

Doing Business in Egypt



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Foreword

This publication is designed to provide information on major issues that foreign investors should consider when investing in or through Egypt.

Egypt has made remarkable economic progress over recent years. The Arab Monetary Fund (AMF) projects Egypt's economy will grow by 4.2% in 2025 and accelerate to 4.7% in 2026, supported by looser monetary restrictions and increased investment activity. In its Arab Economic Outlook Report 2025, the AMF said Egypt's transition in 2024 from a fixed exchange rate to a market-led regime had helped contain external imbalances and attract foreign direct investment. The AMF noted that Egypt benefits from a diversified export base and a strong services sector, while inflows from Gulf and Western support funds continue to bolster financial stability.

The currency of Egypt is the Egyptian pound (EGP). Following the flotation of the Egyptian pound in November 2016, the Central Bank of Egypt relaxed the restrictions and limitations on the transfer of foreign currencies.

PKF Rashed, Badr & Co. (PKF Egypt) is a member of the PKF Global network. One of Egypt's leading firms of accountants and business advisors, it was established in 1948 by Mr Fouad Rashed.

By leveraging the PKF Global network, we provide comprehensive services with a tailored approach to our clients of different sizes, including large international companies, small and medium enterprises (SMEs), IPO candidates, non-profit organisations and high net worth individuals, helping them in setting up their business and exploring opportunities in Egypt and all over the world.

We look forward to cooperating with you and supporting your business to grow and achieve success in the future.



Introduction

Geography and Climate

Egypt occupies 1,001,450 square kilometres of Northern Africa, bordering the Mediterranean and the Red Seas, Libya, the Gaza Strip, Israel and Sudan. The terrain is mostly vast desert plateau interrupted by the Nile valley and delta. 3% of the land is arable, and about 3.2% of the total land area is under irrigation. Agricultural land is currently being lost due to urbanisation and windblown sands, although some land is being reclaimed through irrigation. There are limited freshwater resources other than the Nile, which is the only perennial water resource in Egypt.

Egypt controls the Sinai Peninsula, which is the only land bridge between Africa and Asia. Additionally, it controls the Suez Canal, which is a sea canal linking the Indian Ocean with the Mediterranean Sea.

Egypt's natural resources include petroleum, natural gas, coal, iron ore, phosphates, manganese, limestone, gypsum, talc, lead and zinc.

The climate is hot and dry, with the temperature in Cairo during the mid-winter months ranging from 8°C to 18°C, rising to an average maximum temperature of 36°C in July, the hottest month. Even in the wettest months, particularly December, only an average of five millimetres of rainfall is recorded.

Population and Language

The population of Egypt is around 100 million, making it the most populous country in the Middle East.

Major cities include Cairo, the capital, Alexandria, Aswan, Asyut, Port Said, Suez and Ismailia. The overwhelming majority of Egypt's population lives in Cairo and Alexandria, and along the Nile banks, Nile delta and the Suez Canal. There are small communities through desert regions of Egypt, which are clustered around oases and historic trade and transportation routes. The population of those living in the rural areas of Egypt continues to decrease as people move to the cities in search of employment and higher living standards.

Arabic is the official and dominant language in Egypt. However, English and French are widely spoken and understood by the educated classes.

Religion

90% of the Egyptian population are Sunni Muslims, and the remaining are principally Christians (mostly Coptic Christians).

Infrastructure

Egypt's transportation system is relatively developed, with over 65,050 kilometres of primary and secondary roadways. Over recent years, the number of licensed automobiles has increased tremendously, leading to a highly congested road system, especially in urban areas.

The railway network (5,500 kilometres) is the oldest railway network in Africa and the Middle East and is

essentially focused on the Nile delta and valley, with lines fanning out from Cairo and stretching out from the south of the country to the north.

Cairo's underground metro system, established in 1987, is one of the busiest in the world, and is run by the National Authority for Tunnels.

The country has 3,500 kilometres of waterways, including the Nile River, Lake Nasser, the Alexandria-Cairo waterway and numerous other smaller canals in the Nile delta. In addition, the Suez Canal (193.5 kilometres), the major waterway of international commerce and navigation, linking the Mediterranean Sea with the Gulf of Suez and the Red Sea, is navigable by ocean-going vessels with a draught of up to 20 metres.

The principal ports in Egypt are Alexandria and Port Said. Other important ports include Damietta, El Dekheila, Sidi Kurayr, Ayn Sukhnah and Suez.

Egypt has a network of 27 airports, which includes a variety of international, domestic and military facilities. Major international gateways like Cairo International Airport serve as critical hubs for both passenger travel and air cargo, connecting Egypt to the rest of the world.

Electricity is supplied almost all over the country. 84% of Egypt's electricity generating capacity is thermal (natural gas), while about 16% of the total energy generated in Egypt is hydroelectric, mostly generated from the Aswan High Dam. However, due to the annual population growth rate of 2.1%, there is an ever-increasing demand for energy resources. Plans to build power plants and to undergo limited privatisation of the electric power sector are currently being considered.

While water supply infrastructure has substantially improved since 1990, with piped water supply increasing from 89% to 99% in urban areas and from 39% to 82% in rural areas, only one-third of the population is connected to sanitary sewers. Issues of water scarcity and quality pose urgent problems to modern and future water resource management in Egypt.

Telecommunication services in Egypt have been extensively upgraded and are considered relatively modern. Main-line telephone services are provided by government-controlled Telecom Egypt.

There are four main mobile cellular service providers, Orange, Vodafone Egypt, WE and Etisalat Egypt.

New Administrative Capital

New Administrative Capital (NAC) is located on the outskirts of Cairo and is being built with the intent of serving as the country's capital.

The project was announced in 2015 by President Abdel Fattah al-Sisi, with construction beginning the following year. Among the goals of the project is to relieve congestion and pollution in Cairo, whose metropolitan area was approaching a population of 20 million by the mid-2010s. The location of the NAC is about 30 miles (45km) from downtown Cairo and 40 miles (60km) from the Suez Canal. The plan includes a new presidential palace, a new parliament building and space dedicated for foreign embassies, as well as new buildings for various government administrations. In addition to the government districts, the plan includes districts for business and finance, arts and culture, and future investment projects. An elongated park, dubbed 'the Green River', when complete will snake through the centre of the city and be twice the size of New York City's Central Park.

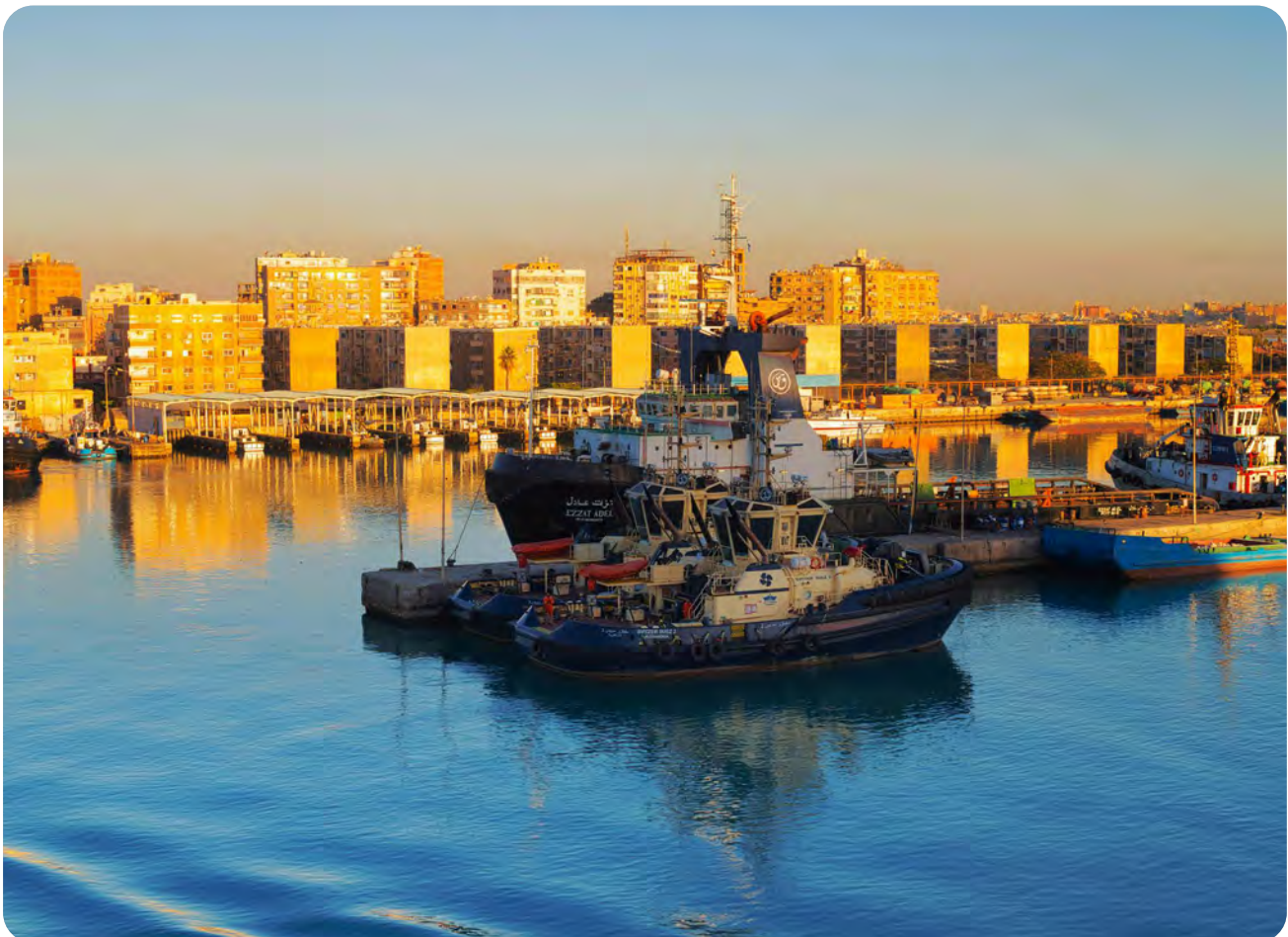
The NAC's buildings are some of the most grandiose in the world, dwarfing many others on the African continent and in the Middle East. It is set to include a bevy of massive skyscrapers, the tallest of which will be the Iconic Tower, which will stand about 1,300 feet (400 metres). One of the largest mosques on the continent, the Egypt Grand Mosque (inaugurated in 2023), and the largest cathedral in the Middle East, the Cathedral of the Nativity of Christ (inaugurated in 2019), were also built in the NAC. Plans for a new headquarters for Egypt's Ministry of Defence, dubbed 'the Octagon', are particularly ambitious, rivalling the size of the Pentagon in the United States.

Despite repeated delays in the city's formal inauguration, government operations began relocating to offices in the NAC in 2022. Citing the high cost of living in the new city, most employees opted to commute from Cairo (many using the Light Rail Transit (LRT) system that became operational in July 2022) or other nearby cities.

Suez Canal Economic Zone ('SCZONE')

The 455 square kilometre zone is governed by the General Authority for the Suez Canal Economic Zone, an autonomous body with executive/regulative powers. The authority is entitled to approve decrees, propose additional incentives and oversee all areas of operation, staffing, control over budget, funding, developing partnerships and providing business facilitation services.

SCZONE offers an investor-friendly business environment that will be a cornerstone for national development plans. The conducive business environment provided by SCZONE not only supports new businesses, but also supports existing investors to grow and expand, eventually creating job opportunities and boosting economic development.



Forms of Business Structures

There are five types of legal forms for businesses in Egypt:

- joint stock company;
- limited liability company (LLC);
- representative office;
- branch; and
- sole shareholder company.

For foreign investors, the most common form is the LLC as it provides limited liability and there is no minimum level of issued share capital.

Other factors to consider when determining the most suitable form of business to use are the purpose of the entity, the number of partners and the amount of capital to be invested.

Joint Stock Company

Generally, there are no restrictions on the activities a joint stock company (JSC) can undertake.

A JSC may be 100% owned by foreign investors. However, for a JSC to import goods for the purpose of trading in Egypt, it must be at least 51% owned by Egyptians, with at least one Egyptian manager responsible for imports.

There should be at least three shareholders and three members on the board of directors. The board members can be individuals or corporates, though corporate members must have at least one individual representative.

The minimum capital of a JSC is EGP 250,000 or its equivalent in foreign currency, where 10% of such capital ('issued capital') is paid upon incorporation, increasing to 25% within three months of the date of registering the company in the commercial register ('paid-up capital'), with the remaining amount paid no later than five years from the date of registering the company in the commercial register. It should be noted that certain activities may require a higher minimum capital, for example, JSCs involved in import activities require a minimum capital of EGP 5 million.

JSCs can be registered in the Egyptian Stock Exchange.

Establishing a JSC takes approximately three to four weeks from the date of submitting all the required documents to the General Authority for Investment and Free Zones ('GAFI').

Limited Liability Company

An LLC is permitted to engage in all business activities, except activities relating to banking, insurance, saving, receipt or investment of funds for the benefit of third parties, or any other activity explicitly restricted by law.

An LLC may be 100% owned by foreign investors. However, for an LLC to import goods for the purpose of trading in Egypt, it must be at least 51% owned by Egyptians, with at least one Egyptian manager responsible for imports.

There should be at least two partners in an LLC.

There are no nationality or residence restrictions regarding other managers.

Representative Office

The activities of a representative office (RO) are limited to conducting market studies without practising any type of commercial activity.

There are no partners required, but a manager should be appointed by the head office abroad to perform the administrative work in line with the responsibilities determined by the head office. This manager can be Egyptian or a foreigner.

RO Compliance Requirements

- An RO in Egypt must submit a report to GAFI at the beginning of each year. The report should include detailed information on all its employees, its market studies, any decisions made from the parent company in that regard and details of the market studies performed to date, together with a time frame for completing the remaining part of the studies.
- The parent company of an RO has to take a decision to establish a legal entity in Egypt (a company or a branch) within three years of the date of its registration.
- An RO will be granted a registration certificate from the date of its registration for a period of up to one year. This certificate is renewed annually subject to the RO's compliance with applicable laws and regulations.

Branch

A foreign company can also operate in Egypt by establishing a branch. The purpose of a branch is limited to implementing a specific contract in Egypt.

- No partners are required. However, the head office appoints a manager who is entitled to perform the administrative work in line with the responsibilities determined by the head office. The manager may be Egyptian or a foreigner.
- There are no capital requirements, except for the deposit of an amount in US dollars equivalent to at least EGP 5,000.
- The establishment of a branch can be challenging, and it may take approximately six to seven weeks from the date of submitting all the required documents to GAFI.

Sole Proprietor Company

Sole proprietor companies (SPCs) are very similar to LLCs.

- SPCs are established with one partner, who may be a juridical or natural person.
- The partner may be Egyptian or non-Egyptian. However, certain activities may only be carried out where an SPC is 100% Egyptian-owned.
- The minimum capital of an SPC is EGP 1,000. The SPC capital must be paid in full upon incorporation.
- The day-to-day management of an SPC may be vested in one or more managers. The SPC manager(s) could be foreign or Egyptian unless the activity of the SPC requires an Egyptian national.

Process for Establishment

Set out below are the main steps for incorporating a new company in Egypt (i.e. JSC, LLC, SPC):

- Obtain a certificate of 'non-confusion' from the Commercial Registry certifying that the chosen name of the company under formation does not conflict with the name of any other registered company.
- Prepare and review the new company's draft articles of association from GAFI.
- Open a bank account in the name of the new company.
- Apply for security clearance approval for any non-Egyptian founders/shareholders and board members/managers.
- Authenticate and notarise the articles of association.
- Issue the commercial register and tax card.

As evidenced above and in conjunction with the standard incorporation process, please note that each form of business has its own prerequisites.



Summary

Form of business	Structure of partners / shareholders	Nationality requirements	Minimum capital	Management
Joint stock company	Three shareholders	Can be fully owned by foreign investors, except for certain activities that require a percentage of Egyptian ownership.	<p>EGP 250,000, where 10% of such capital ('issued capital') is paid upon incorporation, increasing to 25% within three months of the date of registering the company in the commercial register ('paid-up capital'), with the remaining amount paid no later than five years from the date of registering the company in the commercial register.</p> <p>Certain activities may require a higher minimum capital, for example, JSCs involved in import activities require a minimum capital of EGP 5 million.</p>	<p>Three members on the board of directors (juridical or natural persons).</p> <p>In general, there are no restrictions on the nationality of board members (although where a JSC is involved, for example, in commercial agency or importing goods for trading, restrictions apply).</p>
Limited liability company	Two quota holders (partners)	Can be fully owned by foreign investors, except for certain activities that require a percentage of Egyptian ownership.	Generally, there is no minimum capital requirement, except for certain activities, such as importing goods for trading.	<p>One or more managers.</p> <p>In general, there are no restrictions on the nationality of managers. However, for certain activities (e.g. imports and exports), at least one Egyptian manager is required.</p>

Form of business	Structure of partners / shareholders	Nationality requirements	Minimum capital	Management
Branch	A foreign company can operate in Egypt by establishing a branch. The purpose of the branch is limited to implementing a specific contract in Egypt.		EGP 5,000	A branch is managed by one or more managers who are responsible for its daily operation. Their authorised powers are conferred by the parent company.
Sole proprietor company	One partner	The partner may be Egyptian or non-Egyptian. However, certain activities may only be carried out where an SPC is 100% Egyptian-owned.	EGP 1,000	The day-to-day management of an SPC may be vested in one or more managers. The SPC manager(s) could be foreign or Egyptian unless the activity of the SPC requires an Egyptian national.



Taxation

Corporate Income Tax

Corporate income tax is imposed on a company's annual taxable net profit. The taxable net profit is determined based on the net profit shown in the audited financial reports after making certain adjustments based on income tax law.

Taxpayers are required to file an annual corporate income tax return which should be signed by a local external tax advisor. A tax return under Egyptian tax law is a self-assessment. Accordingly, any understatement of tax liabilities in the tax return will result in the imposition of penalties.

The corporate income tax rate is 22.5% on net taxable income.

Tax losses can be carried forward for a maximum of five subsequent years.

Salary Tax

Under Egyptian tax law, it is the employer's responsibility to withhold salary tax due in respect of each employee and remit the tax to the Egyptian Tax Authority (ETA) on a monthly basis within 15 days of the month of payment.

Non-resident employees are subject to the same salary tax rules; however, if they are resident in a country which has concluded a double tax treaty with Egypt, then tax treaty provisions should take precedence.

Withholding Tax on Domestic Transactions

Withholding tax applies to payments in excess of EGP 300.

The rates are 2% on services, 0.5% on supplies and contracting activities and 5% on commissions and brokerage fees.

Entities which are required to withhold tax under the existing tax law must apply the rules above and file a quarterly withholding tax return within one month of the end of each quarter, remitting the tax along with the tax return.

Withholding Tax on Cross-Border Transactions

A withholding tax of 20% is imposed on the payment of royalties, interest and service fees made to overseas parties by resident sole proprietorships, partnerships and companies.

Double tax treaty provisions can be applied if applicable. The treaty country resident recipient may apply for a tax refund for the difference between 20% and the treaty rate from the ETA after providing certain documents and following certain procedures.

Stamp Tax

Stamp tax law classifies stamp taxes into physical and proportional taxes. Physical stamp taxes are imposed on a variety of documents, such as contracts. Proportional stamp taxes are imposed on the value of certain transactions, for example advertisements, at a tax rate of 20%.

Value Added Tax (VAT)

On 7 September 2016 the Egyptian government implemented a fully fledged VAT scheme which replaced the general sales tax regime previously in place.

The law became effective from 8 September 2016.

What is VAT?

VAT is levied at each stage of the supply chain, from raw materials to the end product that is utilised by the consumer. As the goods move up through the supply chain, the tax is charged incrementally by every business that uses the material or product.

VAT is applicable to services as well as goods, i.e. hotel stays, restaurant meals, legal advice and the like.

Tax Rates

A standard VAT rate of 14% applies to most goods and services.

Machinery and equipment used in producing taxable or non-taxable goods or rendering services are subject to a 5% VAT.

Exported goods and services are subject to 0% VAT.

Certain products are subject to different rates/amounts per unit (excise tax), and certain products and services are subject to both excise tax and VAT.

Property Tax

Property tax is imposed on all buildings in Egypt. The tax is borne by the owner, whether a natural person or a corporate body.

The tax rate is 10% on the annual rental value of the taxable building after the deduction of a 32% allowance for maintenance (30% for residential units).

The tax is collected in two equal instalments (at the end of June and the end of December each year).

Taxpayers are required to file a tax return and failure to do so will result in the taxpayer paying a penalty.

Transfer Pricing

Egypt has had transfer pricing regulations in place since the issuance of income tax law 91/2005. In 2010, transfer pricing guidelines were issued and have since been updated by new guidelines in 2018. These guidelines serve as the basis for the Egyptian Tax Authority (ETA) to assess the arm's-length nature of financial or controlled commercial transactions between associated enterprises. Such transactions may include, but are not limited to, the exchange of commodities or services, group cost allocation, royalties, interest and other financial or commercial activities.

Failure to comply with the new transfer pricing guidelines is not permitted unless specifically requested by the taxpayer and approved by the head of the ETA.

PKF Egypt has a highly qualified team available to assist with the preparation of the three-tiered transfer pricing documentation required by the ETA in accordance with the transfer pricing guidelines. Below is a brief overview of each requirement.

Master File

The master file is a document that offers a comprehensive view of the business of the group of global associated enterprises (GAE). It should contain details about the nature of its global business operations, transfer pricing policies and global allocation of income and economic activity. This information is essential to provide a high-level overview of the GAE's transfer pricing practices and to offer relevant global economic, legal and financial context. Failure to include such information in the master file could impact the reliability of the transfer pricing outcomes. The master file must be submitted to the ETA before or by the due date of filing the parent entity's tax return.

Local File

The local file serves the purpose of providing comprehensive details pertaining to the regulated transactions of a local taxpayer and must comprise additional information beyond what is present in the master file. This additional information should encompass an in-depth functional analysis, financial data concerning those particular transactions, the identification and utilisation of the most suitable transfer pricing technique and a comparability analysis.

It is mandatory to prepare local files on an individual entity basis rather than a group basis.

The local file must be submitted to the ETA within two months of the deadline for filing the annual tax return.

The Country-by-Country Report (CbCR)

The CbCR requires jurisdiction-wide information regarding the GAE's global allocation of income, taxes paid and the location of key economic activity where the GAE group operates. As part of this CbCR, GAEs are also required to report the number of employees, stated capital, retained earnings and tangible assets in each tax jurisdiction.

Finally, GAEs should identify each entity within the group doing business in a particular tax jurisdiction,

and provide an indication of the business activities each entity engages in. It also requires a listing of all constituent entities for which financial information is reported, as well as their main business activities.

For Egyptian tax and transfer pricing purposes, a CbCR will be required for Egyptian-parented GAEs if the parent company is tax resident in Egypt and has annual consolidated group revenue equal to or exceeding EGP 3 billion. In such cases, a CbCR will be required only if the Egyptian-parented GAE has one or more foreign subsidiaries.

In contrast, for taxpayers resident in Egypt which are subsidiaries of foreign-parented GAEs, a CbCR should be filed in the jurisdiction of tax residence of the ultimate parent entity subject to the OECD threshold.

As such, only Egyptian-parented GAEs, i.e. Egyptian parent companies, will be required to file a CbCR with the ETA.

CbCRs will be shared between the relevant tax administrations through automatic exchange of information, pursuant to government-to-government mechanisms.

The due date for submitting the CbCR is 12 months from the end of the reporting fiscal year.



Social Insurance

There are two types of social insurance under social insurance law.

a) Standard Social Insurance

Legal entities active in Egypt should register for social insurance with the competent social insurance office.

Social insurance on employees' salaries is imposed on the employee as well as on the employer. The employer's share of social insurance is 26% of the basic salary and 24% of the variable salary, while the employee's share of social insurance is 14% of the basic salary and 11% of the variable salary.

The employer is obliged to remit these monthly contributions to the competent social insurance office before the 15th of the following month to avoid arrears interest of approximately 1% per month.

b) Contracting Social Insurance

Contractors working in Egypt should notify the National Organisation for Social Insurance (NOSI) of their contracts and pay the related social insurance contributions due on these contracts.

The contributions due will be determined according to the total value of the contract and the nature of work. Rates are specified for most types of work.



Labour Law

Employment Contracts

Employment contracts are required to be in writing, with three copies maintained in Arabic. The employer, employee and social insurance office each keep one copy of the employment contract, which must include certain information as specified in the Labour Law.

An employment contract should include:

- name of the company and the employer (or their representative) and the address of the workplace;
- name and personal details of the employee (name, address, date of birth, place of birth, ID, qualifications);
- compensation (salary, bonuses, annual raises, benefits);
- duration of the contract and its renewal regulations;
- details of working hours, days off and leave;
- confidentiality agreements and code of ethics, if any; and
- process for termination of the contract.

Probation Period

If an employee is hired on probation, the employment contract should indicate the probationary period, which cannot exceed three months. An employee cannot be appointed under probation more than once by the same employer.

Types of Employment Contract

1. An indefinite employment contract is a contract which is not restricted to a limited period and does not have an expiration date (i.e. the contract only includes the start date).

If the period of a definite employment contract (see below) expires and the company does not renew or terminate it before its end date, the contract automatically becomes an indefinite contract (with no end date). This applies to Egyptian employees.

2. A definite employment contract is a contract which is issued for a definite period of time, has a start and an end date and will be terminated by a prescribed date, although it may be renewed by express agreement between the two parties for one or more other periods by way of a new definite period contract according to article no. 106 of Labour Law No. 12 for year 2003.

Working Hours

Under the Egyptian Labour Law, employees should not work more than eight hours a day or 48 hours over a six-day working week.

It is common practice for private sector employees to work five days a week, usually from Sunday to Thursday. The number of working hours may be increased to nine hours a day, including a one-hour break.

Annual Leave

An employee is entitled to minimum annual paid leave of 21 days for every full year of service and a proportional amount if the period of service is less than one year (employees are eligible after six months of employment). This annual leave is increased to 30 days after the employee has worked for 10 consecutive years or if they are over 50 years old.

Public Leave

In addition, every employee is entitled to full pay for bank holidays designated by the Ministry of Manpower and Immigration, not to exceed 14 days a year.

If employees are required to work during bank holidays, they are entitled to overtime (paid at twice the normal rate). Weekly days off and bank holidays are not counted as part of annual leave.

An employer is not entitled to terminate an employee's service due to sickness, unless the employee is absent due to sickness for more than 180 days in a year. After the employee utilises all their sick leave entitlement, a governmental medical committee should evaluate the employee's ability to work. The committee takes the final decision relating to the employee's ability to work or not.

Maternity and Childcare Leave

Female employees are entitled to 120 days of maternity leave on full pay. This period of leave may begin prior to the birth of the child. Maternity leave may be taken up to a maximum of three times.

During the 24 months following the date of childbirth, a female employee has the right to be excused from work for one hour per day for feeding the child.

Social Security System and Public Health Insurance

Social security is a public programme designed to protect individuals and their families and includes provision for old age, disability and death, workplace injury, medical insurance, end of service bonus and unemployment.

Basic – 26% and 14% for employers and employees respectively up to a maximum of EGP 1,510.

Variable – 24% and 11% for employers and employees respectively up to a maximum of EGP 4,040.

All private sector companies in Egypt are required to provide free healthcare for their Egyptian employees either through the Ministry of Social Solidarity (MoSS) medical insurance plan (government medical insurance) or privately. They are also required to contribute to the pension insurance fund of the MoSS.

When an employer registers an employee under the government social security system, a monthly pension contribution is paid every month to the competent social insurance office, whereby the employee will be entitled to a certain pension upon retirement or disability. No other fund contribution is mandatory.

Contractual Social Security System

This system applies to all companies which, by their nature, are most likely using seasonal and temporary workers who are usually not socially insured in carrying out certain assignments.

Such workers should be registered with the competent contractual social insurance office. The employer is responsible for withholding social insurance at a rate of 18% from the salaries of such workers and remitting it to the relevant social insurance office.

Annual Increment

Employees are entitled to a periodical annual increment of not less than 7% of the basic social insurance salary. The minimum mandatory annual increase is currently EGP 105.70.

Overtime Pay

Minimum overtime premiums are 35% of normal pay for overtime performed during daylight, 70% for overtime performed at night, 100% on weekends and 200% on bank holidays.

Bonuses

There is no obligation to pay annual bonuses.

Minimum Wage

The minimum wage is around EGP 2,700 per month.

Recruitment Resources

When seeking to recruit in Egypt, employers may target new graduates who are looking for work and who are typically readily available. Alternatively, employers may recruit individuals who are already employed but who are hoping to move to a more lucrative role.

Foreign companies usually use professional firms to undertake a market survey and ensure the terms of any employment contract are competitive and attractive to prospective employees.



Commonly used methods for recruitment include:

- newspaper/web advertisements;
- selecting CVs through professional sites;
- using external recruitment agencies; and
- internal referrals.

Unions

Professional syndicate unions represent workers' labour rights in the private sector and negotiate with the government in different areas, including:

- annual salary increases;
- special salary increases;
- minimum level of wages; and
- labour disputes between employers and employees.

Termination of Employment

During Probation Period

The probation period should not exceed three months and an employee cannot be appointed under probation more than once for the same employer.

If an employee proves to be unsuitable for the job during the probation period, the employer can cancel the contract during this period.

Dismissal under 'Definite' Employment Contract

An employer has the right to terminate a definite employment contract upon its expiry without having to pay any indemnity to the employee. If an employee is dismissed within the period of the contract, they will be entitled to compensation equal to the equivalent salary of the remaining period of their signed contract.

For example, if a contract is issued for one year and the employer decides to terminate employment after eight months, the remaining four months' salary stipulated in the contract must be paid to the employee.

Dismissal under 'Indefinite' Employment Contract

Where a contract is indefinite, either party may terminate it at any time, taking into consideration the required notice period and providing the reasons for termination.

Workers may only be dismissed due to certain reasons, as prescribed by the provisions of article no. 69 of the Labour Law.

An employee is entitled to 60 days' notice for dismissal if their period of service does not exceed 10 years, and 90 days' notice if that period exceeds 10 years. If an employer dismisses an employee without the requisite notice, the employee is entitled to two or three months' salary payment in lieu of notice. In cases

of unjustified dismissal, the courts tend to award payments no lower than two months' salary for each year of employment.

Legal Termination

Grounds for legal termination without notice include the expiry of a definite employment contract, retirement, resignation, death or the incapacity of the employee to perform the relevant job based on a report from the relevant governmental committee and authorities. In all circumstances, termination of employment by the company should be compliant with Egyptian Labour Law and its penal regulations.

Legal Obligations

Other legal obligations must be considered, including the legal annual increase and profit share.

Under the profit share, employees of a joint stock company, limited liability company or branch are entitled to a share in the distributable profits. Such entities must allocate at least 10% of their distributable profits to their employees. This allocation is capped at an amount not exceeding the total annual wages paid within the company. However, limited liability companies with capital of less than EGP 250,000 are not subject to this distribution of profit share.

Customary Benefits

Benefits that are paid to employees vary from one company to another, but typically include the following:

- bonus or performance-related pay;
- allowances;
- profit share;
- private medical insurance;
- tuition reimbursement;
- fellowship fund; and
- stock options.

Foreign Employees

As a general rule, any foreign employee working in Egypt, whether on a long or short-term basis, should obtain a work permit. An Egyptian legal entity must sponsor the foreign employee and respect the ratio prescribed by law, which is 10 Egyptian employees for every foreign employee.

The foreigner's qualifications and expertise must be adequate for the position and they must have an experience certificate for the most recent three years in the same profession.

The employer must demonstrate that there is no suitable Egyptian candidate and that there is an economic need for the foreign expertise.

Two Egyptian assistants must be hired for each foreign employee.

E-Invoicing System in Egypt

The Egyptian government's digital transformation efforts have led to the implementation of an e-invoicing system, following the introduction of e-filing. Decree no. 188 of 2020 was released by the Ministry of Finance to introduce this new system.

In order to comply with ministerial decree no. 1206 of 2021, all governmental bodies were required to stop accepting paper invoices from suppliers from 1 October 2021. Companies dealing with any governmental body had to adopt the e-invoicing system before this date.

From 1 April 2023, electronic invoices have been the only accepted proof of costs or expenses when submitting tax returns for income tax purposes. Also, for deducting or refunding VAT, only electronic invoices are now accepted.



Appendix

Useful Links and Reference Websites

General Authority for the Suez Canal Economic Zone	https://sczone.eg
General Authority for Investment and Free Zones	https://www.gafi.gov.eg/English/Pages/default.aspx
Egyptian Tax Authority	https://www.eta.gov.eg/en/home
National Organisation for Social Insurance	https://www.nosi.gov.eg/ar/Pages/HomePage/Home.aspx
Ministry of Manpower and Immigration	https://www.manpower.gov.eg/index-e.html
Ministry of Social Solidarity (MoSS)	https://www.moss.gov.eg/ar-eg/Pages/default.aspx
Ministry of Labour	https://www.labour.gov.eg/en/قراؤول-ن-ع/
Ministry of Finance	https://mof.gov.eg/en





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