



# Egypt – October 2018

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**WHAT YOU NEED TO KNOW ABOUT EGYPT'S NEW REAL ESTATE TAX LAWS ..... 1**

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## **What You Need to Know About Egypt's New Real Estate Tax Laws**

*There has been some confusion about the laws concerning real estate taxation in Egypt for quite a time. What is it? Who does it apply to? What's the taxable amount and are there any exemptions?*

All these questions and more are running through the taxpayer's head, particularly with new amendments to Egypt's real estate taxation laws.

What's new?

Real estate tax is imposed on properties established on Egyptian land. It applies to uninhabited and inhabited units, whether they are rented or occupied by the owner.

The tax is paid by the owner, and it covers all types of property from villas to buildings, apartments and chalets, regardless of their locations.

The tenant is not considered a taxpayer, but a joint partner with the taxpayer to pay the tax within the approved lease.

The real estate tax is to be paid annually from 1 January. There are two payment options: payment of the tax in two equal installment, with the first payment lasting until the end of June and the second until the end of December; or payment of the whole sum at the prescribed due date.

What is the tax rate?

The tax rate is set to be 10 percent of each property's annual rental value. Prior to calculation of the tax due, an evaluation is conducted to assess the market value of the property.

This evaluation procedure consists of three phases: the geographic location, building standards and materials and utilities connected to the unit.

After this evaluation, the tax payable is calculated after deductions of any maintenance expenses by the tax payer, up to a limit of 30 percent for residential units and 32 percent for non-residential units.

Are there any exemptions?

Of course, there are some tax exemptions that apply to residential units whose net annual rent is less than EGP 24,000.

Exemptions also apply for commercial, industrial and administrative units whose net annual rent is less than EGP 1,200.

Additionally, if a homeowner has only one property in his possession and that property is valued at less than EGP 2 million, then that homeowner will be exempt from the tax.

However, if the homeowner possesses more than one property, then he will be exempted from paying tax only for the unit in which he and his family reside – but he shall pay taxes for all other owned units.