



Egyptian Ministry of Foreign Affairs
Multilateral Economic Affairs Department
Egyptian Economy Unit

Law No. 72 of 2017

Investment Law

Synopsis

- I. **Goals and Principles:** Investment in the Arab Republic of Egypt aims at improving the national economic growth rates and the domestic production rates, as well as provision of employment opportunities, promotion of exports, and boosting of competitiveness which contribute to achieving the comprehensive and sustainable development. Principles include: Equality of the investment opportunities; empowering the youth and small investors; consideration of social dimension, protection of the environment and the public health; freedom of competition; compliance with the principles of governance and transparency; providing investors with facilities to attain their lawful interests; maintaining the national security and the public good.
- II. **Safeguards introduced in the Law:**
 - 1- The New Investment Law introduces a new guarantee to investors of equal treatment with nationals.
 - 2- Preferential treatment may now be granted to foreign investors upon a Council of Ministers decision taking to consideration the requirement of the economic situation.
 - 3- Invested Funds shall not be governed by any arbitrary procedures or discriminatory decisions.
 - 4- Investment projects shall not be nationalized.
 - 5- No administrative authority may revoke or suspend the licenses issued for the investment project or take away the real estate properties allocated for the project before issuing a warning to the investor about the violations he is accused of, listening to his input, and giving him an adequate grace period.
 - 6- Foreign investors are guaranteed residence during the term of the project.
 - 7- Investors are guaranteed the right to transfer their profits abroad.
 - 8- Investors have the right to recruit 10% of foreign employees in their projects. In investment companies, this percentage may be now increased to 20%. In strategic projects, the regulator may authorize higher percentages of foreign labour.
 - 9- Foreign employees in investment companies will have the right to transfer their financial dues abroad.



III. Investment Incentives:

- 1- **General Incentives:** companies receive a 2% unified customs tax exemption of the value of imported equipment and machinery for the investment projects, stamp tax and registration fees exemptions on articles of association, mortgages and loan agreements. Exemption from stamp duty tax and registration fees will also apply on land contract notarization related to the investment. (contracts associated with their business for 5 years from the date of registration).
- 2- **Special Incentives:** The New Investment Law provides tax deductions - according to an investment map¹ - off the taxable net profits, in the following manner:
 - A 50% discount off the investment costs of Sector (A)
 - A 30% discount off the investment costs of Sector (B), for the following prioritized activities: projects which export outside Egypt, tourism projects upon a PM decision, national and strategic projects upon a PM decision, labor-intensive projects, small and medium enterprises (SMEs), electricity production and distribution projects, renewable energy, automotive assembly, wood and furniture, printing and packaging industries, manufacture of antibiotics, oncology pharmaceutical and cosmetic industries, food industries and agricultural crops and engineering, metallurgical, textile and leather industries.
- 3- **Additional Incentives:** The Council of Ministers may issue a decree providing additional incentives, awarded on a case-by case basis by the Head of GAFI². Additional incentives include subsidized utilities, allocating lands free of charge for some of the strategic activities, refund 50% of land price allocated to industrial projects and other incentives. The Executive Regulation will determine the rules and conditions of the additional incentives.

IV. Investment Regimes:

- 1- **Investment Map:** to be prepared by GAFI to determine zones and required investment projects as well as government owned land available for investors, which shall be reviewed at least every 3 years.
- 2- **Unified Approval:** companies incorporated to conduct strategic or national Projects that contribute in attaining the development or the partnership projects between the private sector and the State, investors who establish strategic and national projects relating to public utilities and infrastructure, new or renewable energy, roads, and ports, may be granted one approval for the establishment, operation, and management of the Project, including the building licenses and allocation of the real-estate properties required for the Project. Such approval shall be effective without the need for any other procedures.

¹ The New Investment Law divides the country into two sectors, which will be defined in the Executive Regulation. (Sector A), might include Upper Egypt and Suez and other areas, and (Sector B), which will be the rest of Egypt

² General Authority for Investment and Free Zones



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- 3- **Investors' Services Center:** investors to obtain all their licenses from GAFI and will not need to deal with any other authority.
- 4- **Approval Offices:** These will be licensed private sector service providers who will assist and represent the investor vis-a-vis the authorities. They are licensed and accredited by GAFI to examine the documents required from investors to obtain approvals, permits and licenses.
- 5- **Investment Zones:** These are specific geographical areas established by a Prime Minister allocated for carrying out specific activities, specialized in the various investment fields including logistic, agricultural, and industrial zones.
- 6- **Investment in the Technological Zones' Regime:** Upon a proposal by GAFI and request by the minister concerned with the communications and information technology affairs, the Prime Minister may license the establishment of Technological Zones in the field of communications and information technology. All the tools, supplies, and machinery required to conduct the licensed activity by projects established within such zones shall not be subject to the taxes and customs duties.
- 7- **Incorporation of Companies and Post-Incorporation Services:**
 - GAFI shall deliver the incorporation and post-incorporation services. The incorporation applicant shall pay, in the form of a lump sum, to GAFI all the fees prescribed by the legislation and other sums to other entities which provide the incorporation and post-incorporation related services. GAFI shall collect these fees for the account of other entities.
 - E-Incorporation: The Competent Authorities shall regularize their status to activate the electronic services, within 90 days from the date that the provisions of this Law enter into force. The Competent Authorities shall further accept the electronic signatures and the documents and forms drafted by the technological means, and accept electronic payment of all of their payments, in the manner indicated by the Implementing Regulations of this Law.
 - GAFI shall decide on the application for incorporation within one full business day maximum from the date of submitting a complete application.

V. Settlement of Investment Disputes

- 1- A ministerial committee entitled "Ministerial Committee on Investment Dispute Resolution" shall be established to look into the applications, complaints, or disputes submitted or referred thereto which would arise among the investors and the State or where one of the State's bodies, authorities, or companies are party to.
- 2- One or more committees shall be established in GAFI to examine the complaints filed against the resolutions issued in accordance with the provisions of this Law.
- 3- An independent arbitration and mediation centre entitled "The Egyptian Arbitration and Mediation Centre" shall be established and shall have the legal personality. The Centre shall pursue the settlement of the investment disputes which may arise among the investors, or among the investors and the State.