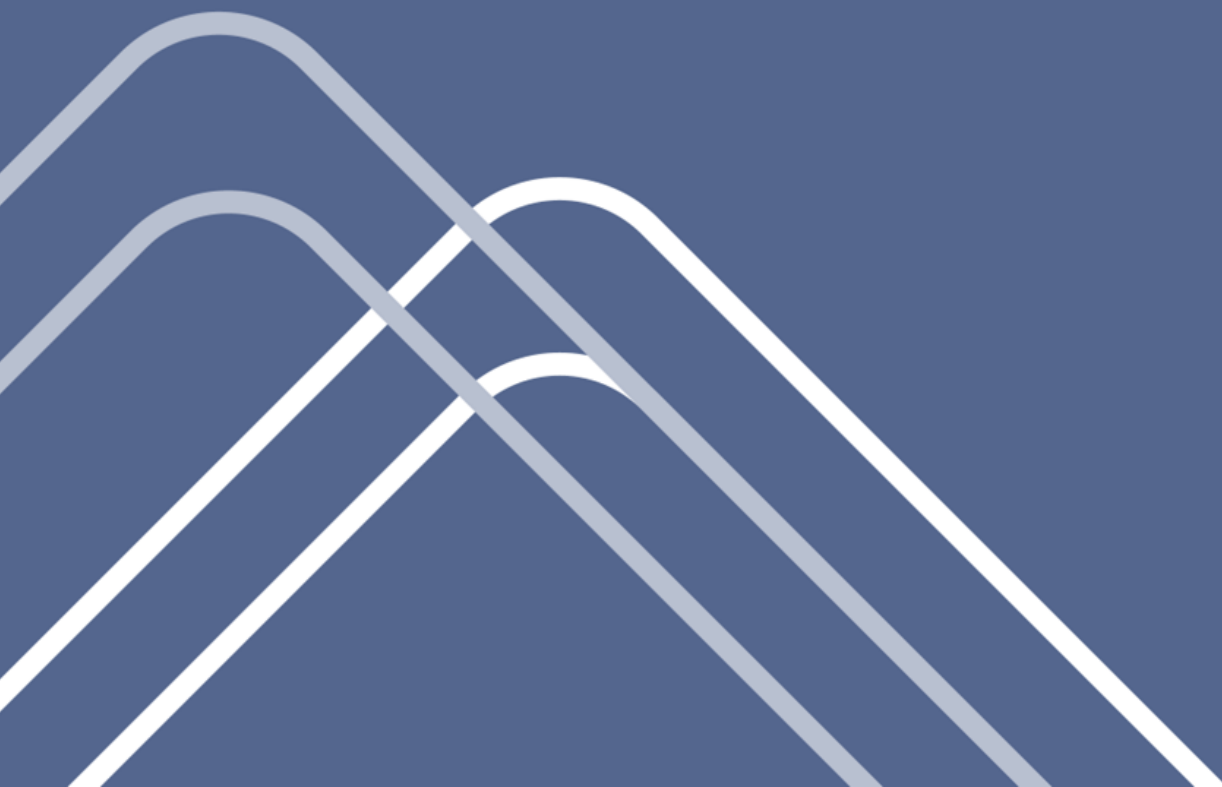


DOING BUSINESS IN EGYPT

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INTRODUCTION

UHY is an international organisation providing accountancy, business management and consultancy services through financial business centres in nearly 100 countries throughout the world.

Business partners work together through the network to conduct transnational operations for clients as well as offering specialist knowledge and experience within their own national borders. Global specialists in various industry and market sectors are also available for consultation.

This detailed report providing key issues and information for investors considering business operations in Egypt has been provided by the office of UHY representatives:

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Information in the following pages has been updated so that they are effective at the date shown, but inevitably they are both general and subject to change and should be used for guidance only. For specific matters, investors are strongly advised to obtain further information and take professional advice before making any decisions. This publication is current in May 2026.

We look forward to helping you do business in Egypt.

BUSINESS ENVIRONMENT

POPULATION

Egypt has a population of approximately 115 million people, making it one of the most populous countries in Africa and the Middle East.

GEOGRAPHY

Egypt is located in North Africa and extends into the Sinai Peninsula in Asia. It is bordered by the Mediterranean Sea to the north, the Red Sea to the east, Libya to the west, and Sudan to the south. The Nile River is the country's main geographical feature and primary water source.

CURRENCY

The official currency of Egypt is the Egyptian Pound (EGP).

LANGUAGE

Arabic is the official language of Egypt. English and French are also widely used in business, education, and tourism sectors.

MAJOR EXPORTS

Egypt's major exports include:

- Petroleum and petroleum products
- Natural gas
- Chemicals and fertilizers
- Textiles and garments
- Agricultural products such as citrus fruits and potatoes

MAJOR IMPORTS

Egypt mainly imports:

- Machinery and equipment
- Fuel products
- Wheat and food products
- Vehicles and spare parts
- Pharmaceuticals and chemicals

EDUCATION – PRIMARY AND SECONDARY

Education in Egypt is compulsory for the basic education stage. The system includes primary, preparatory, and secondary education, with both public and private schools operating under the supervision of the Ministry of Education.

TERTIARY EDUCATION

Egypt has a well-established higher education sector that includes public and private universities, technical institutes, and academies. Major universities include Cairo University and Ain Shams University.

HEALTH CARE SYSTEM

Egypt's healthcare system consists of public and private healthcare providers. The government continues to expand health insurance coverage and improve healthcare infrastructure through national healthcare reform initiatives.

COMMUNICATIONS

Egypt has a developed telecommunications sector with widespread mobile and internet services. Major telecom operators include Vodafone Egypt, Orange Egypt, and WE Telecom Egypt.

BANKING AND FINANCIAL SERVICES

Egypt has a well-regulated banking sector supervised by the Central Bank of Egypt. The country includes both local and international banks offering retail, corporate, and investment banking services.

TRANSPORTATION LINKS

Egypt has an extensive transportation network including:

- International airports
- Seaports on the Mediterranean and Red Seas
- Railways operated by Egyptian National Railways
- A growing road and highway infrastructure

LAND AND BUILDING

Foreign investment in land and real estate is regulated under Egyptian laws and regulations. Major urban developments and real estate projects continue to expand across the country, especially in the New Administrative Capital and coastal areas.

HOLIDAYS IN

Official public holidays in Egypt include:

- Revolution Day
- Sinai Liberation Day
- Labour Day
- Eid Al-Fitr
- Eid Al-Adha
- Islamic New Year
- Coptic Christmas
- Sham El-Nessim
- Armed Forces Day
- <https://www.cia.gov/library/publications/resources/the-world-factbook/>
- <http://data.worldbank.org/country/>

FOREIGN INVESTMENT

Investment Systems

The Investment Law governs various investment systems, classified based on the project's area and activity.

1- Internal Investment

Strategic projects that contribute to community development in areas such as public utilities, infrastructure, new and renewable energy, roads, transportation, and ports may be granted a single approval for both the establishment and operation of the project. This approval is enforceable without any further procedures. Approval is granted by a resolution of the Council of Ministers and may include specific incentives outlined in the Investment Law.

2- Investment Zones

In certain developing areas, the Prime Minister may issue resolutions to establish specialized investment zones across various sectors. The resolution will specify the location, the permitted activities, and any other applicable conditions.

Investment zones benefit from the incentives and guarantees provided under the Investment Law. Each investment zone is managed by a Board of Directors responsible for granting licences to compliant investors.

3- Technological Zones

The Prime Minister may, upon the proposal of the competent minister, authorize the establishment of technological zones in the fields of communication and information technology.

All tools, equipment, and machinery required for licenced activities will be exempt from taxes and customs duties and will benefit from special incentives.

4- Free Zones

In addition to Public Free Zones, the Investment Law reinstated Private Free Zones, established upon the issuance of a Prime Ministerial decree. Each free zone comprises several projects engaged in similar activities.

For Foreign Investors

The Investment Law No. 72/2017 (referred to herein as the "Investment Law"), issued on 31 May 2017, replaced the previous Investment Guarantees and Incentives Law No.

8/1997. The Investment Law introduced new incentives for investors, with its Executive Regulations following in October 2017.

The Investment Law introduced notable amendments such as returning back the private free zone which was previously abolished. Moreover, it provides several incentives such as tax incentives, unified customs rate and free lands, for specific type of projects.

The Green Hydrogen Incentives Law, enacted in January 2024, offers significant tax and non-tax incentives for green hydrogen production projects.

Simplified Vendor Registration System

Any non-resident and unregistered person who does not operate through a permanent establishment in Egypt but sells goods or provides services to unregistered persons inside the country

Legal and regulatory framework

Egypt is a civil law country with a legal system rooted in Islamic Shari'a and Napoleonic Codes.

Islamic Shari'a is historically more relevant in personal matters, while commercial activities are governed by specific legislation.

The key laws governing the establishment of legal entities include:

- The Investment Law No. 72/2017
- The Companies Law No. 159/1981, as amended in 2018 by Law No. 4/2018
- The Capital Market Law No. 95/1992 and its Executive Regulations
- The Antitrust Law No. 3/2005

SETTING UP A BUSINESS

1- Joint stock company (JSC)

While certain activities, such as industrial projects, may require specific permits or licenses, like approval from the International Development Association (IDA) after the entity is formed, there are generally no limitations on the objectives of a JSC, as long as they do not violate public order or morality in Egypt.

SHAREHOLDERS

A JSC must be established with at least three shareholders at all times, who may be natural or juridical persons. As a general rule, a JSC can be fully owned by foreign investors, except for certain activities explicitly outlined by law that require a specific percentage of Egyptian national ownership.

CAPITAL REQUIREMENT

The minimum capital required for a JSC is EGP 250,000 (two hundred and fifty thousand Egyptian Pounds). Incorporation occurs upon depositing at least 10% of the issued capital, which must be increased to 25% within three months from the date of issuing the commercial registration. The remaining issued capital must be paid within five years from the date of incorporation. However, higher capital requirements may apply to specific activities, such as importation for trading purposes.

MANAGEMENT

A JSC is managed by a Board of Directors, which must comprise at least three members responsible for the company's daily operations. Board members may be natural or juridical persons, and can be either Egyptians or non-Egyptians, except for activities that legally require the appointment of Egyptian nationals (e.g., commercial agency).

Depository and Registration of JSC Shares at Misr for Central Clearing, Depository, and Registry (MCDR) JSCs are required to register with MCDR upon the company's registration in the commercial register. Shareholders must deposit their shares with a custodian company listed with MCDR.

2-Limited liability company (LLC)

An LLC is permitted to engage in all business activities except for banking, insurance, saving, receiving, or investing funds on behalf of third parties, as well as any other activities explicitly restricted by law.

Quota-Holders

An LLC must be established with at least two quota-holders, who may be natural or juridical persons. The LLC can be fully owned by non-Egyptians, except for specific activities explicitly mentioned by law that require a certain percentage of Egyptian ownership.

Capital Requirement

In general, there is no minimum capital requirement for the incorporation of an LLC, except for certain activities such as importation for trading purposes.

Management

An LLC is managed by one or more managers responsible for the company's daily operations. There are no nationality restrictions for managers, except in cases where specific activities (e.g., importation for trading) require the appointment of an Egyptian manager.

3-Foreign Branch

The activities of a Representative Office (RO) are limited to conducting market studies and do not include any commercial operations.

A foreign company is allowed to establish an RO or a scientific office in Egypt for the purpose of carrying out a market study.

Management

An RO is managed by a manager, whose authorized powers are determined by the parent company.

ROs in Egypt must submit an annual report to the General Authority for Investment and Free Zones (GAFI) at the beginning of each year. This report should include:

- Detailed information on all employees
- Findings from the market study

- Decisions made by the parent company in relation to the market study
- A timeline for any remaining studies

The parent company must decide whether to establish a legal entity or a branch in Egypt within three (3) years from the date of the RO's registration.

An RO will be issued a registration certificate upon registration, valid for one year. This certificate must be renewed annually, subject to the RO's compliance with applicable laws and regulations.

4- Foreign Branch

A foreign company could operate in Egypt by establishing a foreign branch. The purpose of the branch is limited to executing a specific contract within Egypt.

Capital Requirement

The minimum capital required to establish a branch is EGP 5,000 (five thousand Egyptian pounds).

Management of the Branch

A foreign branch is managed by one or more managers responsible for daily operations. Their authorized powers are granted by the parent company.

5. Sole Partnership Company (SPC)

Partner

An SPC must have one partner at all times, who may be a natural or juridical person. The partner may be Egyptian or a foreigner. However, certain activities may only be conducted if the SPC is fully owned by Egyptians.

Capital Requirement

Management of the Branch

A foreign branch is managed by one or more managers responsible for daily operations. Their authorized powers are granted by the parent company.

Management of the Company

The day-to-day management of an SPC may be assigned to one or more managers. Managers can be Egyptian or foreign, unless the SPC's activities require Egyptian nationality.

Process and Timeline for Establishment Incorporation Process

The following are the main steps for incorporating a new company in Egypt (e.g., JSC, LLC, SPC):

Issuance of a Non-Confusion Certificate

Preparation and Review of Articles of Association

Opening a Bank Account

Security Clearance

Authentication and Notarization

Issuance of Required Registrations

Final Considerations

As outlined above, and in conjunction with the standard incorporation process, each form of business has its own prerequisites that must be carefully considered during establishment.

Labour

Egyptian Social Insurance and Pensions Law No. 148 of 2019 is the main law governing social insurance and pensions in Egypt. The law was issued to unify and modernize the social insurance system and became effective in January 2020.

Main Objectives of Law No. 148 of 2019

- Unifying pension and social insurance regulations under one law.
- Expanding social insurance coverage.
- Improving pension calculation mechanisms.
- Ensuring financial sustainability of the insurance system.
- Enhancing protection for employees, employers, and pensioners.

Key Features of the Law

1. Mandatory Social Insurance Coverage

The law applies to:

- Employees in the private sector.
- Government employees.
- Employers.
- Egyptians working abroad (optional in some cases).
- Certain categories of self-employed individuals.

2. Insurance Types Covered

The law regulates several insurance branches, including:

- Old-age pension insurance.
- Disability insurance.
- Death insurance.
- Work injury insurance.
- Unemployment insurance.
- Social care benefits.

3. Contribution Rates

Both employers and employees are required to contribute to the social insurance system based on insured salaries.

Typical structure includes:

- Employer contribution.

- Employee contribution.
- Additional contributions for work injury and other benefits.

4. Retirement Age

The law gradually increases the retirement age to:

65 years by 2040.

5. Pension Calculation

Pensions are calculated based on:

- Contribution period.
- Average insured salary/wage.
- Applicable pension formula under the law.

TAXATION

INCOME TAX LAW

According to the Egyptian tax laws and regulations, registered entities working in Egypt are required to report to the tax authority for corporate tax, VAT, withholding tax and salary tax on a regular basis.

1. Brief about CIT:

Under the Egyptian Income tax law, any legally registered entity regardless of its form (i.e. branch, LLC, JSC) is required to maintain financial statements.

Corporate income tax is applied on the net profits incurred by the entity. The corporate tax rate applied in Egypt is 22.5%.

The Egyptian corporations are subject to Corporate Income Tax ('CIT') on their profits derived from Egypt as well as on profits derived from abroad if Egypt is the base of their operations (unless the foreign activities are performed through a PE located abroad).

The entity will be required to file its annual tax returns four months of the financial year end (where in case the company's financial statements ends in December, thus the CT should be filed to the Egyptian tax authority before 1st of May). This should be based on audited financial statement.

The corporate tax due will be calculated on the entity's total net profit (i.e. revenue (-) expenses) after considering some tax adjustments related to depreciation, provisions, bad debts, debit interest so as to determine the taxable pool of the entity that will be subject to CIT of 22.5%.

Worth to mention that the CTR is mandated to be filed electronically on ETA's portal.

The entity is required to file its CTR along with a payment proof of the relevant tax through the ETA's portal after being approved by the entity and the tax advisor.

TAX RETURN EXTENSION:

The taxpayers can file a request for extending the due date of filing the tax return, provided an estimated amount of the tax due is paid. This should be done at least 15 days before the tax return deadline. The deadline can be extended by up to 60 days.

AMENDED RETURN:

A taxpayer has the right to submit an amended return during the year following the due date set for submitting the annual return, unless the taxpayer has evaded tax or received an inspection notification.

If the amended return reflects lower tax due than the original return, the ETA should review the amended return and approve the refund within six months from the date of application.

Penalties

Late payment penalty is applied at the rate of 2% plus the credit and discount rate announced by the Central Bank of Egypt as of January each year.

Penalty of EGP 3k up to EGP 50k is applicable on non-compliance with the deadlines of submitting the annual corporate income tax returns for a period not exceeding 60 days from the tax return due date.

However, penalties ranging from EGP 50,000 up to EGP 2m are imposed on annual corporate income tax returns that are filed above 60 days after filing due date and if the non-compliance occurs for three annual corporate income tax returns, the taxpayer may also be subject to imprisonment for a period between six months and three years.

CUSTOMS DUTY

Customs duty is the responsibility of the individual or entity importing goods into Egypt.

THERE ARE TWO MAIN TYPES OF IMPORTATION IN EGYPT:

TEMPORARY IMPORTATION:

A contractor intending to re-export equipment after the expiration of a contract may import the equipment into Egypt and pay an annual fee.

A rate of 2% of the customs duty amount is imposed monthly, up to a maximum of 20% annually, for each year or part of a year that the equipment remains in Egypt (before re-export). This arrangement is valid for a one-year period and may be renewed with the approval of the Customs Authority.

Also, Customs tax amounting to (1%) of the stipulated customs tax on the date of the temporary release shall be collected for every month or part thereof, with a maximum of 10% annually for equipment, new and renewable energy components and their spare parts.

FINAL RELEASE:

Customs duties on imported goods are applied at varying rates depending on the Harmonized system ("HS") code of the good(s).

Average rates of duties range from 0% to 60% of the cost, insurance, and freight (CIF) value. Higher rate (up to 135%) are applied on passenger cars, luxury consumer goods, nonessential items, and alcoholic beverages.

With regards to the importation of machines and equipment to be used for industrial purposes, the rate of custom duty that applies in this case ranges from 0% to 5%, depending on the HS code.

ACCOUNTING AND REPORTING

Auditor Appointment

During the incorporation process, it is mandatory for a company to state the name of the auditor who will perform the audit in its Article of Association. Certain types of businesses, including banks and insurance companies, are required to have two auditors mentioned in their Articles of Association.

An auditor registered in the Registry of Accountants & Auditors (RAA) must be appointed by the general assembly of shareholders.

Financial Year

Financial statements and tax returns should typically be prepared annually for each financial year, which is usually a 12-month period.

However, if a company is incorporated more than 7 days after the start of its financial year, it is allowed to have an extended financial year of up to 23 months. This provision allows flexibility for companies that are incorporated outside the usual financial year timeframe.

Filing Accounts:

Filing accounts must be prepared in accordance with the Egyptian Accounting Standards and submitted to the following authorities: the Egyptian Stock Market (mandatory for banks), the General Authority for Investment (there are no filing fees associated with these submissions) and Free Zones (GAFI), and the ETA. Additionally, certain businesses, such as banks, are required to publish their annual financial statements in two national newspapers. These statements should be prepared in accordance with the Egyptian Accounting Principles. However, International Financial Accounting & Reporting Standards may be used for internal management purposes only.

Legal Books

To comply with the legal requirements, it is essential to maintain local books and records in handwritten Arabic. Electronic recording of the books and registers is also permitted. It is important to keep supporting documentation for all entries.

Statutory financial statements:

Statutory financial statements in accordance with the Egyptian Accounting Standards (EAS) must be issued at least once a year.

UHY IN Egypt



UHY United For Auditing, Tax, Advisory & Financial Services

Egypt

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Year established: 2018
PCAOB registered? No
Number of partners: 4
Total staff: 84

UHY Waled Mounir and Muhammad Arafa

Egypt

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SOCIAL MEDIA CONNECTIONS

- Facebook: <https://www.facebook.com/uhyalexandriaegypt/>

Year established:

PCAOB registered? No

Number of partners: 2

Total staff: 9

BRIEF DESCRIPTION OF FIRM

We are a team of professional external auditors, tax experts, experienced and qualified chartered accountants, and financial consultants as well.

Our target is to build close relations with each and every client; our commitment is to help you plan a tax efficient structure, improve your profits and increase the value of your business by handling complex and sophisticated matters in a very efficient and effective way. So we are not just solving tax and accounting matters, we simply help our clients grow their businesses, and improve their inside operations and go wide in their expanding plan as well. We help you settle any internal problems, and start to grow your business locally, nationally, and internationally.

SPECIALIST SERVICE AREAS

tax compliance

INTERNAL AUDIT

PRINCIPAL OPERATING SECTORS

Real estate & construction

Transport

Forwarding & shipping

Trading

Merchandising

Engineering

Industry manufacturing

Financial

Non profit organizations

Retail distribution

UHY Waled Mounir and Muhammad Arafa

Egypt

LANGUAGES

Arabic
English

BRIEF HISTORY OF FIRM

Our firm was established in 2013/2014. The founders are Waled Mounir and Muhammad Arafa. The firm was established as a result of synergy and combination of professional experiences and administrative efficiencies in all business fields. We aim to provide special services with high quality, efficiency and effectiveness in the field of accounting, auditing, financial and management control.

Let us help you achieve further business success

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