, after deduction of 30% for all costs and expenditures involved.

2- The revenues of agricultural exploitation of horticultural crops from productive fruit gardens ,for cultivated area exceeding three feddans (acres) , and area exceeding one feddan of ornamental , medicinal and aromatic plants if the cultivated area thereof exceeds one feddan (acre) , as well as the nurseries of horticultural crops , whatever the cultivated area thereof unless the nurseries are established for the personal benefit of and for use by their owners, shall be determined on the ground of the equivalent rental value taken as a basis for assessing the tax imposed by virtue of law no.113 of the year 1939 referred to above concerning the tax on agricultural land , if the holder of the plants is a tenant .

But if the holder of the plants is the owner of the land himself, the revenues shall be determined on the basis of the double rental value referred to above.

Revenues a prescribed in item 1 of this article shall not enter in the taxable income.

In all cases, the equivalent of 20% shall be deducted from such revenues for covering for all costs and expenses involved.

A decree of the minister of finance shall be issued in agreement with the minister of agriculture, determining the ages of fruit trees following which these trees are considered productive, and indicating the types of horticultural crops.

The net taxable revenues shall be determined in the name of the owner of the plants and nursery stocks whether he is owner of the land or tenant farmer, any agreement or condition set to the contrary shall be considered by tax authority as null and void.

The taxpayer, his spouse, his minor children shall be considered as one owner of the plants and nursery stocks upon the application of the provision of this article, and the revenues shall be determined in his name, unless the ownership has devolved to the wife or the minor children from a source other than the husband, or the father, as the case may be.

The holder of the plants and cultivated nursery stocks , whether he is owner of the land or a tenant farmer thereof shall submit to the concerned taxation inspectorate statements of the cultivated areas , of each type of the fruit trees , within thirty days from the date the fruit trees becomes productive.

He shall also submit a statement of the areas cultivated with ornamental, medicinal and aromatic plants, or nurseries of the horticultural crops within sixty days from the beginning date of cultivation.

In case of removing the plants, the owner shall notify the concerned taxation inspectorate of the plants removal fact within thirty days from the date of its occurrence.

ARTICLE (39):-

Revenues from built real estate shall be determined based on the gross rental taken as a basis for assessing the tax on built real estate, as imposed by virtue of law no. 56 of the year 1954 concerning the tax on built real estate, after deducting 40% against all costs and expenses in addition to the rental value of the personal lodging in which the taxpayer lives together with his family.

Revenues resulting from determining the right of usufruct shall be treated same as the revenues resulting from property which are completely owned.

Tax shall be determined on the basis of the actual rental value less 50% against all costs & expenses for revenues resulting from leasing any real estate or part thereof under the provisions of civil code.

ARTICLE (40):-

The taxpayer may apply for the determination of the real estate wealth stipulated in art. (38) and the first paragraph of art. (39) Of this law on the basis of actual revenue provided his application must include all real estate of the taxpayer whether built or agricultural land.

The application should be submitted within the period fixed for submission the annual returns and the taxpayer should have statutory books in the manner to be indicated in the executive regulation.

ARTICLE (41):-

Tax shall be applicable to revenues resulting from leasing any furnished unit or part thereof whether it has been prepared for housing or practicing commercial or industrial activity or non- commercial profession or any other purpose.

The taxable revenue shall be fixed on the basis of the actual rental less 50% for all costs & expenses

ARTICLE (42):-

Tax rated 2.5% shall be imposed without any deduction on gross revenues resulting from disposal of built real estate or land located within the boundaries of the city whether disposal takes places before or after building thereon and whether the disposal included the whole of the real estate or part thereof or housing unit of it or other and whether the establishments are on land owned by the taxpayer or other.

As an exception from the disposals subject to this tax, the disposals by the successor of the real estate devolved thereto from the legator as it is upon succession as well submitting the real estate as a non – cash share capital participation in joint stock companies provided the equivalent share shall not be disposed of for a period of five years.

The notarization office shall have to notify tax authority of the notarized disposals that are subject to the present law within thirty days of notarization.

In application of this article, donation to ascendants, spouses or descendants or determination of usufruct of the real estate or leasing it for a period exceeding fifty years shall be subject to tax while forced sale whether administrative or judicial shall not be subject to tax and neither expropriation nor appropriation for public interest or improvement shall be subject to tax.

Also, donation to the government or municipal units or public corporate bodies or projects of public interest shall not be subject to tax.

CHAPTER 3 EXEMPTION FROM TAX

ARTICLE (43):-

The following shall be exempted from tax:-

- 1- Revenues from agricultural activity except for what has been stipulated in the present law.
- 2- Revenues of the cultivated areas of the desert land for ten years starting from the date of considering the land productive, a decree shall be issued by minister of finance in agreement with minister of agriculture for the guiding rules of the determination of the date of considering the land as productive.

CHAPTER (4) MISCELLANEOUS PROVISIONS

ARTICLE (44):-

Each owner of one built real estate or more or having agricultural land whose gross net revenues from rental value stipulated in item (1) of article (38) and clause (1) of art .(39) of the present law , exceed the exempted franch Stipulated in article(7) shall have to submit a statement of all built real estate and agriculture land he owns and its rental value to any of the competent offices for collection of tax accrued thereon in which jurisdiction, the real estate and agricultural land are located.

The said statement shall be on the form specified in the executive regulation of this law.

ARTICLE (45):-

Tax payments made by the taxpayer in fulfillment of the original real estate taxes prescribed by law no. 113 of 1939 related to agricultural land as well as law no. 56 of 1954 concerning built real estate tax, shall be deducted from the tax due from him according to provisions of part (5) of book 2 of the present law without exceeding this tax.

ARTICLE (46):-

The provision of the two articles (38) and (39) of the present law doesn't apply to agricultural land and built real estate included in the company assets.

**BOOK 3
TAX ON PROFITS OF CORPORATE BODIES
PART (1)
SCOPE OF THE TAX APPLICATION**

ARTICLE (47):-

Annual Tax shall apply to net gross profits of corporate bodies irrespective of purpose thereof:-

Tax shall apply to:-

- 1- Corporate bodies residing in Egypt concerning all profits realized whether in Egypt or abroad with the exception of national service organization of Ministry of DEFENSE.
- 2- Corporate bodies not resident in Egypt with regards to profits realized through permanent establishment in Egypt.

ARTICLE (48):-

In application of article (47) of the present law, the following shall be corporate body:-

- 1- Stock companies and partnerships no matter the law they are subject to as well as companies, established between two natural persons without formalities or notarization (corporation de facto).
- 2- Cooperative societies and their unions taking into consideration exemptions prescribed thereto by law.
- 3- Public organizations and other public corporate bodies with regards to the taxable activity practiced without prejudice to exemptions prescribed by laws governing their establishment.
- 4- Foreign banks, companies and establishments even though its head office is abroad and branches in Egypt.
- 5- Units established by the municipal department with respect to taxable activity.

ARTICLE (49):-

The taxable income shall be rounded to the lower nearest L.E.10 (ten pounds) and shall be subject to tax rated 20% of the net annual profits.

As exception from the rate stipulated in the foregoing paragraph, profits of Suez Canal Authority and General Egyptian petroleum co., and Central Bank of Egypt, shall be subject to income tax at a rate of 40% and the profits of oil prospecting and producing companies shall be subject to tax rated 40.55%.

ARTICLE (50):-

The following are tax exempt:-

- 1- Ministries & Government departments.
- 2- Educational institutions subject to the supervision of the government or public corporate bodies or public sector or public business sector.
- 3- Non- government societies & firms established according to law of non-government societies and firms promulgated by law 84 of 2002 within the purpose of its establishment.
- 4- Non-profitable organizations practicing social, scientific, sports or cultural activities within the activity practiced not for commercial or industrial or professional purpose.
- 5- Profits of special insurance funds subject to law 54 of 1975.
- 6- International organizations and technical cooperation organizations and their representatives whose profits are exempted by virtue of international agreement.
- 7- Profits and dividends of investment funds established as per law of capital promulgated by law no. 95 of 1992 as well as the return of bonds listed in the stock of exchange.
- 8- Outcome of dealings obtained by resident corporate bodies from its investment in securities listed in the Egyptian stock of exchange without deduction of losses resulting from such dealings or carrying them forward to the following years.
- 9- Interests obtained by corporate bodies for securities issued by central bank of Egypt or revenues resulting from such dealing as exception from art 56 of this law.
- 10- Dividends, profits and quotas obtained by resident corporate bodies against their capital participation in other resident corporate bodies.

11- Profits of land reclamation or cultivation for ten years from the commencement date of activity or from starting date of production as the case may be according to the executive regulation of this law.

12- Profits of poultry production companies honey bees, livestock breeding and fattening as well as fisheries for a period of ten years from the date of practicing the activity.

PART (2) **DETERMINING TAXABLE INCOME**

ARTICLE (51):-

Net taxable income shall be determined as per provisions applied to profits of the commercial and industrial activity provided for in part 3 of book (2) of the present law and in cases where no specific provision has been included in this chapter.

ARTICLE (52):-

The following shall not be considered deductible costs:-

- 1- Debit royalties paid by corporate bodies stipulated in art. (47) Of this law on loans and advances obtained for amounts exceeding quadruple of the average equity as per financial statements prepared according to the Egyptian accounting standards.
This provision shall not apply to banks and insurance companies or companies practicing financing activity that are established by virtue of ministerial decree.
- 2- Amounts set aside for the formation of or feeding various provisions except the following :-
 - A. 80% of provisions for loans formed by banks in compliance with the rules of financial statements preparation and evaluation principles issued by central bank of Egypt.
 - B. Technical provisions formed by insurance companies in application of insurance supervision & control law in Egypt promulgated by law no. 10 of 1981.
- 3- Dividends and the financial consideration paid to shareholders against attending the general assemblies.
- 4- Remunerations & allowances obtained by board chairmen and members.
- 5- Employees share in profits decided for distribution as per the law.
- 6- Other costs stipulated in article (24) of the present law

ARTICLE (53) :-

In case the legal form of a corporate body, revaluation profits or losses are not included in profits & losses account provided assets & liabilities are stated at their book value upon changing the legal form for the purpose of calculating the tax and to calculate depreciation of assets and carrying forward provisions & reserves as per the rules prescribed before making the change.

The following shall be considered as a change in the legal form:-

- 1- merger of two or more resident companies
- 2- division of a resident company to two or more resident companies
- 3- Conversion of a partnership to a stock company or conversion of a stock company to another stock company.
- 4- Purchase or acquisition of 50% or more of shares or voting rights regarding number or value in a resident company against shares in the purchasing company or the acquiring company.
- 5- Purchase or acquisition of 50% or more of the assets and liabilities of a resident company by another resident company against shares in the purchasing or the acquiring company.
- 6- Conversion of a corporate body into a stock company.

ARTICLE (54) :-

The foreign tax paid by a resident company for its profits achieved abroad shall be deducted from the tax due thereon according to this law provided the supporting documents must be made available.

The losses incurred abroad shall not be deducted from the taxable income in Egypt for the same taxation period or any other following period.

The deduction mentioned in the first paragraph must not exceed the tax payable in Egypt which could have been payable on the profits gained from works carried out abroad.

ARTICLE (55) :-

The provision of art. (29) Shall not apply to losses incurred by the company in the taxation period and prior periods if a change occurred in its ownership at a percentage exceeding 50% of shares or quotas or in voting rights, provided such change should be accompanied by a change in the activity.

In order for the preceding paragraph to be applicable to the joint stock companies and partnership limited by shares, the shares must not be offered for negotiation in the Egyptian stock of exchange

BOOK (4)
WITHHOLDING TAX

ARTICLE (56):-

Amounts paid to non-residents in Egypt by owners of individual establishments, corporate bodies resident in Egypt, and by any non – resident entities having a permanent establishment in Egypt shall be taxable at a rate of 20% without deducting any costs from them.

These amounts shall comprise the following:-

- 1- Yields and interests;
- 2- Royalties except amounts paid abroad against design or know how for serving the industry. The Minister, in agreement with the minister concerned with industry, shall determine the cases in which the know how is for serving the industry.
- 3- charges for services , the share of the permanent establishment operating in Egypt in the administrative expenses, and in the control and supervision expenses sustained by its head office abroad shall not be considered among the charges for services;
- 4- Charges for the activity of a sportsman or artist, whether paid direct to him or through any entity.

The interests on loans and credit facilities obtained by the government, local government units, or other public corporate bodies, from sources abroad shall be exempted from the tax prescribed in the present article. Companies of the public sector, the public business sector, and the private sector shall also be exempted from this tax providing the loan or facility period shall be three years at least.

The said establishments, persons and entities shall withhold the amount of the due tax and deliver it to the concerned tax district office within the subsequent fifteen days of the month following the month in which the withholding is made.

ARTICLE (57):-

Tax shall apply to the amounts paid by individual firms and corporate bodies to any natural persons as commission or brokerage if not related directly to his profession.

The payer of commission or brokerage shall have to retain the tax accrued and remit it to the tax inspectorate within the first fifteen days of the month following the month wherein the commission or the brokerage has been paid according to the rate stipulated in article (56) of the present law without deducting any costs.

ARTICLE (58):-

Without prejudice to any tax exemptions prescribed in other laws, the returns of bonds issued by ministry of finance in favour of central bank of Egypt or other banks shall be subject to tax at a rate of 32% without deduction of any costs and the payer of such returns or its receiver shall have to retain the tax amount accrued and remit it to the competent tax inspectorate within the first fifteen days of the month following the month of deduction.

BOOK 5 DEDUCTION, COLLECTION AND PAYMENTS MADE ON ACCOUNT OF TAX

PART (1) COMMERCIAL & INDUSTRIAL ACTIVITY

CHAPTER (1) DEDUCTION

ARTICLE (59):-

Agencies and establishments indicated hereunder shall have to deduct a percentage from each amount exceeding three hundred Egyptian pound paid as a commission or brokerage or in return for purchase , supply , contracting or service to any private sector person.

This percentage shall be determined by a ministerial decree at 5% at most on account of tax due from those persons. Premiums paid to insurance companies are accepted:-

- 1- Government ministries and departments , local government units , national economic or service provider agencies, public sector companies & units , public business sector companies , stock companies, companies subject to investment laws , partnerships whose capital exceed L.E.50000 whatever their legal form as well as companies established by virtue of special laws , companies established according to free zones system , branches of foreign companies , drugs stores , importation offices cooperative societies , press institutions , unions , associations , clubs , youth centers , national associations , hospitals , hotels of whatever purpose , professional offices , foreign liaison offices, film production establishments , entertainment houses and special insurance funds established under law 54 of 1975 or by virtue of any other law .
- 2- Organizations and other establishments specified by virtue of a decree of the minister of finance.

The said entities and organizations shall have to remit such amounts deducted to the tax authority as per procedures stipulated in the executive regulation.

The said organizations and departments shall have to deduct and to remit such amounts to the tax together with the related fine in case of delay.

ARTICLE (60):-

Private sector persons referred to in article (59) of the present law shall not be subject to provisions requiring deduction on account of tax if the tax department become ascertain of the company having regular registry on which basis the company pays the quarterly down payments according to provisions of the second chapter of this part.

CHAPTER (2) DOWN PAYMENTS

ARTICLE (61):-

Down payments in the application of article 63 shall mean , the payment by the tax payer of an amount on account of tax accrued from him for the taxation period at 60% of any of the following:-

- 1- The amount of the recent tax return.
- 2- Tax estimated for the taxation year he wishes to apply payments system to, if the taxpayer has never submitted tax return or the tax return submitted for the taxation period preceding his submission of the application includes losses.

ARTICLE (62):-

Taxpayer shall have to choose either the system of deduction an account of tax as per article (59) of the present law or to comply with the down payments system stipulated in this chapter.

Choice shall be made through an application submitted by the taxpayer to the competent tax inspectorate 60 days at least before the starting of the taxation period to which he likes to apply down payments system.

The tax authority shall have to reply the request of the taxpayer within 60 days from the date of submitting his request. If the taxpayer has not received a notice within such period, it shall mean rejection of the request.

The executive regulation of this law specify the form of the application and the accompanying documents and the procedures to be followed to notify the taxpayer of the tax authority decision.

ARTICLE (63):-

The taxpayer shall, according to the down payments system, pay the percentage stipulated in article (61) of this law in three equal payments, each of which shall be paid consecutively on dates not exceeding 30 of June, September and 31 of December each year.

The taxpayer after payment of the second payment may notify the tax authority of reducing the third payment or non- payment of it if it has been revealed to him that his profits for the full year shall fall below the profits of the preceding year.

Number of payments may be reduced when the remaining period after submission of the said request referred to in art. (61) is less than 12 months provided, each payment of such amounts should be remitted to the competent tax inspectorate as per procedures and on the form specified by the executive regulation.

The amounts paid in application of this system shall be settled upon presentation of the annual tax return stipulated in article (82) of the present law.

The taxpayer shall have to pay the remaining part of the accrued tax according to the tax return after deducting payments he has previously made plus annual return calculated according to the credit and discount rate declared by central bank of Egypt after deduction of 2% therefrom and excluding fractions of the month and the Egyptian pound.

ARTICLE (64):-

The taxpayer may amend the system of down payments he has chosen and to comply with the system of deduction on account of tax as per article (59) of the present law, provided the following requirements are satisfied:-

- 1- Down Payments system has been applied within one full year at least and has paid all dues prescribed under this system.
- 2- Submission of an application by the taxpayer to the competent tax inspectorate within 90 days at least prior to the beginning of the taxation year he wishes to change payments system there from.

The tax authority shall approve the as long as the two foregoing requirements have been fulfilled provided, the taxpayer be notified of the resolution of the tax authority within 60 days from the date of submitting the application , otherwise the application shall be deemed accepted if the taxpayer didn't receive a reply.

The executive regulation specifies the procedures for submitting the application and notifying the taxpayer.

ARTICLE (65):-

The taxpayer shall be exempted from the application of down payments system in any of the following two cases:-

- 1- Incurring tax loss by the tax payer for two consecutive years.
- 2- Changing the legal form of the company or the establishment.

The Tax Authority may not apply this system to the tax payer if significant differences have been found between the estimated profits of the taxpayer and his

actual profits that have been subjected to tax in each year of application, in such case, the Tax Authority shall have to notify the taxpayer of this by return receipt letter.

CHAPTER (3) **COLLECTION ON ACCOUNT OF TAX**

ARTICLE (66):-

Authorities concerned with granting licenses for whole sale trading in vegetables, fruits, beans and other foodstuff or such authorities grant licenses for craftsmen, shall have to collect an amount on account of tax from the taxpayer in whose name the renewed license is issued

It is prohibited for such authorities to renew the license without collecting such amount.

A ministerial decree shall be issued for determining such amount at 10% of the renewal charge at most.

ARTICLE (67):-

Customs Authority shall have to collect from private sector persons percentage of the amount of their imports allowed for trading and manufacturing purposes in the country on account of tax due from them.

In case of transferring such goods or the endorsement of their documents to other, a percentage shall be collected from the transferor and the transferee as well as parties to the endorsement.

A ministerial decree shall have to be issued for the determination of such percentage at a maximum of 2% of the value of imports; such percentage shall be collected in conjunction with customs duty prescribed on such goods following the same collection procedures.

ARTICLE (68):-

Slaughter – houses upon slaughtering for the account of private sector taxable persons shall have to collect an amount on account of tax besides the slaughtering fees for each slaughtered head and such amount shall be determined by a resolution issued by minister of finance without exceeding 10% of slaughtering fees.

ARTICLE (69):-

Traffic departments shall refrain from renewal or transferring driving licenses of taxi-cab or transportation vehicles owned by any private sector persons unless after collection of an amount on account of tax.

Such amount shall be fixed by ministerial decree at 10% at most of the license fees prescribed by virtue of law 66 of 1973.

Such amount shall be collected in one payment or in installments as per rules governing payment of tax prescribed on vehicle according to traffic law.

PART (3)
NON COMMERCIAL PROFESSIONS
CHAPTER (1)
DEDUCTION

ARTICLE (70): -

The departments stipulated in article (59) of the present law shall be under the obligation to deduct , on account of tax , a percentage of 5% of each amount exceeding L.E.100 paid to people practicing non-commercial professions and shall be fixed by ministerial decree.

CHAPTER (2)
COLLECTION ON ACCOUNT OF TAX

ARTICLE (71):-

Clerk offices at courts of all degrees when pleadings or appeals are submitted thereto for recording and also the notarization offices for annotation on the writings to the effect of their being valid for notarization, shall collect an amount on account of tax due from the attorney signing the pleadings or the writings.

Each hospital shall collect an amount on account of tax from any doctor or specialist performing any work for his own account.

Customs Authority shall also collect an amount on account of tax due from any person practicing customs clearance; such amount shall be deducted from any customs statement submitted to customs authority.

The amounts stipulated in the foregoing paragraphs shall be fixed by virtue of a ministerial decree.

PART (3)
GENERAL PROVISION

ARTICLE (72):-

Departments stipulated in article 66 , 67 , 68, 69, 70 and 71 of the present law shall have to remit the amounts collected on account of tax to Tax Authority as per procedures and on the dates set out in the executive regulation.

Should such departments fail to deduct or to remit the deductible amounts to tax authority, such amounts shall be paid to the tax authority by the said department in addition to delay fine.

ARTICLE (73):-

Provisions relating to deduction and collection on account of tax shall not be applicable to the amounts received by the taxpayer during exemption period or periods of not being subject to tax.

**BOOK (6)
LIABILITIES OF TAX PAYERS & OTHER**

**PART (1)
NOTIFICATION & BOOKKEEPING**

ARTICLE (74):-

Any taxpayer practices commercial or industrial or crafts or professional activity or any other non- commercial activity shall serve a notice to the tax authority within thirty days from the commencement date of practicing the activity.

Any taxpayer who establishes a branch, an office or agency for the firm or make any change in the location of the firm or its activity shall have to give a notice to the tax authority within thirty days of making such change.

The responsibility of notifying the tax authority shall lie with the legal representative of the corporate body or its manager or its managing director or any officer in charge of its management as the case may be.

The executive regulation if this law shall indicate data of the notice and the documents supporting thereto as well as the procedures to be followed therewith.

ARTICLE (75):-

Each taxpayer practises commercial or industrial or crafty or professional activity independently or non-commercial activity shall have to apply to the tax authority to obtain tax card which shall among the foundation or license procedures be required for practicing the profession or the activity and the tax authority shall issue such tax card for him.

The executive regulation of this law shall determine the tax card data, its validity and the period of giving it to the taxpayer as well as determining data of tax card of taxpayers who are not subject to the provision of deduction & collection on account of tax stipulated in this law.

ARTICLE (76):-

The parties concerned with giving license for the printing and publication of books, artistic classics, and others, or the registration or the depositing of the same therewith, shall notify the tax authority in each case of the name of the author, his address, the title of the book, classics or other things.

The ministry of defense shall not be subject to the provisions of the present article.

ARTICLE (77):-

The competent officers in the government and local government units and other public corporate bodies as well as syndicates concerned with granting licenses for practicing trade , industry , craft or certain profession or which are concerned with granting building license or license of using real estate building for practicing commercial or industrial activity or certain craft or profession , shall have to serve a notice to tax authority upon granting the license indicated therein data and the name of the license applicants as stipulated in the executive regulation within a period not exceeding the end of the month in which license has been issued

A concession or obligation or order that has been granted for practicing commercial or industrial activity or craft or a profession, shall be deemed as the license referred to above.

ARTICLE (78):-

The following taxpayers shall be obliged to keep books and records as required by the nature of the commercial or industrial activity or any craft or profession as specified in the executive regulation.

- 1- The taxable natural persons as per part (1) of book (2) of the present law , who practices commerce , industry or craft or a profession if the invested capital exceeds L.E. 50000 or if his annual turnover exceeded L.E.250000 or if his annual net profits as per the recent final tax assessment exceeded L.E.20000 .
- 2- Taxable corporate body subject to provisions of book (3) of the present law.

the taxpayer shall have to keep books & records stipulated in paragraph (1) of this article as well as documents supporting thereto in his premises throughout the period stipulated in art .(91) of this law.

Also, the taxpayer practicing non-commercial professions, shall deliver, a receipt to the party for receiving an amount in return for practicing a profession or an activity as fees or a commission, remuneration or any other taxable amount, such receipt shall be signed by the taxpayer indicated therein the date and the amount collected and the taxpayer shall deliver collection bond to the to the tax authority when requested.

Taxpayer may keep electronic accounts indicate annual revenues and costs and the minister of finance issues a decree organizing keeping such accounts and the controls of transferring from the manual accounts to electronic accounts.

ARTICLE (79):-

If the taxpayer discontinues work wholly or partially , the actual profits until the date of discontinuance shall enter in the taxable income , partial discontinuance means the taxpayer terminating some aspects of his business or terminating the activity of one or more of his branches practicing the activity , the taxpayer shall then notify the competent tax inspectorate within thirty days from discontinuance

otherwise , profits shall be calculated for a full taxation year unless the taxpayer proves that no revenues have been recognized until that date.

If any firm discontinues activity on account of its owner death or if its owner dies within the thirty days specified for submitting the notice of discontinuance, his successors shall have to serve such notice within 60days from the death of the legator and to submit the tax return within ninety days from such date.

ARTICLE (80):-

In case of assigning the whole or part of the establishment, the assignor shall notify the concerned tax inspectorate of such assignment within thirty days from the date the assignment, otherwise the profits shall be calculated for a complete taxation year.

Within ninety days from the date of assignment, the assignor shall submit a separate tax return indicating the result of operations in the establishment assigned thereby until the date of assignment, to which shall be attached the documents and data necessary for determining the profits up to the date of assignment, providing the data of this tax return shall be included within the annual tax return of the assignor. Both assignor and assignee shall be jointly responsible for the taxes falling due on the profits of the assigned establishment. Up to the date of assignment, and also for the taxes becoming payable on the capital profits realized as a result of this assignment.

The assignee shall be entitled to apply to the competent tax inspectorate to provide him with statement of taxes due to the inspectorate from the assigned establishment.

The tax authority shall respond to his request with a return receipt letter within 90 days from the date of submitting the application otherwise he shall be released from payment of the tax required. His liability shall limited to the amounts of such statement, and the assignment shall not represent any excuse with regards to tax collection unless legal procedures related to the sale and mortgage of commercial shops are applied. Tax due on the profits of the assigned firm shall be determined until the assignment date and the assignee is entitled to appeal against the tax he is liable to pay.

ARTICLE (81):-

The taxpayer who desires to discontinue activity or to transfer ownership of the firm or to leave the country finally , shall have to request the determination of his tax status from tax authority until the date of discontinuance or transfer or leaving the country provided, his submission of the tax returns properly as per the provisions of the present law and to pay a charge not exceeding L.E. 20 as specified in the executive regulation and the tax authority shall respond to his request within 90 days from receiving his request.

PART (2)
TAX RETURNS

ARTICLE (82):-

Every taxpayer shall submit annual tax return to the competent tax inspectorate on the form specified in the executive regulation of this law, accompanied by documents required according to such regulation.

The provision of the preceding paragraph shall apply to the taxpayer during the period of tax exemption. Submission of the tax return for the first time is deemed as a notice of practicing the activity.

Taxpayer shall be exempted from submitting the tax return in the following cases:-

- 1- If his income is limited to salaries or its equivalent.
- 2- If his income is limited to revenues of real estate wealth and his net income therefrom doesn't exceed the amount stipulated in art 7 of this law
- 3- If his income is limited to salaries its equivalent and revenues of real estate wealth and his net income therefrom doesn't exceed the amount stipulated in article (1) of this law.

ARTICLE (83):-

The tax return shall be submitted within the following dates:-

- A. Before the first of April of each year following the expiration of the taxation period for the year preceding thereto with respect to the natural persons.
- B. Before the first of may of each year or within the four months following the expiration date of the fiscal year with respect to corporate bodies .

The tax return shall be signed by the taxpayer or his legal representative and if the tax return has been prepared by an independent accountant , then such accountant shall have to sign the tax return jointly with the taxpayer or his legal representative otherwise such tax return shall be void .

In all cases, such tax return shall have to be signed by an accountant listed in the accountants & auditors society with respect to stock companies, cooperative societies, natural persons and partnerships if the turnover of each exceeded L.E. two millions per annum.

If the taxpayer demise within the year, his successors or the trustee of the legacy or the liquidator should submit the tax return for the period preceding the death within ninety days from the date of his death and to pay the tax due from the taxpayer from the legacy.

The taxpayer whose residence in Egypt discontinues , shall have to submit the tax return 60 days at least before the termination of his residence unless such termination occurs on account of a reason beyond his control.

Also, the taxpayer who discontinues his activity wholly in Egypt shall have to submit the tax return within 60 days from the date of discontinuance.

ARTICLE (84):-

The tax authority shall approve the tax return stipulated in article (82) of the present law at the responsibility of the taxpayer.

With due regard to the second clause of article(63) of the present law , the taxpayer shall pay the tax amount due as per the tax return on the same day of submitting the tax return after deduction of the tax withheld and the advance payments , in case, tax withheld and the down payment exceed the accrued tax , the excessive amounts shall be used for the settlement of the previous outstanding taxes and if there are not outstanding taxes , the Tax Authority shall be under the obligation to repay the excessive amounts unless the taxpayer request using such tax overpayments for the payment of any taxes fall due in future.

ARTICLE (85):-

If the taxpayer requests, 15 days at least before the closing date of submitting the return, to extend the period of submitting the tax return and has paid the tax amount as per his estimated tax in the return, in such case the closing date shall be extended to 60 days more without any implication on the payment date of tax or the delay fine prescribed on any unpaid amount.

ARTICLE (86):-

Departments and companies obligated to apply deduction , shall have to pay the deducted amounts on the last of April , July , October and January of each year and to provide records requested by the tax authority and the following data shall be included in the records for each taxation period :-

- A- Payments and the person receiving it.
- B- Tax deducted from such amounts.

The copies of the said records shall be sent to the tax authority for keeping as per the rules of the executive regulation.

ARTICLE (87):-

If the taxpayer discovers during the prescription period of the tax debt that there is an omission or mistake in the tax return he submitted to the competent tax authority, he shall have to submit promptly the amended tax return after rectification.

The submission of the amended tax return on the due time within thirty days of the due date shall be regarded as the original tax return.

Banks, companies, public sector units, public corporate bodies shall present the final tax return within thirty days from the general assembly approval of its accounts and the tax differences shall be paid according thereto.

In case of submitting the said amended tax return according to the second & third paragraph, the omission or the error shall not be considered a violation or criminal offense.

ARTICLE (88):-

Tax authority may not disapprove the regular books & records of the taxpayer according to article (78) of the present law or disregard them unless the tax authority has proved the incorrectness of such books based on supporting documents.

**PART (3)
TAX ASSESSMENT**

ARTICLE (89):-

Tax shall be assessed on fixed profits as per the tax return submitted by the taxpayer. The tax return shall be deemed as a tax assessment and represents an obligation for its payment on the due time and tax shall be paid according to the tax return.

ARTICLE (90):-

The tax authority may amend the assessment as per the data included in the tax return and the documents according thereto.

The tax authority may also make an estimated tax assessment in light of any available data if the taxpayer has not submitted his tax return or the documents supporting thereto.

If certain documents have been made available to the tax authority proving the inconsistency of the tax return with reality, the tax authority shall notify the taxpayer, make the inspection. Rectify the tax return or amend it and determine the taxable revenues,

The chairman of the tax authority may, after the approval of minister of finance, make assessment of the tax before its accrual date to be collected if specific evidence has been revealed that the taxpayer is planning for tax evasion or for transferring his assets to another person or taking other measures adverse to the process of collecting tax.

The competent tax authority in such case shall have to notify the taxpayer by a return receipt letter of the elements of tax assessment and its amount on the form indicated in the executive regulation of this law.

ARTICLE (91):-

In all cases, the tax authority may not make tax assessment or amend the tax assessment unless within five years as from the expiration of the period fixed by law for submitting the tax return for the taxation period and such period shall be six years if the tax payer has been involved in tax evasion. This period shall be discontinued for any of the reasons for suspension of the prescription stipulated in the civil code and the notification of the tax assessment or serving a notice to the taxpayer for payment or referring the case to appeal committee and the taxpayer is entitled to claim recovery of overpayments made on account of tax, within five years from the accrual date of having the right to recover such overpayments.

ARTICLE (92):-

If tax has been assessed on a person and it has been established that such person acts for the account of another person in bogus form or in concert therewith to obtain any privileges or to evade any liabilities prescribed by virtue of this law, such two persons shall be jointly responsible for payment of tax falling due on the profits.

ARTICLE (93):-

In all cases, the tax authority shall spontaneously or upon the request of the taxpayer, rectify the physical errors or miscalculation errors.

**PART (4)
INSPECTION & INVESTIGATIONS**

ARTICLE (94):-

The tax authority shall inspect the tax returns submitted by taxpayer annually on sampling basis in light of the rules and standards specified by virtue of a resolution issued by the minister based on a memo from the chairman of tax authority.

ARTICLE (95):-

The competent tax authority shall have to notify the taxpayer by return receipt letter of the date and the place fixed for inspection and the estimated period ten days at least before such date.

The taxpayer shall be obligated to receive the tax authority judicial officer and to make available to them for sight, all the documents and books.

The minister of finance may give permission to the Tax Authority judicial officers to enter the premises of the taxpayer during his working hours without prior notice if serious reasons became known to the Tax Authority evidencing his tax evasion,

The elements previously inspected may not be reinspected unless significant facts revealed requiring reinspection.

ARTICLE (96):-

The taxpayer shall provide data , copies of books, documents and submittals including the lists of customers & suppliers requested by tax authority in writing within 15 days from the date of its request unless the taxpayer presents an adequate evidence of the difficulties he encountered for preparing the data in the fixed period.

The chairman of tax authority or whom he delegates may extend such period if the taxpayer has submitted solid evidence that he encountered difficulties for presenting such data.

ARTICLE (97):-

The government departments including Illegal Gain DEPARTMENT, local government units, public organizations, public sector companies and syndicates may not in any case under the pretext of keeping trade secret, refrain from making available all documents required for sight by the tax authority judicial officers with a view to making tax assessment as duly required by the present law, also the said departments shall have to provide the tax authority with data required for tax assessment.

ARTICLE (98):-

Public prosecution or Illegal Gain Department may allow tax authority to view any civil or criminal cases relating to inspection or tax assessment or tax collection imposed by the present law.

ARTICLE (99):-

The minister for the purpose of this law may request from the head of Cairo court of appeal to give orders for allowing the tax authority officials view data relating to customers accounts, their deposits and their safe custody.

The administrators of public funds and all persons concerned with payment of revenues of movable property as well as companies , organizations , all owners of commercial and non-commercial firms and other tax payers shall have to present to tax authority judicial officers upon request all statutory books required according to law of commerce and other documents and records supplementary thereto as well as documents of revenues & expenses in order for such officers to verify the enforcement of all provisions of the present law by themselves or by other taxpayers , Tax authority officers may view such books at their places and during regular working hours without prior notice.

ARTICLE (100):-

Educational institutes and other organizations exempted from tax stipulated in this law shall have to present to tax authority judicial officers upon request, all accounting books and other documents they require.

ARTICLE (101):-

Any person who may, by virtue of his job, competence or work, be related to the assessment or collection of taxes stipulated in this law or to resolving the disputes related thereto, shall have to observe the trade secret.

Also, any of the tax authority officers whose work is not related to assessment or collection of tax is not allowed to give any data or make available for sight of other, any paper or file or other unless in cases permitted by law.

Also no data of tax files are permitted to be revealed unless after the written request from the taxpayer or according to a provision of law while revelation of data related to the transfer of the firm to the transferee shall not be regarded as violation of confidentiality principle.

**PART (5)
COLLECTION GUARANTEES**

ARTICLE (102):-

Taxes and other amounts due to the government, according to this law, shall be preferential debt ranked after legal expenses over all funds of debtors or those obligated to its remittance.

Tax debt shall be payable at the premises and branches of the tax authority without having to claim it at the domicile of the debtor.

ARTICLE (103):-

The collection of unpaid tax and delay fine stipulated in this law shall be by virtue of enforceable claims issued in the name of parties legally committed to payment of such tax with reserving their right to recourse to the tax debtors.

Such claims shall be signed by the tax authority officers specified by the executive regulation and such claims are forwarded by a return receipt letter.

ARTICLE (104):-

Tax authority has the right to make executing attachment on the property of tax payer equivalent to outstanding amounts due from him to tax authority as per tax returns submitted by the tax payer without issuing a claim and the tax return in such case shall be writ of execution.

Tax authority shall notify by return receipt letter the tax payer for payment within 60 days from his consent to the tax assessment or issuance of appeal committee resolution or judgment of court of first instance.

In all cases, attachment shall be effected only after sending a return receipt letter to the taxpayer unless there is a risk surrounding the fulfillment of tax debt.

ARTICLE (105):-

The collection of the tax shall be in one payment or installments not exceeding the number of taxation years for which the tax is due.

Should public or private circumstances arise forbidding the taxpayer from collecting the tax according to the preceding paragraph, the chairman of the tax authority or whom he delegates may authorize payments in the installments over longer period not exceeding the double of taxation year's number?

The right to payment in installment shall be void in case of undue payment of any installment. The chairman of tax authority or his delegate may upon the request of taxpayer approve renewal of installment on discretionary basis.

ARTICLE (106):-

Upon collection of taxes and other amounts due by virtue of this law, the provisions of law no. 308 of 1955 related to administrative attachment stipulated in this law shall be applied.

ARTICLE (107):-

If it has been revealed to the tax authority that public treasury rights are exposed to loss, the chairman may request from the judge of summary matters to issue order of retention of money deemed adequate to cover the rights exposed to loss which shall be in the possession of any party whatsoever.

Such money shall be retained on precautionary basis without disposal thereof unless after the cessation of attachment by force of court sentence or resolution of the chairman of tax authority or after expiration of 60 days from the date of attachment without notifying the tax payer of the tax amount according to tax assessment of the competent tax inspectorate.

The order of attachment according to the foregoing paragraph shall be based on a request from the minister if the tax payer doesn't have the adequate money to cover the rights exposed to loss other than his liquid money deposited at banks ,

Attachment shall be ceased by a resolution issued by the judge of summary matters if the tax payer deposit at the court treasury an amount adequate to cover such rights to be assigned for the fulfillment of tax debt when finally determined.

ARTICLES (108):-

The clerks office at the court considering the execution procedures on the premises shall notify tax authority by a registered letter accompanied by acknowledgment of receipt, of depositing a list of sale conditions within 15 days following deposit date.

The clerks office at the court before which sale is effected as well as all persons responsible for the sale action shall notify the tax authority of the selling date of premises or chattels 15 days at least before selling date.

Any default or delay regarding the said notification shall make the responsible official subject to disciplinary questioning.

ARTICLE (109):-

Any public body or private sector person who has retained amount on account of tax authority or has remitted such amounts in application of this law or law no.308 of 1955 referred to shall have to give the tax payer (upon his request) a certificate exempted from all dues stated therein amounts retained, date of retention and date of remitting such amounts to tax authority.

Such certificates or receipts issued by parties that have effected deduction or collection on account of the tax due from tax payer shall be deemed as documents evidencing payment of such tax within the amounts stated therein even if the retainer has not remitted the amounts retained to tax authority.

ARTICLE (110):-

Delay charge shall be due on the following:

- 1- Unpaid tax amounts exceeding two hundred Egyptian pounds even if a decision has been made for its payment in installments, as from the day following the expiration of the term fixed for submission of this tax return.
- 2- Tax amounts or the amounts not remitted as stipulated by law to be withheld at source or collected and remitted to public treasury as from the day following the term specified for remittance according to provisions of this law.

Delay fine referred to above shall be calculated on the basis of credit & discount rate declared by central bank of Egypt on the first of January preceding such date plus 2% excluding fractions of months and the pound, grievance or appeal shall not result in forfeiture of this charge.

ARTICLE (111):-

Delay fine on the unpaid amounts shall be treated as the tax related thereto.

Payment of the amounts due to the tax authority in fulfillment of the taxpayer liabilities shall be effected in the following order of priority:-

- 1- Administrative & legal expenses.

- 2- Delay fine
- 3- Withhold taxes
- 4- Accrued taxes

ARTICLE (112):-

If the tax authority discovered that the tax payer is entitled to refund all or part of some taxes or other amounts that have been unfairly remitted, the tax authority shall be under the obligation to pay back such excessive taxes or amounts , within 45 days from the date of the application submitted by the tax payer , otherwise an interest shall be accrued on the delayed amounts on the basis of credit & discount rate declared by central bank of Egypt on the first of January preceding the accrual date of tax less 2%.

ARTICLE (113):-

Clearing shall be effected by force of law between amounts overpaid by the tax payer that have been prescribed by law and the amount due and payable by him by force of any tax law applied by the tax authority.

ARTICLE (114):-

The minister may upon the request of the chairman of tax authority may waive all or some of taxes and delay charge either finally or temporarily in the following cases:-

- 1- If the tax payer demised without a legacy.
- 2- If it has been proved to the tax authority that the tax payer doesn't have any money to be attached.
- 3- If the taxpayer has terminated his activity leaving money that could be attached in fulfillment of the tax authority dues either wholly or partially in such case the taxpayer or his successors after execution shall be entitled to property giving return not less than L.E. 5000 per year.

ARTICLE (115):-

The minister shall issue tax bonds to be subscribed thereto by taxpayers which shall be carrying an interest exempted from tax and specified by the minister. Such bonds and interests due thereon shall have the force of release upon payment of the due taxes.

PART (6)
APPEAL PROCEDURES

ARTICLE (116):-

Announcement sent by registered letter with acknowledgment of receipt or any other electronic means shall be evidential proof as per electronic signature law issued by law no.15/2004 which shall be specified by a resolution of the minister of finance based on the legally made announcement including copy of the attachment minutes.

The announcement shall be legally valid whether the tax payer has received the announcement from the competent inspectorate or from the appeal committee concerned or has received it at the premises of his company or at his selected domicile.

In case, the firm has been closed or the tax payer absence and the announcement could not be delivered through any of the means referred to above and also if the tax payer refused to receive the announcement, all this shall be stated in a minutes to be made by one of the tax authority judicial officers, and this shall be published in the sign board at the inspectorate premises or the competent appeal committee as the case may be in addition to affix copy thereof on the firm premises.

If the announcement has been returned to the effect that there is no firm or the address could not be identified, then the taxpayer shall be advised vis a vis public prosecution after making the required investigation.

Publishing the announcement in the foregoing manner as well as the announcement shall before public prosecution be considered as a procedure interrupting prescription.

The taxpayer in cases stipulated in the third & fourth paragraphs may appeal against the assessment or the appeal committee resolution as the case may be within 60 days from the date of attachment, otherwise the assessment or the resolution of the committee shall be final.

ARTICLE (117):-

In cases wherein tax assessment is made by the tax authority, the tax payer may appeal on the tax assessment form within thirty days as from receiving tax assessment otherwise; the tax assessment shall be final.

ARTICLE (118):-

The taxpayer subject to salary tax shall have the right, within thirty days of receiving the taxable revenues to object to the taxes withheld, through submission of an application to the withholding party. Such party shall have to send the application accompanied by its reply to the competent tax inspectorate within 30 days from receiving the application.

The said withholding party may object to tax differences result from inspection within thirty days from the date of its receipt of the notice , The inspectorate shall examine the application or the objection , if it has been proved to be sound , the inspectorate

notifies the withholding party to amend the tax assessment , however , if it has been established to the inspectorate , that the application is groundless, the application or objection shall be referred to appeal committee according to provisions of this law and the objecting party shall be notified thereof by virtue of a return receipt letter within thirty days from the date of referral.

If there is no department for the tax payer to apply to, he may submit the said application to the competent tax inspectorate or appeal committee as the case may be.

ARTICLE (119):-

In cases where tax is assessed by the tax authority, the appeal submitted by the tax payer against elements of tax assessment and its amount shall be made in three copier, to be deposited in the competent tax inspectorate, copy shall be handed to the tax payer annotated with the depositing date and the inspectorate shall record in a special book data of the appeal and summary of the disputed the points.

Disputes between the inspectorate and the tax payer shall be resolved by an internal committee within 60 days from submission date of the appeal. If settlement has been reached, the tax assessment shall be final and the executive regulation shall govern the formation rules of internal committees and its operating procedures, in addition to recording the agreements reached before such committees.

If no settlement is reached, the tax payer shall be notified and the disputed points shall be referred to the competent appeal committee within thirty days from the date of deciding upon such disputed points and the tax payer shall be notified of referral by virtue of return receipt letter.

If thirty days expired without referring the dispute to appeal committee by the inspectorate, the taxpayer shall have the right to apply directly to the chairman of such committee or through return receipt letter.

The chairman of the committee shall, within 15 days from his receiving the application, fix a date for a session to consider the dispute and instruct putting the tax payer file in the agenda.

Any of the procedures stipulated in this article may be undertaken by any electronic means determined by the minister.

ARTICLE (120):-

Appeal committees are formed by virtue of a resolution by the minister from the chairman (not officials of tax authority), two members from tax authority officials to be selected by the minister and two experienced members selected by the general union for chambers of commerce jointly with the federation of Egyptian industries from among the accountants registered in the list of stock corporations accountants & auditors in the general registry for liberal profession of accounting & auditing.

The minister shall appoint reserve members for the tax authority officials on the committees in cities having one committee.

Original members are considered as reserve members for other committees in cities having more than one committee and they shall be delegated instead of absent original members by the chairman of the original committee or by the oldest member in case of his absence.

The committee shall not be regarded as legally held unless attended by its chairman and at least three of its members and the secretary shall be appointed by tax authority. Appeal committees shall be permanent and report directly to the minister who issues a resolution forming such committees, their premises, jurisdiction and remuneration of its members.

ARTICLE (121):-

Appeal committee , shall be concerned with settlement of all aspects of dispute between the taxpayers and the tax authority ,in connection with stipulates related to taxes stipulated the present law and fiscal stamp tax law promulgated by law 111 of 1980 and law 147 of 1984 imposing development charge.

The committee shall notify each of the tax authority and the taxpayer of the date of session ten days at least before the session , with a registered letter accompanied by a receipt acknowledgment and the committee shall be entitled to request both the tax authority and the taxpayer to present data and papers , deemed by the committee to be required and the taxpayer shall by himself or through an agent attend before the committee , otherwise , the appeal committee shall decide upon the appeal based on documents presented.

The committee shall issue its decision within the limits of the tax authority assessment and the claims of the taxpayer and the tax assessment shall be amended according to such decision and collection of unpaid tax shall be on basis of that decision.

ARTICLE (122):-

The committee's sessions shall be secret and its decisions shall be issued , duly justified , with the majority of votes , in case of votes of attending members are equal, the head of the committee shall have the casting vote .

The committee's decisions shall be signed by each of the head and the secretary of the committee, within (15 days at most) from the date of issuing them.

The committee shall observe the general norms and principles of litigation procedures, and each of the taxpayer and the taxation department shall be notified of the decision by registered letter with acknowledgment of receipt.

The tax shall be payable according to the assessment on the basis of the appeal committee's decision.

Appealing against the committee's decision before the court of first instance shall not prevent collection of the tax.

ARTICLE (123):-

Each of the tax authority and the taxpayer shall have the right of appealing against the appeal committee's resolution before court of first instance held as a commercial court, within thirty days as from the announcement date of the decision.

The lawsuit shall be filed in the court of jurisdiction wherein the head office of the taxpayer his regular domicile or the premises of his firm are located according to law of civil and commercial pleadings.

Objection to the judgment of this court shall be through court of appeal irrespective of the amount of the dispute.

ARTICLE (124):-

Tax authority may amend the final tax assessment based on the competent tax inspectorate assessment or to decision by the appeal committee upon application by the taxpayer to the tax authority to be submitted within five years after the date on which assessment became final, provided that the following shall be observed:

1. Non – exercise by the concerned party of any of the activities on which the tax is assessed.
2. Assessment of a tax, on an activity legally exempted.
3. Inclusion of non – taxable revenues unless otherwise prescribed by the law.
4. Non application of the exemptions legally stipulated.
5. Error in the application of the tax rate.
6. Error in the kind of tax assessed on the taxpayer.
7. Not carrying forward the losses in violation of the provisions of the law.
8. Non deduction of the deductible tax.
9. Non deduction of the rental value of the real estate occupied by the firm.
10. Non deduction of donations though conditions for deduction have been fulfilled.
11. Charging certain tax years with profits or expenses belonging to other years.
12. Recurrent tax assessment on the same revenues.

The minister of finance shall have the right to add other cases by a decision issued by him to the cases stated above.

In general, when the concerned party obtains substantial paper indicating incorrectness of the tax assessment.

A committee or more named (committee for reconsideration of financial assessment) shall be concerned with considering the applications referred to, such a committee shall have in its membership a member from the state council occupying at least the position of assistant consultant who shall be delegated by the president of the state council and a decision by the president of the tax authority shall be issued for the formation of the committee and to specify its functions and the place.

However, the committee decision shall not be applicable before the approval of the president of the tax authority.

Both the taxpayer and the competent tax inspectorate shall be notified of the committee resolution.

ARTICLE (125):-

Cases filed by the taxpayer or against him may be considered by the court in a secret session and always a judgement is immediately issued, provided the public prosecution should be represented in the case and assisted by a representative from tax authority.

ARTICLE (126):-

The minister exclusively shall issue general rules and instructions to be followed up strictly by the tax authority upon enforcement of the provision of this law and its executive regulation.

ARTICLE (127):-

The taxpayer, who desires to finalize transactions having significant tax implications, shall have to apply to the chairman of the tax authority inquiring about the tax status of such transactions.

The application should include following data and accompanied by the following documents:-

- 1- Name of the taxpayer and his tax registration number.
- 2- Details of the transaction and its tax implication.
- 3- Copies of documents, contracts and accounts related to the transaction.

The chairman of the tax authority shall issue a resolution regarding the application within 60 days of the application date and may request additional data from the taxpayer within this period.

The chairman resolution shall be binding upon the tax authority unless the tax authority discovered new details of transaction before the issuance of the resolution without being included in the application.

ARTICLE (128):-

The tax authority shall be entitled to appoint from among its officials, delegates to the ministries and government administrations, local rule units, general organizations, public sector companies, units and other institutions and the tax authority delegate

shall supervise their proper execution of the provisions of this law and other tax legislations related thereof and to ensure that such administrations pay the taxes in accordance with such tax legislations.

Such delegates and other officials of the tax administration to be specified by virtue of a decision by the minister of justice upon the request of the minister of finance shall be vested with the judicial investigation capacity and to register violations of the provisions of the laws referred to in minutes which data are specified in the executive regulation

ARTICLE (129):-

Tax authority shall be responsible for proof burden in the following cases:-

- 1- rectifying or amending the tax return or its being disregarded if it has been submitted according to the conditions stipulated in article(83) and (84) of this law and based on regular books in form as per Egyptian accounting standards , or simplified accounting principles derived there from and laws and rules prescribed in this regard.
- 2- Amendment of tax assessment according to art. (91) Of this law.
- 3- Disregarding the tax return though approved by a public accountant and based on books according to article (78) of this law.

ARTICLE (130):-

The taxpayer shall undertake proof burden in the following cases:-

- 1- Upon tax authority making tax assessment on estimation basis according to article (90) of this law.
- 2- Upon his rectification of an error in his tax return.
- 3- When he objects to the content of the minutes made by the judicial officer of tax authority.
- 4-

**BOOK (SEVEN)
PENALTIES**

ARTICLE (131):-

Without prejudice to any more severe penalty stipulated in the penal code or any other law, crimes indicated in the following articles shall be liable to penalties stipulated therein.

ARTICLE (132):-

Any accountant who is recorded in the Accountants & Auditors Association shall be penalized by imprisonment and a fine of not less than L.E. 100.000 or either penalty

for his approval of tax return or documents supporting it if he committed any of the following :-

- 1- Concealment of facts revealed to him in the course of performing his duty and the documents he attested has not disclosed such facts despite the importance of such disclosure in order for such accounts and documents to reflect fairly the real activity of the taxpayer.
- 2- Concealment of facts come to his knowledge in the course of performing his duty and such facts are related to the amendment or any change in the books or accounts or records or documents which aimed at understatement of profits or increase in losses.

ARTICLE (133):-

Any taxpayer attempted tax evasion shall be penalized by imprisonment for a period not less than six months and not exceeding five years and shall pay a fine equivalent to the double of the unpaid tax amount or by one of the two penalties.

The taxpayer shall be accused of tax evasion in case of using any of the following fraudulent methods:-

- 1- The submission by the taxpayer of the tax annual return supported by fabricated books, records, accounts or documents contrary to the data stated in the real books, records or documents which he shall conceal from the tax administration.
- 2- the submission by the taxpayer of the annual tax return claiming that no books , records , accounts or documents exist while including in such tax return data contrary to those stated actually in his books , records , accounts or documents concealed from the tax administration .
- 3- willful destruction of tax related books , records or the documents before the expiration of the period specified for the prescription of the tax debt
- 4- Fabrication or change of purchase or sale invoices or other document with the intention of reducing the profits or increasing the losses.
- 5- Concealing one or more taxable activities.

Recurrence of the said violations results in the application of the said two penalties. In all cases, tax evasion is a crime degrading dignity and honesty.

ARTICLE (134):-

The accomplice shall be jointly with the taxpayer responsible for payment of the tax amounts evaded as well as the fines prescribed.

ARTICLE (135):-

Any person who commits any of the following acts shall be penalized by a fine not less than L.E. two thousand and not exceeding L.E ten thousand :-

- 1- Refraining from submission of the notice of practicing the activity.
- 2- Refraining from submission of tax return.
- 3- Refraining from the application of withholding, collecting and remitting the tax on due time.

The same penalty shall be applied to violators of law 96 paragraphs (1).

A fine amounting L.E 10 thousand shall be applied to violators of (art.78 item 1 and art.83 paragraph 1)

In all cases, recurrence of the same violation within three years shall result in doubling the fine stipulated.

ARTICLE (136):-

If the taxpayer understated the tax amount in the tax return, he shall be penalized by the fine indicated opposite to each of the following cases:-

- 1- 5% of tax due on amounts not included if such amount equals to 10% up to 20% of the tax due legally.
- 2- 15% of tax due on amount not included if it equals to more than 20% up to 50% of the tax due legally.
- 3- 80% of tax due on the amount not included if it equals to more than 50% of tax due legally.

ARTICLE (137):-

Criminal cases may not be filed for crimes stipulated in this law or taking any of investigation measures unless after written request from the minister.

ARTICLE (138):-

The minister or whom he delegates shall have the right to carry out conciliation in crimes stipulated in the present article against payment of:-

- A- Amounts due from the violator in crimes stipulated in article (135) of this law in addition to a compensation amounting L.E. 2000.
- B- Amounts due from the violator in addition to compensation equals to half of the fine stipulated in article (136) of this law.
- C- Amounts due from the violator in crimes stipulated in the two articles 133, 134 in addition to a compensation equivalent to these amounts.
- D- Compensation equals to half of the maximum amount of fine stipulated in article (132) of the present law.

Such conciliation results in the termination of criminal case and the public prosecution instructs cessation of penalty if conciliation occurs during the enforcement of penalty.

BOOK (EIGHT)
FINAL PROVISION

ARTICLE (139):-

Tax supreme council shall be established by a presidential decree and reporting to the prime minister and shall be located in Cairo having a corporate body.

ARTICLE (140):-

The supreme tax council aims to guarantee the rights of taxpayers of all kinds of taxes and to ensure the competent tax departments compliance with laws & regulations issued in this connection , it also aims to ensure undertaking the tax assessment and collection in a cooperative manner and good faith , as well as instructing the taxpayers to the legal procedures that guarantee their attainment of their rights in addition to provide them with legal assistance to defend them before courts either in person or through representation.

ARTICLE (141):-

In order for the supreme tax council to accomplish its purposes, it shall exercise the following powers:-

- 1- Studying and adopting document of taxpayers rights and following up compliance therewith.
- 2- Studying laws and regulations organizing all kinds of taxes and proposing the amendment required in cooperation with the government and the competent administrative departments. Draft laws proposed by the government shall be submitted to such council for review and seeking its advice before issuance of tax related laws.
- 3- Studying instructions issued by the competent tax administrative departments and approaching the top authorities to cancel such instructions if not consistent with laws & regulations or taxpayers rights document and to ensure that such instructions are harmonious and are capable of making tax assessment and collection with utmost ease.
- 4- Verifying tax authorities compliance with its obligation towards taxpayers rights.
- 5- Review of tax operative manuals and giving the opinion thereon before being adopted and published with particular emphasis on :-
 - Manuals of tax department work.
 - Manual of tax inspection fundamental rules.
 - Manual of inspection procedures.
 - Manual of sample inspection.
- 6- Studying the technical & financial efficiency of the tax administrative departments to ensure good quality of technical & administrative levels and approaching the competent authorities to remove any defaults in this regard.

- 7- Publishing information, reports and recommendations that make taxpayers acquainted with their rights and obligations.
- 8- Studying grievances submitted by taxpayers and communicating with competent authorities to remove reasons for such grievances and to propose general rules to ensure the removal of their reasons in future.

The competent administrative authorities shall be obligated to study all grievances referred to it to provide the council with data, reports and researches required.

The supreme tax council shall on 30 September of each year submit a report to the president of the republic and the prime minister including findings revealed in the course of practicing its powers, represented in lack of tax legislations or cases of abusing authority by any of the tax administrative departments.

Such report shall be presented to the chairman of the People's Assembly to be referred to the people's assembly.

ARTICLE (142):-

The supreme tax council shall be formed by virtue of the prime minister decree for renewable three years term as follow :-

- 1- The president from among public character.
- 2- Three ex-chairmen of public tax authorities to be nominated by minister of finance.
- 3- One of court staff (counselor) at least to be nominated by minister of justice.
- 4- Two members recorded in the Association of Accountants & Auditors for Stock Corporation in the general registry of free lance accountants and auditors to be nominated by accounting & auditing department at trade union.
- 5- Chairman of federation of Egyptian industries.
- 6- Head of the General Union for Chambers of Commerce.
- 7- University professor specialized in tax affairs to be nominated by supreme council of universities.
- 8- Under secretary from central auditing organization nominated by the chairman of such organization.

The resolution shall fix the remunerations of the president and the members of the council.

ARTICLE (143):-

The council shall be convened upon the invitation of its president at least once every two months whenever the president deems it necessary and the meeting shall not be valid unless at least six members have been present and the resolutions are issued by the majority of votes present and when votes are equal, the casting vote shall be that of the president.

The council may invite representatives to attend the meetings from Tax Departments related to issues discussed as well as experts in finance, economics or law without their having counted votes in deliberations.

ARTICLE (144):-

The council resources shall be composed of the following:-

- 1- Adequate financial credits assigned at the state budget.
- 2- Donations, grants and subsidies accepted by the council that agree with its purposes.
- 3- Investment return of its funds.

ARTICLE (145):-

The council shall have a special budget and its fiscal year starts on the first of July and ends on 30 June each year.

ARTICLE (146):-

The council lays down its financial, administrative and technical regulations.

The council shall have executive director appointed for three years by virtue of a resolution issued by the council determined therein his powers and remunerations.

The council shall also have technical secretariat which organizational chart and competence shall be determined by a resolution issued by the council.

ARTICLE (147):-

All following amounts and financial values whose owners became, by prescription and according to final , judgment, no longer entitled to claim their recovery, shall be devolved to the government :-

- 1- Profits and dividends derived from negotiable shares and debentures issued by any company, organization, public or private entity.
- 2- Shares, foundation quotas, debentures and all other movable property belonging to companies, organization or the said entities.

- 3- Deposits of securities and in general all such securities required at banks and other establishments, accredited to receive, such bonds as deposit or for any other reason.
- 4- Any amount paid as insurance for any reason whatsoever to any shareholding company, organization or any other public or private party.

Companies , banks, institutions and other organizations stipulated in this article shall be obligated to provide the tax administration not later than the last of March every year with a statement of all amounts and values subjected to prescription during the previous year and whose ownership were devolved to the government according to the provisions stated above and shall have to remit the above mentioned amounts and values to the treasury within thirty days following submission of such statement.

ARTICLE (148):-

The minister shall after seeking the opinion of the cabinet lay down a system or more for remunerating the employees of tax authority in light of their performance and the amount of work they have accomplished without restricting to any other system.

The state budget may allocate certain amounts as a contribution to social and health care fund for the employees and their families and the retired employees.