



# Doing Business in Egypt



Doing Business  
in **Egypt**

# Al Tamimi & Company

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7	FOREWORD BY AL TAMIMI & COMPANY
8	FOREWORD BY EGYPTIAN EXCHANGE
11	OUR EGYPT OFFERING
12	ABOUT US
13	OUR REGIONAL FOOTPRINT
14	ABOUT EGYPT
18	SETTING UP IN EGYPT
36	LET'S GET INTO BUSINESS

# Table of Contents



## Foreword by **Al Tamimi & Company**

Our guide to “Doing Business in Egypt” provides companies and individuals with the vital information they need when considering to operate in Egypt. The guide seeks to answer some of the most important questions that investors have regarding their business structures based on the specific activities they wish to undertake. We have also provided an insight into the key employment issues for companies and employers alike.

In an effort for Egypt to move forward and re-assert its position as a regional economic and political powerhouse, the investment climate has been witnessing great improvements as the government continually strives to support the ease with which investors can operate. Our regional “Doing Business” series of books have become increasingly popular in helping not only to set up new businesses, but also in keeping businesses up to date on legal policies and changes in legislation.

We trust you will find the information presented of value and that it provides you with a greater understanding of both the business and legal aspects of operating in Egypt. We look forward to the opportunity to work with you to ensure your success when doing business here.



**Essam Al Tamimi**

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Al Tamimi & Company



## Foreword by Egyptian Exchange

Egypt, a land of opportunities.

Egypt's investment opportunities are numerous. Regulatory frameworks, knowledge and expertise are the building block for any investor to grasp these opportunities.

The Government of Egypt and its affiliated bodies embarked on an unequivocal reform plan backed by the IMF, the World Bank, the AfDB, and other international financial institutions. The first wave of reforms tackled the macroeconomic imbalances; several monetary and fiscal policy reforms took place that enabled policy maker to ensure a sustainable path for macroeconomic indicators. The Second wave of reforms aimed at improving the business environment, foster access to finance and improve investor's protection such as the amendments and issuance of the micro- and consumer finance laws, respectively, the issuance of the movable assets registry law, the amendments of the capital market law and companies law, and last but not least, the issuance of the new investment law.

The ratified investment law clearly cemented investors' right for repatriation of profits, and the statutory protection of private and public sector investments. The amendments in the companies' law enables companies for the first time ever to issue preferred stocks at any point of time during the lifetime of the company and not being confined to the issuance during establishment phase only. Additionally, the capital market law amendments paved the way for the issuance of sukuks and other financial instruments for the first time in the Egyptian market.

It is worthy of mention that extensive investments in the field of energy and electricity production have taken place prior to the implementation of the aggressive economic reform plan for these reforms to its ripple effect in the economy. In addition, to these reforms that are being topped up now with reforms and investments in the education field is the long term plan to ensure sustainability and increase Egypt's potential economic growth than the current levels.

I would like to thank Al Tamimi & Company for this publication as it presents a glimpse of the regulations governing the establishment and operations of businesses in Egypt. Presenting the building blocks of companies' establishment and Egypt's labour and trade laws is the starting point to further exploit the business opportunities. More initiatives are deemed necessary by all stakeholders operating in Egypt to acquaint investors with the developments of Egypt's regulatory frameworks and laws governing their operations.



**Dr. Mohamed Farid Saleh**

Executive Chairman, Financial Regulatory Authority,  
Former Chairman, The Egyptian Exchange,  
Former President, Arab Federation of Exchange,  
Former Chairman, Emerging Markets Working Group,  
World Federation of Exchanges





## Our Egypt Offering

Egypt is moving into new frontiers and we are proud to be part of the largest and one of the fastest growing law firms in the Middle East.

Our confidence in Egypt's future is based on numerous factors including the projects that have been completed over the past five years. Furthermore, a number of international credit rating agencies have taken a favourable view of Egypt's economic outlook in parallel to the significant investment appetite internationally. Another factor is the capital injected from the GCC, particularly the United Arab Emirates; Saudi Arabia, Kuwait and Bahrain, all countries where Al Tamimi & Company has a strong presence.

Our Egypt office is well positioned to assist in meeting the legal needs derived from these opportunities, and to being part of the ambitions to restore Egypt's economic competitiveness by assisting with structural reforms necessary to deliver a stable business friendly economy.

We support the development of all initiatives undertaken in the "New Egypt" by providing clear, strategic legal services addressing the developing needs of Egypt.

We focus on supporting Egypt's needs of building and maintaining sustainable economic growth using the capabilities of its people, of which women and youth represent the majority.

We see major opportunities areas including governance, mega infrastructure projects including the Suez Canal, economic free zones, PPP's, capital markets, banking and finance, hospitality, industrial, sports, media, tax law and dispute resolution.

We look forward to being part of the exciting journey ahead in our country.

## About Us

Al Tamimi & Company has unrivalled experience, having operated in the Middle East and North Africa ('MENA') region for over 30 years. Our lawyers combine international experience and qualifications with expert regional and local knowledge and understanding.

We are a full-service firm, specializing in advising and supporting major international corporations, banks and financial institutions, government organizations and local, regional and international companies. Our main areas of expertise include arbitration & litigation, banking & finance, corporate & commercial, intellectual property, real estate, construction & infrastructure, and technology, media & telecommunications. Our lawyers provide quality legal advice and support to clients across all of our practice areas. Recognizes the importance of Egypt to its regional practice, Al Tamimi & Company completed the setup of its office in Egypt on April 2015.

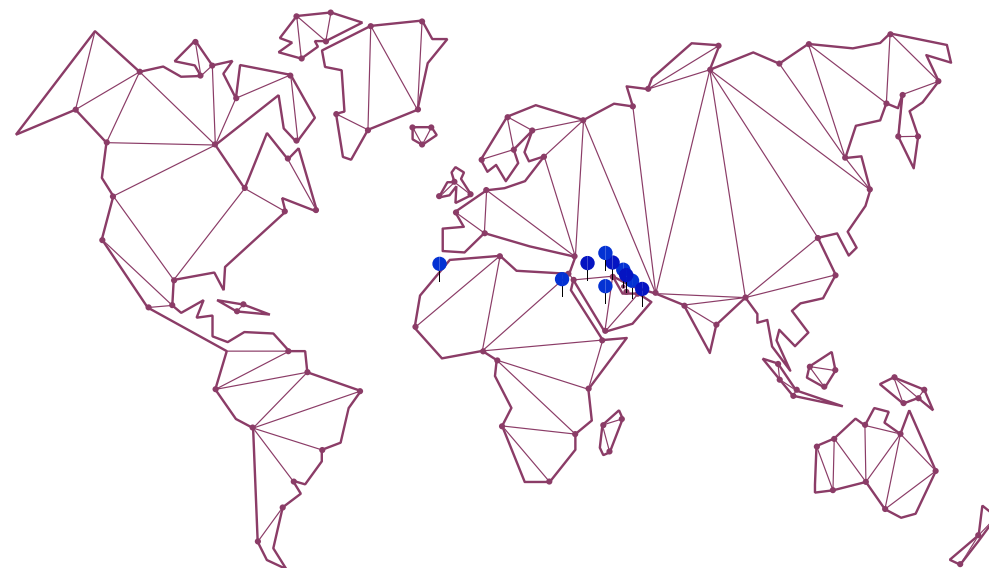
Our business and regional footprint continues to grow, and we seek to expand further in line with our commitment to meet the needs of clients doing business across the MENA.

### Doing Business in the Middle East and North Africa? So are we.

Our regional footprint means that wherever our clients are doing business in the region, we are there to support them. Our expansion has been strategic and client driven. Our values define who we are and what is important to us. As a firm, we have grown based on a set of core values, which are integral to all that we do.

[www.tamimi.com](http://www.tamimi.com)

## Our Regional Footprint



**Bahrain**  
Manama

**Egypt**  
Cairo  
Port Said

**Iraq**  
Erbil  
Baghdad  
Basra

**Jordan**  
Amman

**Kuwait**  
Kuwait City

**Morocco**  
Casablanca

**Qatar**  
Doha

**Saudi Arabia**  
Al Khobar  
Jeddah  
Riyadh

**UAE**  
Abu Dhabi  
Dubai  
Ras Al Khaimah  
Sharjah





# About Egypt





# About Egypt

Renowned across the world for its Ancient Egyptian monuments such as the awe-inspiring Great Pyramids of Giza and the Valley of the Kings in Luxor, Egypt is also known for its hospitable and cosmopolitan culture. Egypt also occupies a central political and economic location. Strategically positioned between Africa and Asia, Egypt has always been central to trade routes, especially with the Suez Canal being one of the busiest trade routes in the world connecting Asia to the Americas and Europe.

## Why do business in Egypt?

With the largest population in the Arab World, Egypt is also one of the largest growing real-estate markets in the region, with many developers taking advantage of the rise of new cities in and around the capital, Cairo, as well as coastal cities. Egypt also plans on expanding its

exports significantly and opening up the market to new investors and industries. Unlike many GCC countries, Egypt's climate is far more conducive to agriculture and other outdoor projects. Egypt's farm land is very fertile allowing Egypt to produce cotton and fabrics exported all around the globe.

Egypt is particularly attractive to foreign investors and workers as it does not implement a sponsorship regime. This allows foreigners not to be tied to their employers and gives them the flexibility to easily change jobs or to leave the country and come back when they please. The investment climate is also far more flexible in terms of repatriation of funds. Recent regulations have facilitated the ease with which foreign companies and individuals can transfer funds abroad. There have also been a series of guarantees that prohibit appropriation of property or funds.

## Vision

Since 2013, Egypt began to see major changes in its economic strategies and policies. An intensive and comprehensive reform program liberalizing the market by removing subsidies that weighed heavily on the country's budget, floated the currency in order for Egypt's products to stay competitive abroad, and encouraged both local and foreign investments. Moreover, political stability under the leadership of President Abdel Fattah El Sisi has led to a positive investment outlook.

As a result, Egypt has sustained positive GDP growth over recent years.

In 2016, the IMF granted Egypt a vote of confidence when it signed a loan agreement worth USD 12 billion loan to sustain growth and liberalize the market. This spurred the promulgation of new legislations removing the bureaucratic shackles from the economy and galvanizing investments.

## Language

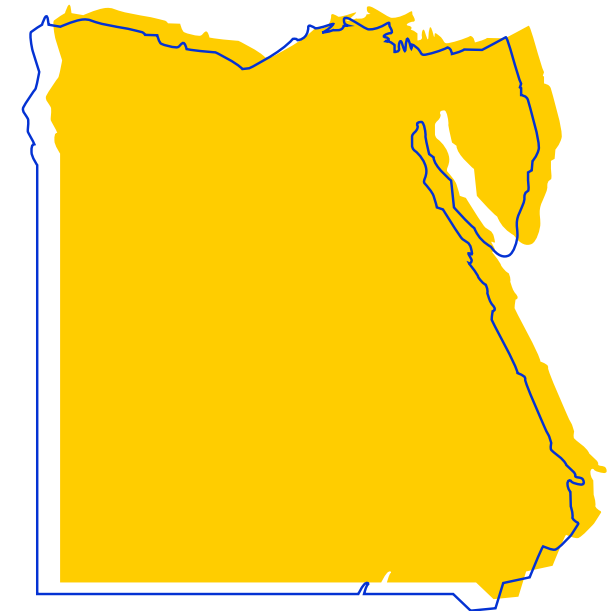
The officially recognized language of Egypt is Arabic, although English is widely used in business circles and French as a third language.

## Currency

The currency of Egypt is the Egyptian pound ("EGP" or "L.E.").

## Population

Approx. 102 million



# Setting up in Egypt



# Setting Up in Egypt

## 1. Investment considerations

Egypt, in particular Cairo & Alexandria, has been a cosmopolitan country since the days of the Ottoman Empire, where people and goods flowed in and out with ease. After the war of October 1973; the government took major steps to return Egypt to its former place in the region, by opening a previously isolated market and allowing a free flow of goods and services. Such steps brought back investments from abroad and Egypt became a far more attractive destination.

**Before setting up a business in Egypt, some specific factors to consider are:**

### Location

Egypt's location is unparalleled in terms of its proximity to the corners of the Middle East.

It is situated between the Mediterranean Sea in the North and the Red Sea in the East. This makes Egypt a prime location for maritime trade, facilitating trade to Europe, Asia, and the Americas. Not only is Egypt situated between two important maritime trade routes, it is also situated in the middle of strategic African land routes, where many land-locked countries rely on Egypt for its access to Europe and Asia.

### Laws

Egypt is a civil law country with written codes and laws, making the law more easily accessible than other jurisdictions. Additionally, the Egyptian Constitution declares Egypt a republic, which necessitates a functioning

parliament with the power to legislate. This makes legislation flexible and responsive to change. This is evidenced by the fact that, given the political will, the Egyptian parliament was able to promulgate a set of laws that have significantly improved the overall economic climate in the span of one year.

### Government

As a republic, Egypt has three branches of government with a system of checks and balances that ensures that no branch oversteps their boundaries. The legislative branch informs the executive and judicial branches, while the judicial branch implements the law and protects the constitution against abuse by either branch.

### Political Stability

Egypt has seen turbulent times in recent years, that is a fact that cannot be denied. However, this turbulence disturbed a dysfunctional status quo and allowed for a rebirth that has resulted in Egypt becoming one of the world's largest and most successful emerging markets.

### Infrastructure and Services

The Government has taken radical steps to revolutionize the Egyptian infrastructure. With a renewed focus on transportation and urban planning, the Government has been rapidly developing new cities and routes around the capital to facilitate business and tourism. Egypt is also home to many luxuries, with many high-end hotels in

greater Cairo offering the best service with a view of the Nile or the Great Pyramids of Giza. This is supported by a wide network of services that make staying in Egypt a great experience.

## 2. Doing Business

Unlike many other Arab countries, there is no law against foreigners holding exclusive control of a company incorporated in Egypt, with very few exceptions referred to in Sections C and D below. Additionally, it has become much easier to repatriate funds out of Egypt. Together with the lack of a sponsorship system, these factors make Egypt incredibly attractive to foreign investments.



### a. Legal Structures

Business may be carried out through a direct business presence in Egypt, be it through a partnership or a corporation. It is advisable to establish a corporation rather than a partnership to, most importantly, enjoy a corporate veil securing a limited liability of the investor, unlike the case in partnerships, whereas the personal patrimony is exposed.

### b. Corporate Forms

There are 3 main types of corporations that are recommended to be established in Egypt, the limited liability company (LLC), the joint stock company (JSC), and the single member limited company (SMLC)

### i. Limited Liability Companies (LLCs)

An LLC is recognized by its simple structure and the ease and swiftness of its incorporation before competent authorities. An LLC must be established by two or more partners and no more than 50 partners. The partners may be either judicial persons or natural persons. Applicable laws do not stipulate any restrictions on the nationality of the partners. LLCs may be fully owned by foreigners as a general rule, with few exceptions. As for their capital, the law does not require a minimum capital for their establishment. With respect to the management of LLCs, it is carried out by managers and not a board of directors. Such managers may be either judicial persons (represented by individuals) or appointed individuals.



Further, it is no longer necessary to appoint an Egyptian manager.

In principal, LLCs with a capital of less than EGP 250,000 are exempted from the obligation of distributing up to 10% of its dividends

## ii. Joint Stock Companies (JSCs)

The number of shareholders in a JSC must be no less than three and up to any number of shareholders. Similar to LLCs, a JSC may be fully owned by foreigners, whether judicial persons or individuals.

The minimum required issued capital for a JSC is EGP 250,000. A higher capital is required for JSCs undertaking certain specific activities. Unlike the case of LLCs, JSCs may be established upon depositing 10% of their issued capital while an additional 15% must be injected within 3 months from incorporation. The remaining 75% may be paid up within a maximum of 5 years from the date of establishment.

Increasing the capital of a JSC does not require the approval of the shareholders, if such an increase is within the JSC's authorized capital (which is normally ten multiples of the issued capital), only a resolution of the board of directors is required to approve the capital increase.

A JSC may be listed on any stock exchange and may issue bonds or other financial instruments that could be offered to the public. The shares of the JSCs may be offered to public subscription, if so decided by the shareholders. A JSC may also issue bonds and convertible securities and offer them to public as well subject to obtaining the necessary corporate and regulatory approvals.

The management of a JSC is carried out by a board of directors, having the broadest powers to manage the JSC's day to day business, yet such powers are subject to the limits set by the shareholders.

As a general rule, there are no requirements as to the nationality of the directors. Accordingly, a JSC may be fully owned and managed by foreigners. The directors, including the chairman, may be either individuals or judicial persons represented by individuals.

## iii. Single Member Limited Company (SMLC)

The Companies Law was amended by law No. 4 of 2018 to introduce the legal basis for the establishment of SMLCs. According to the new amendments, individuals or companies can individually establish an entity with limited liability.



SMLC's are generally subject to the same provisions applicable to LLCs. However, its capital shall be paid in advance in full. In addition, this type of company is prevented from certain activities such as insurance, banking, receiving deposits and investing capital on behalf of others.

## c. Importing into Egypt for the Purpose of Resale

While importation was reserved to Egyptians, only the introduction of the new Importers Registry Law No. 7 for 2017, makes it now possible for foreign investors to participate in engaging in the importation activity and obtain an importation license. However, the restrictions on the nationality of owners and managers of an importation company are not fully removed. At least 51% of the importation company must be held by Egyptians and the person effectively managing the company must be Egyptian. Prior to engaging in the importation for resale activity, importation companies must be established and registered at the Commercial Register for at least one fiscal year. During that year, the company's turnover must be over EGP 5 million and reflected in the company's tax declaration. With respect to the capital, an Egyptian LLC wishing to import must have a capital of at least EGP 2 million, while a JSC's capital must be over EGP 5 million.

## i. Commercial Agencies

A commercial agent is a person (whether an individual or an entity) who deals in the name of a foreign entity in Egypt. To this end, a commercial agent helps a foreign merchant in marketing, promoting and advertising the latter's products in Egypt and encourages the purchase

of such products by Egyptian clientele. The establishment of a commercial agency is subject to strict nationality conditions; as a commercial agency must be fully owned and managed by Egyptian nationals. Similar to Egyptian distributors, an Egyptian commercial agent helps a foreign merchant to indirectly engage in the trade activity in Egypt, without the need of establishing an entity in Egypt, if so the foreign investor desires.

## ii. Branches of Foreign Entities

In case a Foreign Entity entered into an agreement to be executed in Egypt, such an agreement may be executed through a branch. Hence, Branches of Foreign Entities have certain similarities with corporations in terms of the distribution of profits if dividends are disbursed. The main corporation also appoints managers for the branch with no legal restrictions on the nationality of the manager

## iii. Representative Offices

Representative Offices are entities established in Egypt by foreign corporations, for the sole purpose of conducting market research and studies. Accordingly, Representative Offices are not entitled to engage in any commercial activities. Further, new regulations stipulate that representative offices may only operate for three years before seeking an exceptional renewal from the authorities.

## iv. Scientific Offices

A Scientific Office may be established for the sole purpose of marketing medical supplies, chemical medications and providing medical information on the mother



company's products through holding conferences, marketing and holding informative scientific seminars. However, the Scientific Office may not engage in the activity of trade.

It should be noted that the samples for the use of the scientific office must be imported through an Egyptian commercial agent appointed by the corporation.

#### d. Applicable Laws

Depending on the suitability and the objective of the vehicle that an investor intends to establish, either the Egyptian Companies Law no. 159 of 1981 or the Investment Law No. 72 of 2017 may be applicable.

#### i. Companies Law No. 159 of 1981

The Companies Law is the general legislation regulating the establishment of all types of corporations, their management, shareholders, general assemblies, auditors, liquidation, mergers and acquisition. Furthermore, the Companies Law is applicable in case of silence of applicable specific laws.

A large amount of local and foreign investors opt to establish their presence in Egypt under such a paradigm, while other investors may wish to establish their presence in Egypt under the more specific Investment Law paradigm, if the object of their future corporation falls under its umbrella.

#### ii. Investment Law No. 72 of 2017

Enjoying the incentives and guarantees listed in the newly promulgated Investment Law takes place upon the establishing of a company engaging in activities included within the parameters of the Investment Law.

The Investment Law establishes a Center for Investor Services with the goal of facilitating the process of incorporation. The Center will house representatives from different authorities in order to make incorporation of a company a one-stop shop. The Investment Law also allows for the possibility of seeking only one approval by decree from the Prime Minister with respect to national projects, public private partnerships, or renewable energy projects. Along with facilities making an investor's time in establishing a business

in Egypt significantly easier. The Investment Law also incentivizes the investor by introducing general financial benefits as well as specific incentives for certain industries and projects.

#### iii. Specialized Economic Zones Law No. 83 of 2002

The Specialized Economic Zones Law is the Law applicable to all the companies established within the economic zone. The Economic Zone Authority is responsible for operating the zone and granting licenses to all the investors who wish to establish and operate companies within the zone. Although the Specialized Economic Zones Law contains certain incentives and guarantees to companies established within the zone, such companies are still benefiting from all incentives and guarantees provided for under the Investment Law. As of today, Egypt has created two economic zones; namely, the Suez Canal Economic Zone and the Golden Triangle Economic Zone.

- Deductions ranging from 30% to 80% of the investment costs
- Establishment of Customs Ports allocated solely for certain projects, to facilitate the import and export process
- Payment of any infrastructure costs by the Egyptian government
- Restitution of half of the property's value to the investor, in case production commences within 2 years of receiving the property
- Free allocation of property for strategic projects as well as the government's participation in the manpower training costs
- Additional financial benefits may be obtained depending on the location, objective, strategic importance and the number of employees in the investment project.

#### Financial Benefits

The Investment Law has also set out the following financial incentives for incoming investors modeled after the UNCTAD Principles.

- Exemption from stamp tax, most governmental expenses and land/property registration expenses.
- Unification of customs duties rate to 2% on all equipment and materials required for the manufacturing and establishment of investment projects

#### Labour Exceptions

The Investment Law provides that the foreign investor will be issued a residential visa in Egypt that remains valid during the term of the investment project without a maximum term limit. The Executive Regulations regulate the limits and conditions of this provision. The Investment Law also raises the quota for foreign employees from 10% to 20% of the total number of employees

Additionally, it is possible to provide an exception to this exceptional ratio. However, this depends on the size and importance of the project. If this is the case, no maximum number of foreign employees is mentioned in the Law.



## Renewed Guarantees

In order to further ease investor concerns vis-à-vis Egyptian authorities, the Law maintains the same guarantees stipulated in the former Investment Law. The government has committed itself to prohibiting the following:

- Nationalisation of investment projects
- Freezing or seizing or imposing guardianship on investment projects, except by virtue of a court order
- Expropriation of projects unless under certain fair compensation and conditions
- Issuing any decrees adding any financial burdens on the investor
- Cancelling any permits without seeking the approval of the General Authority for Investment

It should be noted that privileges, tax exemptions, incentives, and guarantees stipulated under legal regimes prior to the promulgation of the Investment Law are maintained until their expiry and are not affected by the issuance of the new Investment Law.

## Dispute Resolution Mechanism

The Investment Law established an Arbitration and Mediation Centre that can be competent to settle any potential or existing investment related dispute if agreed upon by the involved parties.

The Investment Law also established Grievances Committees, headed by judges, in GAFI that are deciding on challenges related to decisions to refuse approvals or licenses, whether such challenged decisions are issued by GAFI or any other affiliated authority.

As for litigation, a Ministerial Committee is formed for the purpose of settling any disputes arising among investors and any administrative authority or public sector entity. Another Ministerial Committee is formed to solely settle contractual disputes entered into between investors and public sector entities.

Although the Investment Law provides for several dispute resolution mechanisms, recourse to courts remains guaranteed to all investors, whether foreign or local.

Moreover, investors may have resources to Mediation and Arbitration according to the rules of Cairo Regional Centre for International Commercial Arbitration (CRCICA) or any other arbitration center of their choice.

## Industrial License Procedures

Law No. 15 of 2017 regarding facilitating the issuance of industrial permits streamlines the industrial licensing process and removes previous bureaucracy.

Among the most important developments in the Industrial Licenses Law is the one-stop-shop philosophy empowering in the Industrial Development Authority (IDA) to deal with all matters related to licensing industrial activities.

The IDA takes on a major role in the facilitation of procedures related to industrial licenses. According to the Industrial Licenses Law, only the IDA is empowered to issue licenses.

The Industrial Licenses Law empowers the IDA to establish at least one committee to receive grievances and decide upon them. In particular, the committee will hear grievances on its unfavourable decisions from an investor standpoint.

The Industrial Licenses Law also allows the committee to make exemptions from non-material conditions especially for micro, small, and medium-sized enterprises.

## Licensing Methods

### License by Notice

Obtaining a license by notification is the principal method of licensing under the Law. Under this method, a completed application submitted to the IDA serves, in itself, as a License.

The applicant submits all required documents to the IDA (documents and information requirements vary given the industry and its risks). The IDA is then obliged to return to the applicant a certified copy of the original stamped by the

IDA to evidence its receipt of the application. Such copy serves as the license for the applicant. The IDA is obliged to inspect the industrial site within 90 days of receiving the application. If the inspection reveals any violations, the industrial site is given a grace period to correct the violations, following which the site will first receive a warning and then will be shut down by the IDA.

Certain industries are not eligible for Licensing by notice, depending on their type or geographical location.

### License by Pre-Approval

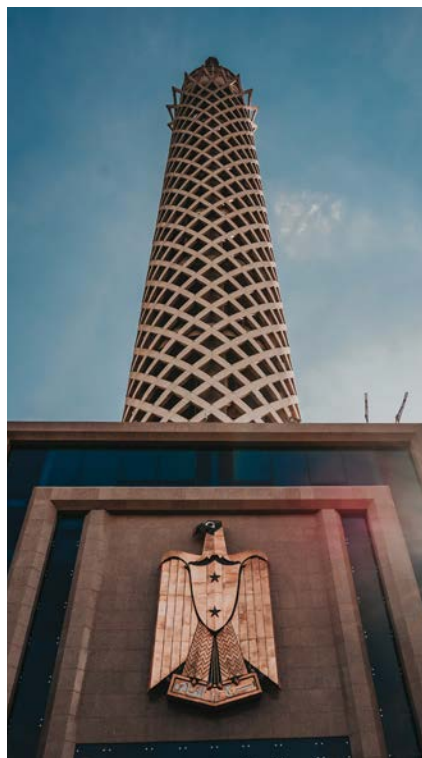
Industries marked by increased health, safety, and environmental risks, as well as certain restricted industries, are governed by a different method of licensing as follows.

First, the applicant submits the documents required for the license. If the documents are complete, the IDA must decide on the request within a set time period. If the decision is delayed, the applicant may resort to the grievance committee. In case the industrial site fails to meet a requirement that is non-material to the site's safety and its ability to properly operate, it is given up to 3 years to reconcile its status.

As a defence against delays, the Industrial Licenses Law does not allow for licences to take longer than two months to be decided upon including the grievance process.

### Licensing in Industrial Zones and Heavy Industries

The Law also allows the possibility for private sector companies to operate and manage such industrial zones and for licenses within such zones to be by notice.





The Industrial Licensing Law allows the Cabinet of Ministers to issue a decree regulating the licensing of heavy industries where licenses would be awarded by way of tenders to the most competent bidder.

#### 4. Jurisdictions

##### Free Zones

A free zone is established in Egypt by virtue of a law or decree. The Prime Minister may allocate a free zone for a certain project for export. Once an investor is granted a license to establish the project in a free zone, the investor is able to enjoy incentives and benefits without registration with the Industrial Registry.

Furthermore, an investor may obtain usufruct rights on a plot of land in a free zone on which to build a project.

Establishing a project in a free zone enables the investor to be exempted from applicable customs procedures, importation and exportation regulations, value added tax and customs tax. Moreover, any required materials, equipment, supplies and means of transportation (except for passenger cars) required for the investment project are exempted from customs tax, value added tax and other taxes and expenses.

Furthermore, projects established in free zones are exempted from applicable expenses and tax regimes.

##### Technological Zones

The Investment Law also encourages investments in the fields of telecommunications, electronics manufacturing, technology and all related activities. Subject to certain conditions,

importing material and equipment required for the establishment of investment projects will also be exempted from taxes and custom duties. Likewise, the newly established technological zones will be subject to the special tax benefits and incentives listed in the Investment Law.

##### Investment Map

The concept of an investment map was mentioned in the former investment law and was later removed. However, in practice, the Industrial Development Authority directs investors towards industrial zones where similar activities took place and based on the availability of lands.

Upon the introduction of the new Investment Law, the features of the investment map are now clearer. The investment map is structured based upon the strategic needs vis-à-vis industrial and geographic zones. In order to ensure the map keeps up with investment needs, it must be revisited and updated every three years.

In order to assist areas in need, the Investment Law is keen on facilitating the procedures of procuring land/property to establish investment projects that satisfy the needs of a particular community. This is to be handled through the Investors Service Centre established at the General Authority for Investment.

Furthermore, depending on the type of investment project and how necessary it is, the Prime Minister is entitled to issue decrees allocating certain plots of land/real properties for certain investment projects in particular, such as, inter alia, infrastructure projects, renewable energy projects, and projects to be consummated through a Public Private Partnership. In this event, no further procedures are required in order to procure the land/property after the issuance of such decrees.

#### 5. Employment Law in Egypt

Employment matters in the private sector in Egypt are governed by the Labour Law No. 12 of 2003. In addition to the articles of the Labour Law, several ministerial decrees also govern employment relationships which are considered complementary to the Labour Law. The Labour Law applies to all employees working in the private sector in Egypt regardless of their nationality. The Labour Law has excluded housekeepers and dependants from its application.

The employment relationship in Egypt is managed by employment agreements. However, for the sake of the protection of employees in Egypt, the Labour Law provides that any condition, agreement, arrangement, decision, subsequent agreement made with the same employer, and customary practice by the employer that decreases the employee's rights provided by virtue of the Labour Law, shall be deemed invalid.

##### a. Contracts

Employment contracts are required to be written in Arabic language in three counterparts. A bilingual agreement in both Arabic and



English may be concluded for particular reasons. However, the Arabic prevails in case of any conflict or dispute.

### Probation period

The employment contract may include an article regulating the probation period. This period cannot exceed three months and cannot be repeated more than once with the same employer.

### Types of Employment Contracts

The Labour Law distinguishes between employment contracts entered into for a definite period from those entered into for an indefinite period, and provides special rules for each type of agreement. Moreover, the law recognizes three types of employment for which there are specific provisions.

**Indefinite Period Contracts:** Where an employee is hired in a position for an undetermined period of time, it is presumed that as long as the employee performs his/her job requirements satisfactorily, he/she is entitled to remain on the job for as long as he/she wishes to, until retirement

**Definite Period Contracts:** Where an employee is hired in a position for a determined period of time whereby the employment agreement explicitly determines a period after which the employment relationship shall be deemed terminated

**Temporary Employment:** Temporary employment is for a specific period or a specific project. Such employment terminates automatically upon expiration of its term or upon completion of the project or task

**Casual Employment:** Where an employee is employed to perform tasks which do not fall within usual scope of activity of the employer. This form of employment may not exceed a period of six months

**Seasonal Employment:** Where an employee is employed for a given season. Such type of employment is frequent in the agricultural sector

### b. Salaries

Considering the significant importance of the salary in the employment relationship, the Labour Law, for the avoidance of doubt or misinterpretation, has provided for payments by the employer that are deemed part of the salary as follows:

- Commissions
- Percentage
- Salary Increase
- Bonuses
- Allowance
- The employee profit share.
- Donation

The Labour Law applies three types of salaries as follows:

- Basic salary
- Total salary
- Gross salary

According to the Labour Law, employees are entitled to a minimum annual increase of 7% of their basic salaries.

### c. Public Holidays and Annual Leave

The Labour Law provides that all employees who have spent more than six months with the employer are entitled to twenty one working days per year (proportionate with



the actual employment period spent at the employer's establishment). Such period is to be increased to thirty days for employees who have been working for ten years or more or those over the age of 50 regardless of the actual time spent at the employer's establishment. An additional seven days are added to annual leave in the case of workers in dangerous or heavy jobs. The Labour Law entitles employees to 13 public holidays which are decided by law or decree. The Prime Minister may also grant additional days by decree on an ad-hoc basis.

### Sick Leave

An employee who has proof for their illness shall have the right to medical leave determined by the specialized medical institute. The employee will be given compensation for their salary according to the Social Insurance Law.

### Casual Leave

The employee has the right to take an emergency leave (casual leave) of six days per year with a

maximum of two consecutive days each time. Such leave is deducted from the annual leave balance of the employee.

### Haj Leave

The Labour Law provides for Haj leave for employees. An employee who spends more than five consecutive years at the employer's establishment shall be entitled to fully paid Haj leave for a period of one month (one-off basis).

The Labour Law also provides for the right of the employee to fully paid leave on national holidays with a maximum of thirteen days per year.

### Maternity Leave

An employee who has spent ten months or more working for an employer shall be entitled to paid maternity leave for ninety days, provided that she provides a medical certificate which includes the date of her expected delivery.

An employee shall only be entitled to two full maternity leaves during the period of her employment.



#### **d. Working Hours, Overtime, and Special Provisions**

Pursuant to the Labour Law, an employee shall work for a maximum of eight (8) hours a day or forty eight (48) hours per week. However, the Labour Law has specified cases whereby the employer may not abide by such maximum limit for working hours. With respect to breaks, the general rule is that an employee may not work for more than five consecutive hours before being entitled to a rest hour.

Overtime cannot exceed two hours per day. The Labour Law distinguishes between daytime and night time overtime compensation.

The Labour Law has set out the weekend entitlement of employees. The weekend as per the Law is a continuous period of twenty-four hours rest every week (or after six consecutive days of work).

According to the Labour Law, if more than one hundred women are working for an employer, the

employer is obliged to establish a nursery or shall assign a nursery to care for the children of female employees.

#### **e. Social insurance**

The Social Insurance Law no. 148 of 2019 provides for compulsory social insurance that is subscribed for by the employer including:

- Retirement, disability, and death insurance
- Work accident insurance
- Sickness
- Unemployment insurance
- Pensions

The Social Insurance Law is applicable to any employee above 18 years of age who has a regular work relationship with the employer. A regular work relationship is defined as working within the employer's scope of activities or spending six or

more months with the employer. Generally the penalty for failing to apply for the social insurance for any of the employees to whom the Social Insurance Law is applicable is a fine ranging between EGP 20,000 and 100,000. The social insurance payment/ subscription is divided between the employer and the employee.

Social insurance must be paid on a monthly basis. The payments are done in installments and become overdue after 15 days of the following month. Failure to comply with this provision will be subject to a fine.

#### **f. Termination of Employment Contracts**

##### **Termination by Employee**

According to the Labour Law, a definite term employment agreement shall be terminated at its expiry.

If the employment agreement's term exceeds five years, the employee may terminate at any time prior to its expiration date by providing a three months written notice.

In the case of terminating an indefinite employment agreement, the employee must give at least two months prior notice. Nevertheless, if the employment relationship exceeds 10 years, the employee must give three months prior notice

##### **Termination by Employer**

As indicated above, the Labour Law aims to protect employees. Hence, terminating an employment agreement

by the employer is difficult. Nevertheless, the Labour Law has given the right to the employer to terminate the employment agreement in certain cases.

With respect to definite period agreements, the agreement is terminated without notice or any legal or judicial procedure upon the expiry of the period stated in the agreement or termination of the task, project or season. However, it is important to note that the employee must refrain from working at the date of expiry. Otherwise, the employment agreement shall be transformed into an indefinite employment agreement. The employer may not terminate the employment agreement (whether definite or indefinite) unless the employee commits any of the acts or omissions mentioned in the Labour Law. Additionally, the employer can terminate the employment agreement in limited cases for incompetence in accordance with the approved work regulations.

To protect the employee from any misuse of power by the employer, the Labour Law has determined certain causes for termination by the employer. If the employer deviates from the legal reasons for termination and decides to terminate the employee for convenience, the employee shall be considered unlawfully terminated and therefore deserving the right for compensation

#### **g. Immigration considerations**

Foreign employees require work permits to work in Egypt, and those employees are not required to subscribe in the social insurance programs.



## 6. Intellectual Property Rights

Egypt has addressed the need to protect investors, their products and services from imitation and infringement. Law no. 82 of 2002 regarding the protection of intellectual property rights regulates the protection of trademarks, copyrights, trade secrets, patents, industrial designs, and plant varieties. Additionally, Egypt is a member state to the majority of intellectual property rights treaties concerning the protection of trademarks and copyrights including the TRIPS Convention, the Nice Agreement regarding the International Classification of Goods and Services, the Paris Convention for the Protection of Industrial Property, and the Protocol Relating to the Madrid Agreement Concerning the International Registration of Trademarks.

### Registration

In order to enjoy the legal protection of intellectual property rights' Law, the trademark, copyright, patent, or design must be registered at the competent authority, be it the Trademark Office, the Copyright Office, the Patent Office or the Ministry of Supply and Internal Trade. As soon as such rights are registered or still under examination, the applicant enjoys exclusive rights over them and can legally pursue third party infringers.

Other trademarks that have become very famous and widely known enjoy legal protection in Egypt even if they were not registered as stipulated under article (68) of the Egyptian Intellectual Property Law. Moreover, wider protection is granted to the marks if they were registered in one class of products and/or services.

### Enforcement of IP Rights

There is more than one route to pursue legal action against infringers of IP Rights including filing a complaint at the Ministry of Supply against retailers selling counterfeit products to conduct raids against them; submitting a complaint to the Copyright Investigation Department against the illegal use of software codes and piracy; filing a complaint to the Customs Authority to seize counterfeit imported products at the port; and filing a lawsuit in court.

### IP Investigations

Our IP department in Egypt also includes an investigation team which conducts thorough market investigations against traders of counterfeit products and traces the chain of traders to locate the importers and obtain information on their warehouses and stores. Moreover, our team works proactively to discover infringements committed against brand owners and reports such actions to concerned parties while providing advice on how to proceed.

### Trademark Prosecution

Our trademark prosecution team handles trademark portfolio management across the region. We work closely with trademark registries throughout the Middle East, ensuring that we keep our clients well informed and well represented, guaranteeing an efficient and first class service. We pride ourselves on our ability to read trends and TMO practices and advise clients accordingly to avoid office actions, thereby saving our clients' time and costs. Our lawyers work closely with our specialist trademark paralegals to help ensure the highest level of service in the most cost-effective manner.

### Patents & Designs

Our Patents & Designs practice is one of the leading practices in the Middle East, providing a wide range of legal services to R&D entities and innovators including protection, enforcement and commercialisation of developed innovative products and technologies, as well as enforcing intellectual property rights pertaining to these inventions against infringers. Our expertise extends to a wide range of sectors in the engineering and life sciences. Our team is comprised of specialised patent attorneys with local and western qualifications and experience in various technical backgrounds.

### Copyright & Media

We continue to work with major publishing houses and media and entertainment companies, providing advice in respect of the protection, enforcement and commercialisation of IP assets, content ownership, content regulation and claims related to defamation. We also maintain an excellent level of cooperation with various copyright offices throughout the region to ensure that we record our clients' copyrights and maximize the scope of protection.





## Let's Get Into Business

We hope you found our Business Guide in Egypt helpful as well as insightful.

We strive to provide the best tailored business solutions to our clients within the Egyptian legal framework.

Through the relationships that our partners and associates have garnered over the years, we are able to convey our clients' original business needs and wishes to the competent governmental bodies to accommodate them.

Al Tamimi & Company seeks continued excellence in the services rendered to our clients across multiple jurisdictions.

We are one firm that provides focused and thorough local expertise while meeting international standards across the board.

We are delighted to see our clients grow their business in our jurisdiction.



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