



EGYPT

Egypt - Islamic Law

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Incorporating a company in Egypt

Egypt taxes

If you want to do business in Egypt, this article explains the tax laws for a LLC which is the most common legal entity in Egypt.

Egypt taxes resident companies on their worldwide income. The prevailing approximate tax for offshore income, from our research, and this is not personal tax advice, is 22.5%. Foreign tax paid may be deductible, but may not exceed the total tax payable in Egypt. Taxes are reasonable in Egypt as the highest corporation tax rate is 22.5%. This ranks Egypt as 95th overall in terms of corp. taxation rate internationally.

The value added tax (VAT) rate in EG is 13%, that ranks Egypt as 78th overall with regards to VAT taxation rate internationally. In terms of other taxation, an employer will contribute 26% to the equivalent of a social security fund and an employee will contribute 14%. The overall complexity of the tax system is high. This is measured by average time to comply with a country's labor tax requirements is as it is 165 hours. Contributing to this is the number of yearly labor tax payments, which is 12 in EG.

Thin capitalization restrictions are officially enacted. Thin capitalisation refers to any type of requirements on given company with respect to debt-to-asset ratios.

Dividends paid to resident companies are subject to 10% withholding tax. Tax may be reduced to 5%, if a participation exemption apply: resident company holds at least 25% of shares of the subsidiary and holds or commits to hold such participation for two years. Dividends received from resident entities are not taxable. Those received from foreign subsidiaries are subject to CIT, but they may be 90% exempt, if the aforementioned participation exemption apply. Dividends are payments of a company profit, decided by the board, to a particular class of shareholders. Dividends can be either cash payments, shares of stock, or other property.

Capital Gains are subject to Corporate Income Tax. However, those obtained from the disposal of shares listed on the Egypt Stock Market are taxed at a reduced CIT of 10%. A capital gains tax is levied on the profits that a corporation or natural person realizes when they sell a capital asset for a price that is higher than the purchase price.

The interest withholding tax rate is estimated at 20%. This should be interpreted usually that the tax authorities expects LLC's to automatically withhold 20% of money remitted abroad on interest payments. The dividends withholding tax rate is 10%. Which means that the relevant tax authorities expects LLC's to withhold 10% of dividend payments to non-residents, unless tax is reduced to 5%, if participation exemption apply. The royalties withholding tax rate 20%. This should be interpreted usually that the tax authorities expects relevant legal entities to pay tax on at least 20% of money remitted abroad on royalty payments. Withholding taxes may be reduced under a tax treaty.

There is no known tax on wealth in Egypt. There is an immovable asset tax. There are no known inheritance and transfer taxes in Egypt. We are aware of frequently implemented R&D initiatives that provide tax relief in this country.

The above is not tax or legal advice for your individual facts and circumstances. We can help you find to a lawyer in Egypt who will advise you. Want to work together? Click the free consultation button above.

The vat rate in Egypt is 14% which ranks 76 in the world.

- ✗ Patent box
- ✓ RND credit
- ✗ Wealth tax
- ✓ Estate tax
- ✗ Transfer taxes
- ✗ Asset taxes

- 43 Tax treaties
- 22.5% Offshore Tax
- 22.5% Corp rate
- Loss carryback years
- 69 Corporate time
- 14% VAT rate

Egypt Legalese

When incorporating, you must look at the law in the country, in Egypt is islamic law law. You will want to get some local advice as to how to best structure a company in Egypt. Electronic signatures are permitted.

The abbreviation EG is for Egypt and the most common legal entity structure in Egypt is a LLC.

You should expect a wait time of 2 Months to incorporate a LLC in EG. The min share capitalization is 0, This means you don't have any minimum share capital. The types of consideration you can use to setup your legal entity is most commonly EGP and USD legal tender.

Yes, one is allowed to re-domicile a LLC from EG. You are usually allowed to change the jurisdiction of the company, pending certain procedures.

There must be at least 1 shareholder. This makes it possible for you to own a LLC in EG by yourself. Corporate Shareholders are allowed, meaning you could have a company as a shareholder. Foreign ownership is tolerated, up to 100% of the total equity of the company.

A company is only required to have 1 director on the board. Furthermore, corporate directors are permitted. Directors should not have an expectation of privacy, as they are not kept private in Egypt. There is a requirement to have annual meetings of shareholders.

A registered office is a requirement, whom the company will pay yearly, for an office which can receive any official legal correspondance on behalf of the registered legal entity. Moreover, a company secretary is a requirement.

There is a legal obligation to file accounts on a yearly basis. Furthermore, there is oftentimes a requirement to have these accounts audited.

Overall we think Egypt is a ok option and have given it a score of 55 as an IO score, using the Incorporations.IO proprietary formula.

- ✗ **Directors not disclosed in a public registry**
- ✗ **Shareholders not disclosed in a public registry**
- ✓ **Redomiciliation permitted**
- ✓ **Registered office required**
- ✓ **Corporate director permitted**
- ✓ **Local Secretary not required**
- ✗ **Local Director not required**
- ✓ **Electronic signature**

- 1 Shareholders required**
- 1 Directors required**
- 2 Months to form**



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Country Info



🚩 National Flag of

جمهورية مصر العربية (ara)

\$ Currency

EGP

☎ Area Code

+20

🏰 Capital

Cairo

📍 Region

Northern Africa

🌿 Native Languages

Arabic