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DRAFT LAW MAY EXEMPT OPERATING FACTORIES FROM PROPERTY TAX..... 1

Draft law may exempt operating factories from property tax

The Industry Committee in the House of Representatives will discuss a draft law exempting operating factories from property tax and doubling the tax on suspended and closed factories.

The chairman of the Industry Committee in the House of Representatives Ahmed Samir said that the proposed law aims to cancel the real estate tax on running factories that have an operating license, tax card, a business registry and electric bill. The property tax at a rate of 20 percent will be imposed on closed factories.

Samir also stressed that reconsidering the property tax on factories is very important and should be based on the total area used for production not the total area of factories.

Samir said that according to the current law the manufacturing facility in Egypt is subject to real estate tax at a rate of 10 percent on the annual rental value.

He added that factories pay five kinds of taxes besides the insurances including the value added tax and stamp tax.

Egypt's amended property law went into effect in July 2014. The new amendments state that commercial stores with an annual rent value over LE 1,200 will also be subjected to property taxes.

Exemptions for public buildings were also further specified to include hospitals, schools, shelters, non-profit institutions and political parties.

Property which is valued at under LE 500,000 EGP, as well as property with an annual rental income of less than LE 6,000 is tax exempt.