

Decree no. 1247 of 2004 by the Prime Minister
On the Executive Regulation
Of the Investment Guarantees and Incentives Law
Issued by Law No.8 of 1997

The Prime Minister having reviewed the Constitution ;

Civil Code;

Maritime Trade Law;

Law no. 68 of 1947 on Authentication;

Law no. 84 of 1949 on Registration of Commercial Vessels;

Law No. 308 of 1955 on Administrative Attachment;

Law No. 113 of 1958 on the Appointment in Joint Stock Companies and Public Institutions;

Law No. 173 of 1985 on the Condition for Obtaining a Work Permit Before Joining Foreign Bodies.

Law No.89 of 1960 on the Entry and Residence of Aliens in the territory of the Arab Republic of Egypt and the Departure therefrom;

Customs Law promulgated by Law no. 66 of 1963;

Law No.12 of 1964 on the Establishment of the Egyptian Corporation for Maritime Transport;

Law No.70 of 1964 on Authentication and Legalization Fees;

Law No. 3 of 1966 on Agriculture;

Law No. 84 of 1968 on Public Roads;

Law No.1 of 1973 on Hotels and Touristic Facilities;

Law No. 2 of 1973 on the Supervision of the Ministry of Tourism on Tourist Zones and Exploitation thereof;

Law No. 73 of 1973 on Determining Conditions and Procedures for electing Labour's Representatives on Board of Directors of Public Sector Units, Joint Stock Companies, Societies and Private Establishments;

Social Insurance Law No. 79 of 1975;

Law No. 118 of 1975 on Import and Export;

Law No. 12 of 1976 on Commercial Registry;

Law No. 34 of 1976 on Commercial Registry;

Law No. 43 of 1979 on Local Administration System;

Law No.59 of 1979 on the Establishment of New Urban Communities;

Law No.128 of 1981 on Civil Aviation;

Law No. 143 of 1981 on Desert Land;

Income Tax Law No. 157 of 1981;

Law No. 159 of 1981 on Joint Stock Companies, Partnerships and Limited Liability Companies;

Law No. 186 of 1986 on Custom Exemptions;

Law No.230 of 1989 on Investment;

Law No. 7 of 1991 on certain provisions related to the State properties;

Law No. 11 of 1991 on General Sales Tax;

Law No. 95 of 1992 on Capital Market;

Law No.95 of 1995 on Financial Lease;

Law No. 5 of 1996 on Rules on Free Disposal of Desert Lands owned by the State or Public Juridical Persons or leasing thereof against nominal rent for establishing or expanding investment projects thereon;

Law No. 230 of 1996 on certain provisions regulating work of Egyptians before foreign quarters;

Law no.3 of 1997 on granting Public Facility Concession to establish, run and exploit airports and landing grounds;

Law No. 8 of 1997 on Investment Guarantees and Incentives;

Labour Law No.12 of 2003;

Law No.88 of 2003 promulgating Law on Central Bank and Banking And Monetary System;

Law No.13 of 2004 promulgating Law on Simplifying Investment Procedures;

Presidential Decree No. 84 of 1979 on dividing Sinai into two governorates;

Presidential Decree No. 304 of 1989;

Presidential Decree No. 40 of 1991 on the establishment of Social Fund for Development;

Presidential Decree No. 284 of 1997 on the establishment of the General Authority For Investment and Free Zones;

And Decree No. 2108 of 1997 by the Prime Minister issuing the executive regulation of the Law No.8 of 1997 on Investment Guarantees and Incentives Law;

Article (1)

The Executive Regulation of the Investment Guarantees and Incentives Law issued by Law no.8 of 1997 and its amendments attached to this decree shall be applied.

Article (2)

The Prime Minister's Decree no.2108 of 1997 pertaining the Executive Regulation of the Law no.8 of 1997 on Investment Guarantees and Incentives, its amendments and any provision contradicting to the provisions of this regulation shall be repealed.

Article (3)

This Decree shall be published in Al-Waqia' Al-Masria and shall take effect the day following the date of its publishing.

Issued at the Cabinet on Gamad Al-Awal 18, 1425 A.H. corresponding to July 6, 2004 A.D.

Dr. Atef Ebeid

Prime Minister

The Executive Regulation of the Investment Guarantees

And Incentives Law

Decided

(PART ONE)

Conditions and Limits of Investment fields

Article 1¹

Undertaking the activity in the fields prescribed in Article (1) of the Investment Guarantees and Incentives Law referred to by internal investment system shall be subject to the conditions and limits explained hereunder:

First: Reclamation and Cultivation

Of Lands and Animal, Poultry and Fish Production

(1) Reclamation and cultivation of barren and desert land or one of them:

- A) Reclaiming and furnishing lands with basic facilities that make them cultivable;
- B) Cultivating reclaimed lands;

On condition, in these two cases, that the lands are appropriated for reclamation and cultivation purposes and modern irrigation methods and not irrigation by immersion are used.

(2) Animal, Poultry and Fish Production:

- A) Breeding all kinds of animals, whether for producing strains or dairy or for fattening or meat.
- B) Breeding all kinds of poultry and birds, whether for strains production, hatchery, egg production, fattening or meat.
- C) Establishment of fish farms and fishing.
- D) Horse breeding.

(3) Plant and Animal Genetic Engineering

¹Modified by article (1) of the Prime Minister's decree no. 162 of 2007.

Second: Industry and Industrial Zone Development

1) Industry and Mining:

(A) Industrial activities as engaged in transforming substances and raw materials, and changing their shape by blending, mixing, processing, shaping or packaging them, as well as assembling and installing parts and components to produce intermediary or final products, including refining oil, separating and processing oil derivatives and products and excluding tobacco, Persian tobacco, mild-tasted tobacco, snuff , alcoholic drinks and wines of all kinds.

(B) Designing or manufacturing industrial machinery and equipment, and production lines, and implementation management or reconstruction of plants. It includes:

- Works of engineering designs of, production lines and plants.
- Preparing forms and templates for machinery and products and manufacturing and promoting thereof.
- Producing equipment and production lines.
- Works of implementation management of industrial projects, service projects and facilities with their various activities and technical and administrative reconstruction of plants.

(C) Comprehensive activity of cinema production that brings together the establishment or leasing of cinema production studios and laboratories and cinema houses and the operation thereof, including shooting, development, printing, producing, showing and distribution. Exercising this activity is conditional on being effected by a joint stock company or a big establishment, the capital invested in either of them should not be less than two hundred million pounds.

(D) Activities related to exploration, extraction, cutting and preparation of mining ores and metals and making any industrial process thereon, but it does not include sand and pebbles quarries.

2- Integrated industrial development for industrial zones or completion of development, marketing, or management of industrial zones established by virtue of the Prime Minister's decree. It includes the following:

- (A) Preparing economic and planning studies for the industrial zone;
- (B) Preparing economic, engineering and technological studies for projects;
- (C) Establishing the internal infrastructure and sources of external infrastructure for the industrial zones.

(D) Marketing and promoting the industrial zone's lands to attract capitals and industrial projects to the industrial zone;

(E) Establishing plants buildings in the industrial zones and delivered them ready made to the projects;

(F) Managing the industrial zones, maintaining the facilities and establishments and providing security and guarding services therein.

These activities may be undertaken collectively or separately.

Third: Tourism Investment

1- Hotels, Yacht Safari, Motels, Hotel Apartments, Tourist Villages and Camps, and Tourist Transportation

(A) Stationary and floating hotels, yacht safari, motels, hotel apartments and suites, tourist villages, and their complementary or related activities in terms of service, entertainment, sport, commerce and culture and completing and expanding their respective establishments. Hotels, motels, hotel apartments and suites and tourist villages shall enjoy investment guarantees and incentives provided that they are not less than three-star class and the total area of sold units thereof does not exceed the half total areas built of the project residential capacity.

(B) Tourist camps on condition that they are not less than three-star class. Tourist projects established in the New Valley governorate and in the promising areas outside the old valley, being determined by a decree issued by the Prime Minister, shall be exempted from the three-star class condition mentioned in items (A) & (B) above.

(C) All land, Nile, sea or air means of tourist transport.

(D) Integrated tourism development.

This activity shall enjoy the investment guarantees and incentives on condition that it meets the following controls:

- 1- This activity shall be exercised by an Egyptian stock company, whose paid capital is not less than 50 million Egyptian pounds, covering the value of the land appropriated to the company, the establishment cost of the land infrastructure and the cost of the pioneering project.
- 2- The land area that the General Authority for Tourist Development agrees in principle to be appropriated to the company for integrated tourism development purposes must not be less than 500 thousands m².
- 3- The company shall divide and sell its appropriated land and determine its usufruct only after furnishing it with the infrastructure facilities and establishing the pioneer project.
- 4- The companies established for integrated development shall be granted one approval for the establishment and operation of its all projects. Each project shall enjoy the investment guarantees and incentives from the date of commencement of the activity determined according to the provisions of Investment Guarantees and Incentives Law.

2- Tourism management and marketing of hotels, motels, hotel apartments and tourist villages.

3- Establishing, running and managing Nile berths that have full services being necessary for their tourist operation and security. These projects shall enjoy the investment guarantees and incentives on condition that they preserve the river environment from pollution and fire risks in the sites identified and approved by the competent authorities and subject to the conditions issued thereby and the absorptive capacity of each project should not be less than 24 floating hotels .

4- Establishing and running of maritime yachts, golf clubs, diving centers and their complementary or related activities.

5- Antiquities and museum projects that contribute in spreading archeological culture, in cooperation with national and foreign authorities. They include manufacturing of models, paintings, designs and managing antiquities and museum projects, subject to the conditions and controls agreed upon between the Ministry of Culture and the Authority.

Fourth: Different Types of Transport

1- Refrigerated transport of goods, refrigerators for storing crops, manufactured products and foodstuffs, container stations and grain silos:

(A) Refrigerated or frozen transport of goods, refrigerators and stations for preserving, and refrigerating or freezing the crops, manufactured products and foodstuffs.

(B) Workstations and container handling.

(C) Grain preservation and storage silos.

(The afore-mentioned includes all shipping and unloading related works being necessary for exercising the activity).

2- Air transport and its directly related services:

(A) Passengers and goods air transport, whether on regular or casual basis, subject to the rules applicable before the competent authorities.

(B) Establishment, preparation, operation, management, maintenance and exploitation of airports and its landing pads or parts thereof; and operation, management, maintenance and exploitation of the existing airports and landing pads; and the other activities being directly related to the air transport such as maintenance, repairing, catering and training, subject to the rules applicable before the competent authorities.

3- Overseas Maritime Transport. It includes:

Transportation of materials, goods and passengers outside the territorial waters by using ships and various maritime means of transport, such as carriers, vessels and ferries.

4- Mass Transit inside, from and to cities and urban communities:

This activity shall enjoy the investment guarantees and incentives on condition that it fulfills the following controls:

- Minimum transport capacity is not less than 300 seats per project.
- The vehicles being used are new and not previously licensed nor used.
- The vehicles are running on natural gas as a basic condition, and diesel vehicles shall not be imported for this purpose.
- Availability of garages and maintenance workshops for the companies inside the new cities.

- The place where the activity is exercised shall be inside the new urban community.
- Companies shall be committed to identify route lines and times for their vehicles and they should be approved by the traffic department.
- Route guidance signs should be put in front of the vehicles.
- Compliance with the conditions and controls of the Ministry of Transportation in terms of load and prism and the other rules.
- Compliance with the requirements of environment conservation and pollution prevention.

Fifth: Specialized Services

1- Petroleum services supporting drilling and exploration operations and gas transport and delivery:

(A) Offering petroleum services that support drilling and exploration operations, including:

- Maintenance and activation of oil-wells.
- Maintenance of drilling equipment and oil pumps.
- Drilling water wells and non-deep wells being necessary for oil purposes.
- Civil works complementation drilling and maintenance operations.
- Treatment of sediment surfaces.
- Services related to sinking casing pipes and production tubes.
- Services related to oil exploration.
- Projects of petrochemical production and drawing off butane and propane from gas.

(B) Establishment or management of stations to receive natural gas or prepare it for distribution or extend the gas networks from production sites to the usage sites in terms of cities, villages and development regions by specialized carriers or pipelines. That does not include oil transport.

2- Hospitals and Medical Treatment Centers:

(A) Specialized, integrated or public hospitals and their internal treatment and medical activities.

(B) Medical diagnostic centers or treatment centers.

The enjoyment of the investment guarantees and incentives by these hospitals and centers shall be effected provided that the hospitals offer 10 % of the bed numbers being occupied annually therein free of charge, and the centers offer 10% of the cases being received medical or treatment services free of charge , during the period of tax exemption.

3- Development of Urban Areas (Industrial Zones, Urban Communities, Remote Areas, Zones existing outside the Old Valley being determined by virtue of a decree by the Prime Minister):

(A) Planning and establishment of urban areas and providing them with all facilities and services.

(B) Service activities being fully exercised in sites and places inside urban, industrial, remote areas and areas existing outside the old valley in order to undertake the activity therein. The above-mentioned activities include professions the exercise thereof requires enrollment in trade unions whatsoever the legal form of the person exercising them. The enjoyment of Investment guarantees and incentives is pending on the following:

- The activity or profession shall be undertaken in sites and places existing inside urban, industrial, or remote areas or areas existing outside the old valley.
- The practice should be for the first time as verified by the permit issued by the competent trade union.
- Permanent assets being necessary for practicing the activity should be inside the zone.
- The exemption shall be limited to the activity being undertaken within the geographical scope of the city, zone or urban community.

The exemption shall include the following activities:

- Construction activities of family, administrative and commercial housing.
- All industrial, service, commercial activities being necessary for the citizen's daily life.

4- Collection and treatment of garbage and waste of productive and service activities:

- Companies working in the field of collection and treatment of garbage and waste of productive and service activities, in accordance with rules and regulations to be determined by a decision from the authority concerned with this activity.

Sixth: Infrastructure

Infrastructure in terms of drinking water, sanitary drainage, electricity, roads, communication, multi-storey garages, car parking meters, subway lines, above-ground metro lines, car tunnels and irrigation pump stations:

- (A) Establishment, or operation, running and maintenance of water distillation and drinking water filtration stations as well as their distribution networks and water pipelines.
- (B) Establishment, or operation, running and maintenance of sanitary drainage stations or industrial drainage and purification stations and their connections.
- (C) Designing or establishment or running and operation and maintenance of power plants with their different sources and their distribution networks.
- (D) Establishment, running, exploitation and maintenance of freeways, highways and roads.
- (E) Establishment or running, operation and maintenance of wire and wireless communication stations and networks and satellites after obtaining license from the competent authorities in accordance with the applicable laws. It shall not include Radio and Television.
- (F) Establishment of voice, image and written information transfer networks and offering the added value services after obtaining licenses from the competent authorities in accordance with the applicable laws. It shall include mobile phone networks.
- (G) Designing or establishing or running, operating and maintaining of subway lines or parts thereof and running, operation and maintenance of the existing lines.
- (H) Designing or establishing or running, operation and maintenance of above ground metro lines inside or between cities.
- (I) Designing or establishing or running and operation of car tunnels.
- (J) Establishing or operating and running multi-storey garages by the B.O.T ; whether being underground or above-ground and car parking meters by the B.O.T system.
- (K) Preparing investment projects related studies and offering necessary consultations related to the railway and metro lines activity.
- (L) Designing, establishing, running, exploitation or maintenance of the inside and outside railway and metro lines.

(M) Developing technical and economic studies and researches and feasibility studies being necessary for projects in all railway and metro lines related fields.

(N) Operation, maintenance and exploitation of mobile transport units inside and outside.

(O) Establishing or operating and running and maintenance of irrigation water pump stations, their distribution networks and the lines transmitting it to the lands dedicated for reclamation and transplantation.

Seventh: Financing and Financial Evaluation of Projects

1- Financial Leasing:

It includes the activities prescribed in the text of article (2) of the Law no. 95 of 1995 on Financial Leasing and subject to the conditions established therein.

2- Guarantee the subscription of securities. It shall include:

(A) Commitment to guarantee that the securities floated in a public subscription shall be covered or what has not been covered by the public shall be covered, in accordance with the provisions and conditions prescribed in the approved prospectus of the public subscription.

(B) Re-floating the securities by the person committed to provide the guarantee without being restricted by their nominal value.

3- Risk Capital:

This activity shall include financing or supporting the activity of companies that issue securities, providing technical and administrative services, or participating in and developing projects and institutions with the aim of transforming them into joint stock companies or partnerships limited by shares, when such projects and institutions are with high risk or suffer inadequate funding with its sequences of long investment cycle.

4- Credit Classification:

It shall include evaluation of the financial status, classify them in terms of credit and make the relevant information available in stock markets, in accordance with standards and rules to be determined by the competent minister decree.

5- Factoring:

It is a financial non banking service rendered by a factoring company that purchases the current or postponed financial rights from goods and services sellers and provides the relevant services. The factoring company has the right to recourse against the seller that referred his rights in case of non- payment by the original debtor or for other reasons as provided for in the factoring contract. The Chairman of the General Authority For Investment and Free Zones shall, after the approval of its Board of Directors, issue a decision to regulate the rules, conditions and procedures that should be followed to exercise this activity.

Eighth: Software, Computer Systems and Technological Zones

1- Program Designing and Production

- (A) Description, analysis and designing of software, data base and the applications with its various types.
- (B) Production and development of programs and applications, and creation, and operation of database and electronic information systems and the training thereon.
- (C) Production of the electronic content in its various forms in terms of sound, image and data.
- (D) Data entry on computers and by electronic methods.

2- Hardware Designing and Production

- (A) Description and designing of hardware with its various kinds.
- (B) Manufacturing or assembling the parts and components and installing them to produce intermediary or final products with all kinds and sizes and testing them.
- (C) Producing, developing and operating of integrated systems and training thereon.

3- Designing and establishing of information infrastructure

- (A) Description and designing of data transportation and handling networks.
- (B) Establishing, operating and maintenance of sound, image and written information transportation networks and providing the added value and internet services after obtaining the license from the competent authorities according to the applicable law.

4- Establishing and running of technological zones

- (A) Establishing and running of technological zones and scientific nursery.
- (B) Establishing and running of training centers to prepare researchers and information technology transportation centers.
- (C) Establishing, running and development of centers for consultancy and specialized studies in information and communication fields.

Ninth: Housing

1- Housing projects, all the units thereof are leased unfurnished for non administrative housing purposes:

Provided that the number of units is not less than 50 housing units whether set up in a form of one building or many buildings.

2- Real Estate Investment in cities, new urban communities, remote areas and areas outside the old valley.

Tenth: Social Fund Projects

Projects funded by Social Fund for Development:

It shall include projects that undertake activities in small, complementary or feeding industries, and the major funding thereof is coming from the Fund.

Eleventh: Marketing and Promoting Investment Fields

Marketing and promotion to develop areas and attract investors in the fields of land reclamation and farming, tourism and industrial development, and internal Nile and dry ports, according to the rules to be determined by a decree from the competent minister.

This activity shall include the following:

- Preparing economic and planning studies for areas.
- Preparing economic, engineering and technological studies for projects.
- Promoting and marketing the area lands to attract capitals and projects.
- Promoting investment to establish the internal infrastructure and sources of external infrastructure of the areas.
- Promoting projects and works being necessary for exploitation, manufacturing, transportation and marketing of products.
- Studying local and foreign markets and working on boosting export.
- Promoting investment to maintain facilities and establishments therein and providing security services for the guard purposes.
- Providing and making available distinguished human resources being necessary to develop and run projects, resources and products through specialized centers for training and rehabilitation.
- Serving as a principal promoter by inviting founder investors to cover capital and it may contribute with a share to encourage founders to subscribe, if necessary. Such activities may be exercised jointly or separately.

Article 2 – Exercising the activities in the fields identified in the afore mentioned article is on condition that it meets the requirements by laws and regulations subject to the nature of the activity and the place it is exercised therein.

Article 3- The objectives of the company or establishment may include one or more of the fields identified in article (1) of this regulation.

Article 4- The company or establishment that desires to exercise the activity in Sinai Peninsula in any of the fields prescribed in article (1) of this regulation shall obtain a prior approval from the Authority.

The Authority approval is a must if a company or establishment being subject to the Investment Guarantees and Incentives Law, establishes a branch in the two governorates referred to above.

A prior consent from the Authority is a must in case of disposal of the companies, establishments or branches referred to in the above two paragraphs or when circulating their shares.

(PART TWO)

Incorporation of Companies

Chapter (1)

Companies the activities thereof are restricted to

The fields prescribed in article (1)

Article (5)

The investor shall, in case the investor desires to incorporate a company or an establishment, after having viewed the qualitative manual provided for in article (16) hereof, fill in the incorporation application form and declarations attached to such manual and submit same to the Authority or one of its branches, as the case may be, to follow up the incorporation procedures provided for hereof.

The Authority or one of its branches shall, upon the request of founders, partners or their representatives, verify articles of incorporation of the companies the activities thereof are confined to one or more of the fields prescribed in article (1) of this regulation as well as their articles of association .

Article (6)

A request for verifying articles of incorporation and articles of association of a joint stock company or partnership limited by shares or a contract of limited liability company shall be submitted to the Authority attached by a copy of the articles of incorporation, articles of association or the company's contract , as the case may be, provided that they are all drawn up in accordance with the forms determined by a decree to be issued by the Prime Minister.

Article (7)

The request for verifying a contract of a partnership or a limited partnership shall be submitted attached by a copy of the contract including the following data:

- 1- Type and field of the activity being exercised by the company.
- 2- Name, address, nationality and capacity of each partner as joint or dormant partner.
- 3- Name, address, head office, branches of the company in Egypt.
- 4- The company paid capital, nature and share of each partner and the currency the capital paid therein;
- 5- The company term;
- 6- The company management system;
- 7- The system through which profits and losses are distributed among partners.
- 8- Provisions related to the company dissolution or liquidation and reasons thereof.

Article (8)²

The company's capital may be determined at the time of incorporation in any convertible currency according to the following conditions:

- 1- The company's capital shall be deposited on a Foreign Currency account at any bank being registered with the Central Bank of Egypt.
- 2- The company's financial statements shall be prepared and published in the same currency of incorporation.

Companies may, as well, request conversion of their designated capital into Egyptian pounds in any other convertible currency according to the following rules:

- 1- A decision shall, as prescribed in the articles of incorporation or articles of association, be issued by the majority of votes of an extraordinary General Assembly (or community of partners) to approve the conversion of the designated capital into foreign currency.
- 2- The company's issued capital should not be less than 30 million Egyptian pounds being fully paid before conversion.
- 3- Conversion of the designated capital shall be made at the exchange rate published by the Central Bank on the day the extraordinary general assembly approved the conversion, provided that the remaining procedures shall be completed within two months at most as of that date.
- 4- Documents shall be submitted to prove that stakeholders deposited, at the time of incorporation, not less than 50% of the paid capital in the currency they want to convert the capital thereto.
- 5- Documents shall be submitted to prove that stakeholders paid at least 50 % of the remaining company's issued capital through conversion from foreign currency or from profits achieved by the company before the conversion.
- 6- Financial statements of the year preceding the conversion should be re-made to be in the foreign currency the capital has been converted thereto.
- 7- The company's financial statements shall be prepared and published in the same currency the capital has been converted thereto.

The afore-mentioned rules shall be applied in case of changing the legal form of the company, merger, shifting from working under free zone system to the internal investment system or vice versa, if any of such cases resulted in the new capital of the company becomes in foreign currency, whether the company the legal form thereof is changed or

² Replaced by article (1) of the Prime Minister's decree no. 162 of 2007.

the merging company or the company resulted from the merger or the company transformed from the free zone system to the internal investment system or vice versa.

Article (9)

The Authority shall issue a decree on the company's incorporation license, including its all relevant data, after completing the verification process, approving the founders or partners' signatures, as the case may be, and submitting a certificate which proves that the company has deposited, in an account, under its name (under foundation) at one of the banks registered with the Central Bank of Egypt, an amount of at least 10% of the company's cash capital to be increased to 25% of the nominal value of cash shares within a period not exceeding three months from the date of the company's incorporation regarding a joint stock company or partnership limited by share and full cash capital regarding a limited liability company.

Article (10)

Companies licensed for incorporation shall be recorded in the Commercial Registry and they shall acquire their legal personality as from its enrolment in such Registry.

Article (11)

The decrees licensing the companies' incorporation shall, together with their articles of incorporation and articles of association, be published at the expense of the concerned parties in the Investment Newspaper issued by the Authority.

Article (12)

Companies and establishments, incorporated in accordance with the provisions of the Investment Guarantees and Incentives Law referred to above, shall provide the Authority with their executive status and a copy of their financial position at the end of each fiscal year.

In case of non compliance, the Authority may apply any of the provisions prescribed in article (40) hereof.

Article (13)

The provisions prescribed in this chapter shall apply to each amendment made to the company's articles of association.

Chapter (2)

Companies with various purposes and activities

Article (14)

Companies that exercise activities, some of which are covered by any of the fields prescribed in article 1 hereof, shall be incorporated according to the legal system the company originally subjects thereto.

The company's officer in charge shall provide the Authority with the company's deed, its articles of association, a copy of its incorporation decree, if any, an adequate statement of the company's activity concerning the said fields and the financial position needs to be enjoyed.

Separate accounts shall be appropriated for this activity.

PART (3)

Individual Establishments

Article (15)

Each natural person, exercising an activity in any of the fields prescribed in article (1) hereof and desiring to enjoy the provisions of this law, shall provide the Authority with an adequate statement on this activity indicating its place, its allocated capital along with other data necessary to record this activity in the Commercial Registry. Such person shall also provide the Authority with any amendment made to these data together with a copy of its enrolment in the Registry.

Separate accounts and a special financial position for the above mentioned activity shall be appropriated.

PART (4)

Investment Services and Licenses

Article (16)

The Chairman of the Authority shall issue a qualitative manual for each activity covered by the fields prescribed in article (1) hereof. This manual shall include the following data:

- 1- Documents need to be submitted by investor.
- 2- Procedures need to be made to obtain the investment services.
- 3- Licenses, approvals, contracts and permits required to exercise the activity in addition to the activity related authorities.
- 4- Fees required for each service.
- 5- Timing of service performance.
- 6- General and special rules for exercising the qualitative activity.

This manual shall be attached by a form of investment request, a temporary license and a model of incorporation application provided for in article 53 of the Investment Guarantees and Incentives Law.

Article (17)

The investor's application shall be submitted to the Authority, or to one of its branches, on the form prepared for this purpose in order to obtain the investment services. It includes the applications for the land appropriation, facilities connections and the contracting thereon with any of the competent authorities. Such applications shall be attached by the requested documents and proof that the established duties have been paid.

Article (18)

The Authority or one of its branches shall receive from the investor the original documents necessary to obtain the investment services from the competent authorities. The Authority, or the competent branch, shall provide such authorities with certified copies of these documents. Such authorities may not re-request such documents from the investor.

Article (19)

The Authority or its branches shall provide the relevant authorities with the applications submitted by the investor to obtain the investment services, follow up such authorities to complete such services and deliver notifications stating the completion of the investor's services.

Article (20)

The investor shall, after the issuance of the decree licensing the incorporation and enrolment of the company or the establishment in the Commercial Registry, submit an application to the Authority or to one of its branches to obtain a temporary license to set up the project. The application shall be made on the form prepared for this purpose together with the documents stated in the activity related qualitative manual according to the nature of each activity.

The application for obtaining such license shall be attached by a commitment by the company or the establishment to comply with all rules, conditions, procedures and legislations regulating its activity and the construction works being necessary for its incorporation.

The Chairman of the Authority or his delegate shall, under the responsibility of the concerned party, grant a temporary license to set up a project and this license shall be binding to all competent authorities, meaning inadmissibility of opposing the company or the establishment, stopping the progress of their activity or prohibiting the necessary facilities or approvals. This license shall be effective until the issuance of the final license.

Article (21)

The competent authorities shall be committed to provide the Authority with the final licenses and approvals within three weeks as of the date of receiving the certified copies of the documents necessary to issue the license according to what included in the forms prepared for this purpose.

If such authorities request some clarifications concerning the above mentioned documents or concerning the data submitted by the investor, they commit themselves to issue the licenses within 10 days as of the date of receiving the answer to their questions.

If such authorities failed to reply to the Authority within the timing referred to above or they refused to issue the required licenses and approvals, the matter shall be referred to the committee provided for in article (65) of the Investment Guarantees and Incentives Law.

Article (22)

The Chairman of the Authority or his delegate shall issue the final license of the project within a period not exceeding 15 days as of the date on which the authority or its branches receive all licenses and approvals from the competent authorities.

Article (23)

The authorities concerned with inspection shall provide the Authority with the draft inspection programs proposed to the companies or establishments, including dates and manner of implementation according to the forms prepared for this purpose.

The Authority shall, according to the above mentioned forms, prepare the inspection programs after being classified and assembled according to the nature and type of each activity. It shall define the authorities concerned with the inspection, and timing and manner of implementation on condition that the inspection does not exceed two times annually or affect the smooth functioning of the companies and establishments and the exercising of their activities.

The company or the establishment shall be notified of any discovered violation in order to remove such violation.

This does not violate the right of the authorities being related to the activities that may harm the public health or safety and security of citizens to make an unexpected inspection, but they have to inform the Authority of their justifications to do so.

Article (24)

The competent authorities shall provide the Authority with complete data on all investment services they provide and the fees or services' price and other financial amounts imposed by the legislations in force.

Such authorities shall commit themselves of updating such data when any amendment made thereto.

The Authority or its branches shall collect such fees and amounts all at once through central windows located at the Authority and its branches, where the collection of such fees and the services prices shall be deposited for the account of the authorities providing such services, in addition to the return of actual services provided to investors by the Authority and its branches, subject to what determined by the Authority's Board of Directors.

Article (25)

The competent minister or the president of the competent authority shall delegate representatives from the ministry or the authority to issue licenses and approvals, conclude contracts within the competence of the ministry or the authority and enter into a contract with investors on the facilities necessary to implement their projects.

Article (26)

The Prime Minister shall issue a decree to form the ministerial committee prescribed in article (66) of the Investment Guarantees and Incentives Law in order to consider submitted or referred complaints and disputes of investors with administrative authorities and decide thereon subject to the law provisions.

Such committee shall have a secretariat at the Authority. Such secretariat shall be formed and its work shall be regulated by virtue of a decree to be issued by the Authority Chairman and it shall prepare and study the matters submitted for the committee consideration.

A joint committee, established by virtue of a decision issued by the Chairman of the Authority and consisting of representatives of the Ministry of Finance and other bodies the Chairman of the Authority deems necessary to be represented in the committee, after the coordination with such bodies, shall consider the abovementioned disputes and complaints referred to it by the Chairman of the Authority.

The committee shall meet in the presence of the concerned parties and bodies representatives. It may seek the assistance of any experts and specialized persons in order to reach an amicable settlement, otherwise it shall refer the matter to the ministerial committee to take the decisions it deems.

The technical secretariat of the ministerial committee shall prepare an agenda of topics to be viewed, in the light of studies it makes and recommendations it issues, to take the necessary procedures. The ministerial may invite the concerned parties if it deems so necessary.

Article 27

The decisions of the ministerial committee, provided for in the preceding article, shall be presented to the Cabinet to be approved by the Cabinet and become enforceable and binding to the administrative bodies. Such matter does not violate the right of investors to recourse to the judicial bodies.

The technical secretariat of the Cabinet shall notify the concerned bodies and parties of the decisions of the committee, after the approval of the Cabinet. The secretariat, as well, shall follow up the execution of the decisions and notify the ministerial committee of what has been executed.

(PART 5)

Participation of Workers in the Management of Stock Companies

Article (28)

Participation of workers in the management of stock companies whose activities are restricted to one or more of the fields prescribed in article (1) hereof shall be made through an auxiliary administrative committee to be formed of the workers' representatives by a decision of the company's board of directors,.

Article (29)

The committee mentioned in the preceding article shall be concerned with studying the subjects related to the company's manpower programmes, where the basis of sound economic management and optimal use of the available resources shall be taken in consideration, subjects related to raising production rates and its development and other subjects referred to the committee from the board of directors or the managing director. The committee shall submit to the board of directors the results of its studies and its recommendations.

Article (30)

The committee shall appoint a chairman from its members, and in case of the chairman absence, the committee shall appoint the member who will assume temporarily the chairman's work.

The committee's meetings shall be attended by the managing director or one of the board members being delegated by the company and a number of the company's responsible managers being selected by the board of directors without having counted votes in deliberations.

Article (31)

The Board of Directors shall establish rules and conditions for selecting the committee's members, their term of membership, the renewal method, the committee's work functioning and the members' remuneration.

The committee shall meet at least once every two months and its meeting shall be valid only by the attendance of at least half of its members. Decisions shall be issued by the majority of the attendees' votes, and in case of equal votes, the Chairman shall have a casting vote.

Article (32)

The committee shall develop its annual report within the three months following the end of the company's fiscal year. It shall submit the report to the board of directors, stating the subjects that have been studied by the committee and the relevant recommendations in addition to its proposals for achieving the company's interest as it deems necessary to be submitted to the Board.

(PART 6)

Automatic Tax Exemption

Article (33)

The automatic enjoyment of tax exemption by the companies and establishments working in any of the fields prescribed in Article (1) hereof is conditional on the fulfilment of their commitments prescribed in articles (2, 10, 11, 13, 14, 15) hereof, as the case may be.

Article (34)

The companies and establishments shall notify the Authority of the date of starting the production, exercising the activity or the expansion thereof within one month of that date.

Integrated development companies commit themselves to make such notification for each project they establish and in case of failure of notification, the Authority shall apply any of the procedures prescribed in Article (40) hereof.

The Authority shall exclusively undertake the procedures of defining the date of starting the production or exercising the activity through one or more committee to be formed by a decree by the Chairman of the Authority or his delegates. The authorities concerned with the project's activity shall participate in such committee.

To do so, the committee shall make the necessary inspection and the required documentary screening and then prepare a report of its outcome based on its inspection and on the documents, data and records being viewed by it.

The report shall include the basis the committee relied upon to define the date of starting the production or exercising the activity.

The committee shall notify the company or the establishment of this report within one week as of the date of its preparation. The company or the establishment shall have the right to express its opinion in the report before being approved by the Chairman of the Authority or his delegate. The report of the committee shall be approved by the Chairman of the Authority or his delegate; the company, the establishment or the concerned authorities shall be informed by the report's outcomes after its approval.

The company or the establishment shall have the right to complain against the decision determining the starting of production or exercising the activity within thirty days of the notification date. The complaint shall be considered by another committee being formed

according to the rules and procedures established in this concern. It shall study the complaint and submit a justified report on its study outcomes including the procedures it followed.

This report shall be final after being approved by the Chairman of the Authority within two weeks as of the date in which the company or the establishment submit all the documents required by the committee.

Article (35)

The Chairman of the Authority or his delegate shall issue certificates of the tax and custom exemptions or any other exemptions established for companies or establishments being subject to the provisions of the Investment Guarantees and Incentives Law or the expansion thereof according to the laws regulating such exemptions and subject to the forms determined by virtue of the Chairman's decree.

Such certificates and the data mentioned therein shall be final and effective in front of all authorities with no need to other approvals.

Article (36)

If the company or the establishment exercises their activities in more than one of the fields prescribed in article (1) hereof, the term of tax exemption shall be separately reckoned for each activity or field as of the fiscal year following the date of starting the production or exercising the activity as the case may be. The capital and the investment costs related to this activity shall be defined.

Separate accounts and financial position for each activity shall be appropriated.

Article (37)

Application for expansion shall be submitted to the Authority on the form prepared for this purpose and it shall contain data on the capital increment, its source and the investment costs distributed according to the assets types and the increasing in capacity based on the expansion and the location. A decree from the Authority Chairman shall be issued licensing the expansion and its enjoyment of exemptions and guarantees established by the law.

The enjoyment of expansion by the exemption and guarantees established by the aforementioned Investment Guarantees and Incentives Law shall be conditional on the following:

- Expansion shall be accompanied by an actual increase in the capital whether funded by cash money, retained profits, reserves or addition of assets in kind.

- The increase in capital shall be used to add fixed capital assets as required by the nature of the expansion project and to increase the working capital.
- The expansion shall make an increase in the original project capacity in terms of commodities and services.
- The expansion project shall be in the original activity of the company or in a new integrated activity within the activities mentioned in the law.
- The Authority shall verify the availability of such controls and the Authority Board of Directors shall develop rules regulating the cases where capital assets should be new, according to the technical rules regulating the nature of each activity.

Article (38)

Profits resulted from the expansion and the partners' shares therein shall be exempted from tax on commercial or industrial income or tax on capital companies, as the case may be, for five years starting as of the first fiscal year following the date of starting the production or exercising the expansion activity.

Loan or mortgage contracts related to the expansion shall be exempted from the stamp tax, notarization and legalization fees for five years starting as of the date of recording the expansion on the Commercial Registry even if it was preceding the entrance into force of such decision. Registration contracts of lands being necessary for the expansion shall be exempted from the referred fees.

The provision of article (23) of the law concerning the collection of customs tax at a unified rate (5 %) of the value shall apply to all machinery, equipment, appliances and production lines being imported by the company or the establishment even if they were brought in retail as they are necessary for expansion.

Article (39)

In applying the provision of article (23) of the Investment Guarantees and Incentives Law, it shall be considered as machinery, equipment and appliances the complete production lines with all their contents even if they were brought in retail until the full establishing of the project.

The machinery, equipment, appliances and production lines enjoyed the unified customs rate (5%) may be, after the Authority approval and notification of the Customs Authority, disposed to another companies provided that such companies have the right to enjoy the same exemption. The possession of the machinery, equipment and appliances and production lines shall be transferred to the company with the condition of non disposal.

Article (40)

If the project infringes the provisions of the Investment Guarantees and Incentives Law and its executive regulation or fails to comply with the established terms and conditions, the Authority's Board of Directors shall have the right to take any of the following procedures after verifying that the project has been committed the infringement in accordance with its nature, gravity and the resulted damages:

- (A) Suspend the enjoyment of the guarantees and incentives by the project;
- (B) Cut down the term of enjoyment of the guarantees and incentives by the project; or
- (C) Terminate the enjoyment of the guarantees and incentives by the project, with the consequences thereof, in terms of the decisions and licenses issued for the project.

PART (7)

Land Appropriation

Article (41)

The State owned lands shall be disposed for investors through offices, established at the Authority or its branches, of the authorities concerned with such lands disposal.

Such offices shall establish a data base on the lands available for disposal, including the sites, areas, prices, conditions necessary for contracting and the authority concerned with disposal.

Such data shall be periodically updated and such offices shall maintain the charts issued by the National Centre for Planning the Use of State Owned Lands and the data sent by the local administration and other public authorities on the lands available within the local administration units and the other public authorities.

The Authority shall make, with all methods, such information available for investors; the proposed areas or its prices may not be amended, nor may improvement fees be added after the announcement thereof, or does conducting the disposal except if the agreement includes a provision to permit so.

Lands may not be proposed for investment before ascertain that there is no dispute thereon, nor may the proposed areas be amended, nor improvement fees may be added to such prices after the announcement thereof nor conducting any disposal except if the agreement includes a provision to permit so.

It may not suspend the implementation or notarization of the disposal contracts of the State owned lands concluded with the State authorities, public entities, public sector companies or public business sector companies based on a dispute existing between such authorities concerning these lands.

Article (42)

The competent minister shall, at the beginning of each fiscal year, develop detailed maps of the lands owned by the State or the public juridical persons and proposed to be appropriated free of charge to the companies and establishments founded in certain regions , in implementation of the provision of article (28) of the Investment Guarantees and Incentives Law. These maps shall include sites, boundaries and areas of such lands. Such maps shall be attached by a memorandum indicating the term and conditions proposed for the appropriation and including the maximum timing for starting production or exercising the activity with regard to each of the fields determined in article (1) hereof , otherwise the appropriation decision shall be considered as if it was not existing .

Article (43)

The maps mentioned in the preceding article shall be submitted to the Cabinet to approve the land appropriation free of charge and its term and conditions.

A copy of the Cabinet decree attached by a copy of the detailed maps and a memorandum on the appropriation term and conditions shall be dispatched to the Authority.

Article (44)

Applications for appropriation of lands, being approved to be appropriated by the Cabinet free of charge, shall be submitted by the concerned parties to the Authority. Such applications shall indicate the requested area, size and nature of the activity to be set up thereon and the value of funds invested therein.

The Authority shall decide on the appropriation application within two weeks from the date of its submission and it shall notify the concerned party of its decision within at most two days as of the date of its issuance.

The decision of appropriation shall include term and conditions of appropriation.

Article (45)

The Authority shall issue a quarterly bulletin indicating the sites, boundaries and areas of the lands being appropriated free of charge, the companies and establishments the appropriation decision was issued therefore and fields of their activities.

Article (46)

By virtue of the Cabinet decree being issued upon a proposal by the Authority Chairman, the decision of appropriating land free of charge may be revoked and the land shall be recovered by the administrative means in case of violating the appropriation conditions.

PART (8)

Free Zones

Article (47)³

Exercising an activity under the free zones system shall be made according to the license being issued by the Chairman of the Authority or the competent Board of Directors of the Public Free Zone.

Under such a system the following activities may not be licensed:

- 1- Wine and alcoholic beverage industry.
- 2- Weapon, ammunition and explosives industry and the other industry being related to the national security.

Article (48)

The annual fee prescribed in the second clause of Article (35) of the Investment Guarantees and Incentives Law shall be collected, upon the entry of the commodities consigned to the free zone, for the account of Storing Projects on the basis of its value C.I.F port of arrival.

With regard to manufacturing or assembling projects, the commodity value on the basis thereof the fee shall be collected, upon its exit from the zone, shall be the cost value of what have been introduced by manufacturing or by assembling.

Article (49)

The applications for the establishment of projects in public free zones shall be submitted by the concerned parties to the management of the competent free zone, which, in turn, shall submit them to its Board of Directors for deciding thereon, after payment of (10%) of the usufruct with a minimum one thousand dollars in advance for the seriousness of implementation. This amount of money shall be deducted from the usufruct upon receiving the land; and it shall not be reimbursed in case of non implementation for reasons related to the project. The approval on the decisions issued by the zone Board of Directors in this concern shall be made according to the rules, procedures and timing established by the Authority Board of Directors.

Article (50)

The project owners shall, within a month from the date of their notification of the approval of establishing their projects, apply to the zone management for reserving the sites and areas

³ Replaced by article (1) of the Prime Minister's decree no.769 of 2005.

necessary for implementing their projects and signing the lease contract after paying the lease amount established according to the rules determined by the Authority Board of Directors in this concern. The approval on the project shall be elapsed if the investor fails to take serious procedures to effect it within a year of the date of its issuance. This period may be extended to another year in light of the justifications submitted by the concerned parties.

The concerned parties shall, in case of the project cancellation or its approval elapsing, commit themselves to deliver the appropriated site being empty to the zone management. In case of existence of buildings, establishments or assets in the site, the licensee shall be committed to remove them by his own, at his expense and within the term specified by the zone board of directors, not exceeding six (6) months as of the date of notifying him by a registered letter. In case of non compliance by the project owners, it will be considered as waiving of the site including the buildings and establishments existing thereon to the zone management. The provisions of article (46) hereof shall be applied to the free zone projects.

Article (51)

The Authority Board of Directors shall define the rates of the annual lease for the square meter in terms of the lands leased for the projects in the public free zones, subject to the nature of the activity and the economic requirements for each zone. The Authority's Board of Directors may reconsider such rates when necessary.

Article (52)

The Authority entitlements from the free zone projects shall be collected in a foreign currency accepted by the Egyptian banks.

Article (53)

Conversion of a project established inside the country into a private free zone shall be effected upon the Authority approval in light of the following controls:

- The project has already exercised its activity.
- The project's exports are not less than the half of its products.
- The project fulfills the buildings, fences and security related conditions as determined by the regulations and systems of the free zone management.

Article (54)

The legal form of the project may be changed from a partnership to a company by the approval of three quarters of the partners, without prejudice to the rights of third parties before the company or the partners after determining the net of the company's assets as established in the company's records, and financial statements. It should be approved by an auditor enrolled in the record of accountants, and auditors exercising the profession for a period not less than 10 years.

The Authority shall be informed by such change, and if no objection is made within a week, it will be effective; but in case of objection, whether by the Authority or by one of the partners, the Authority shall have the right to form a committee to evaluate the net assets of the project according to the procedures provided for herein.

Article (55)

The concerned party may complain to the Authority, if licensing a project to exercise an activity in the public free zone was refused and assigning the license was not accepted. The Authority shall decide on the complaint within fifteen (15) days as of the date of its submission and its decision in this concern shall be final.

Article (56)

The Chairman of the Authority shall issue a license to exercise an activity for the private free zone projects and the chairman of board of directors of the public free zone shall issue license to exercise an activity for the public free zone projects. The license shall include the project purposes, its term of effectiveness, the sites' boundaries and the value of financial guarantee paid by the licensee to meet the obligations that may be due to the projects according to the rules determined by the Authority's Board. The license may not be assigned whether totally or partially nor participated therein by third parties except by the approval of the authority issuing it ; the licensee shall enjoy exemptions or privileges prescribed in the law only within the limits of the purposes mentioned in the license.

Article (57)

The Authority shall evaluate the assets, liabilities and quota kind provided by the capitals or their increasing to the free zones projects or in case of merging or changing the legal form to a company. The labor regulation in the free zone shall define all procedures and documents need to be submitted to make the evaluation and the manner of objection and the fees of the evaluation committee.

Article (58)

Goods received under the free zone system shall be included in the shipment statements and it shall be clearly mentioned in such statements, bills of lading and invoices that the goods are received in the name of the free zone.

The free zone management may disregard such condition if the goods arrived in the name of the project, whether for the account of the project or for third parties, on condition that the project or the third parties have no activity inside the country.

Article (59)

In respect of transit goods and goods received in the name of the free zones established inside the custom circles, the following procedures shall be followed:

1- The project shall submit to the competent zone management a declaration that the goods received are in the name of the free zone. The declaration shall be made on the form prepared for this purpose, and submitted as original together with a copy attached by the maritime delivery order.

2- The zone management shall approve the original declaration indicating that the project works under the free zone system and the goods mentioned in the declaration are necessary for the licensed activity. Then, it will be referred to the competent custom to verify bills of lading and permit the transport of goods – according to the direct transit system after checking its conformity – to the free zone by the shipping agency and under its full responsibility.

3- The management of the free zone shall check the goods upon their arrival to the free zone by random sampling or detailed examination, as the case may be. The competent customs shall be provided with a copy of the examination results and the goods shall be delivered to the person responsible for the project and they shall be in his charge and under his full responsibility.

4- Machinery, equipment, appliances and means of transportation of special use may be used except for passengers cars released for public and private free zones within customs circles in maritime ports, if the nature of the licensed activity requires that.

In case that such items exit temporarily from the free zone or the customs circle into the country and the returning thereof, it shall apply the guarantees, conditions and procedures to be issued by the Prime Minister's decree, at the proposal of the Minister of Finance and the Authority Chairman, according to the provision of the second paragraph of article (32) of the Investment Guarantees and Incentives Law.

Article (60)

Concerning the goods consigned to the free zone that have private ports, The following procedures shall be followed:

1- Captains of ships and aircrafts or their representatives (shipping agencies or airline offices) shall , within twenty four hours as of the date of arrival of the ship or aircraft, provide the competent Customs with the manifest of the free zone goods.

2- The management of the competent zone shall notify the concerned parties mentioned in the manifest of the arrival of their consignments and charge them to withdraw their consignments within forty eight hours as of the date of notification; otherwise the zone management shall move them to the place determined by the zone at these parties expense.

3- The project shall submit the Imports Declaration, being approved by the zone management and attached with the shipping delivery order, to the competent Customs to register it and take the procedures established for the transit goods.

4- The declaration, after being registered, shall be referred to the zone management attached with the consignment related documents to make inspection or a detailed examination, as the case may be. The goods shall be delivered to the project to be in its charge and under its full responsibility. A copy of the inspection results shall be notified to the Customs.

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Article (61)

Concerning the consignments brought to the free zones being established inside the country, the following procedures shall be followed:

1- The concerned party shall provide the management of the competent zone with the following documents:

(A) An original and two copies of the declaration of the goods consigned to the free zone on the form prepared by the Authority.

(B) Invoices and a statement of the consignment package.

2- The management of the zone shall approve the original declaration stating that the project operates under the free zones system and the goods mentioned in the declaration are of the items necessary to the licensed activity. The original and its copy shall be handed to the concerned party.

3- The original declaration and its copy shall be submitted to the competent Customs to take the necessary customs procedures by virtue of a custom transit certificate. The goods shall be transferred to the free zone.

4- The goods shall be delivered to the concerned party, together with the customs dispatch order and a copy of the Imports Declaration marked by the competent Customs affirming the completion of the transit procedures on the goods sent to the free zone, in order to transfer them to the zone management to inspect them and draw up the inspection data in one original and two copies in the presence of the concerned party.

5- The counterfoil of the dispatch order, after being approved, shall be returned to the competent Customs attached by a copy of the inspection data.

In all cases the concerned party shall be responsible for any shortage, loss or damage that may occur to the goods during their transport from the Customs to the free zone.

Article (62)

The Authority shall, upon the request of the concerned party, provide the Customs House with guarantees of the value of the taxes and custom duties due to the goods, as determined by the

Customs House, during their transfer from the Customs circles to the free zones and vice versa or between the free zones.

The Authority shall issue this guarantee against the collection of one per thousand of its value, after the submission of an insurance policy by the project against theft, damage and fire risks for the full value of the guarantee.

Article (63)

In all cases, when the consignments are received from abroad and released by the customs consigned to the free zone, the inspection shall be made by a triple committee from the zone, the competent Customs and the concerned party or his delegate inside the project location. A statement shall be drawn up and signed by them, indicating the inspection results after conforming it to the invoices or the package statement. The consignment shall be handed to the concerned party and it shall be in his charge and under his full responsibility. The competent Customs shall be notified with the inspection results and its conformity and it will be sufficient making the visible inspection of the consignment inside the Customs circle.

Article (64)

The projects established under the free zone system shall not export to inside the country except with the limits and conditions and percentages provided for in the decree licensing the establishment of the project.

The authority may - according to its estimation in light of the new needs - consider the amendment of such conditions and percentages as required by the country public interest.

The Chairman of the Authority shall – in case of necessity that requires the provision of the basic needs to the country – decide to allow the entrance of the commodities, materials, equipment and appliances consigned to the free zones from the Customs circle directly into the country and the release thereof. This will be made after the fulfillment of all Customs and import procedures, collection of due taxes and custom duties and settlement of the Authority's dues.

Article (65)

It is prohibited the entrance of the products of tobacco, Persian tobacco, mild tasting tobacco, snuff, alcoholic drinks and wines of all kinds manufactured in the free zones inside the country.

Article (66)

Concerning the consignments exported outside the country from the projects licensed to operate in the free zones having private ports or established inside the Customs circles or inside the country, the following procedures shall be followed:

1- The concerned party shall submit the original and two copies of the export declaration, on the form prepared by the Authority, attached by a statement proving the fulfillment of charges equivalent to the guarantee provided by the Authority upon his request and the invoice concerning the consignment- to the management of the competent free zone for verification and approval.

2- A committee from the Customs and the zone management shall, in the presence of the project's delegate, inspect the consignment and conform it to the documents submitted by the project. The inspection result shall be recorded on the original declaration which shall be handed to the competent Customs to take the established customs procedures and issue the export release order.

3- The parcels shall be wrapped up, sealed with lead and sent, under the Customs observation, to the port of export.

4- The export Customs shall mark its annotation on the copy of export declaration accompanying the goods to prove the completion of the export operation. The declaration shall be handed to the concerned person on condition that he returns it to the free zone within 15 days.

Article (67)

Goods may be circulated between the projects within the free zone or from a free zone to another one whenever required to achieve the project's licensed purposes.

Circulation between the projects within the public free zone shall be effected by the approval of the board chairman of the zone; and circulation between the various free zones shall be effected by the approval of the Authority.

Article (68)

The project or the establishment licensed to operate in the free zone shall be fully responsible of each shortage, loss or change in the goods and products whether in their type, number or weight as recorded when stored, unless the shortage, loss or change is because of the item nature or resulted from a force majeure or a sudden incident. The management of the competent zone shall request the collection of the taxes and customs duties in addition to the fines on the shortage or increase being not approved concerning such goods and products, according to the rules and within the limits determined by a decree to be issued by the Authority.

The foregoing provisions shall not apply to the portion lost as a result of the industrial operations according to technical percentage applicable in this concern.

Article (69)

The projects shall commit themselves of making an annual inventory to their assets , in presence of representatives from the competent free zone and the concerned authorities the zone deems necessary to attend. The zone management may make an inventory whenever required whether by making a surprise comprehensive inventory or partial inventory to one certain item. If a shortage or increase is found, a record shall be drawn up clarifying the item and its quantity and weight in details, and the date of inventory. Then, it shall be signed by the project's delegate, the zone's delegate and the delegate from the authority used by the zone management.

The project shall put under the disposal of the zone management all records and books to make the inspection, examination and conformity operations. The zone management shall notify the Customs in order to collect the taxes, customs duties and fines established by the customs law, in case of unjustified shortage or increase.

Article (70)

Goods and products shall not be subject to any time restriction in terms of their stay in the zone, with the exception of prohibited plants and agricultural products and those affected by harmful pests.

Article (71)

In exception of the provisions of the preceding article, the management of the public free zone may order the exit of some of these goods, commodities or products and the sale thereof for their owners account with the deduction of taxes and customs duties or it may order of their destruction, in the following cases:

- 1- If the items are not suitable to remain or because of their dangerousness to the public health as determined by the competent public authorities.
- 2- If the keeping of the mentioned items in the zone may harm the consignments existing therein.
- 3- Suspending the activity of the project or the establishment – for any reason – for a period of time justifying the prevention of remaining such items or commodities in the zone.

In all cases, the zone management shall not execute this order at the expense of the project or the establishment, unless the latter refrains to implement the written order issued to move such items outside the zone or destroy them within the term determined by the zone management.

Article (72)

The management of the public free zone has the power to authorize, upon the request of the project or the establishment, the destruction of stored goods and products. The request for

destruction shall be submitted to the zone management clarifying the reason justifying the destruction, the type of goods and products need to be destroyed, their description, quantity, weight and value and the date of their arrival.

The Chairman of the zone Board shall decide on the request after studying it, verifying the correctness of the reasons and data mentioned in the request and after inspecting the items need to be destroyed by a committee, formed by virtue of a decision to be issued by him, and developing a report determining what is authorized to be destroyed, time, place and method of doing so in order to achieve safety and security without threatening the public health.

It may, when necessary, seek the assistance of a specialized technical expertise to participate in the inspection committee and verify the validity of the data mentioned in the destruction request and express its opinion on the way of destruction.

Article (73)

The goods and products determined in the authorization shall be destroyed at the time, place and method established for such procedure, in presence of the competent quarters' delegates and the project's or establishment's delegate. The quantities destroyed shall be deducted from the project's or establishment's accounts recorded in their books. A report on the procedures undertaken shall be drawn up.

Article (74)

The Authority may, upon a written request by the concerned party, authorize the entry of national and foreign goods, materials, parts and raw materials from inland to the free zone on temporary basis for repairing them, or conducting industrial operations thereon and returning them inland without being subject to the applicable import rules.

Goods and materials being subject to transformation operations shall be subject to such rules when returning them inland.

Article (75)

The request shall be attached by a declaration containing the items, their quantities, the type of works intended to be made , whether to repair them or to conduct industrial operations thereon, the estimated value therefore, the percentage of loss and damage expected in case of conducting industrial operations according to the known technical percentage , the type and value of the foreign materials being entered in the industrial operations, the time scheduled to complete the repairing or the industrial operations, and the time scheduled to withdraw such items after completing these steps. The original declaration shall be approved by the management of the competent free zone which shall maintain a copy thereof.

The declaration shall be attached by a commitment by the project to return the items from the free zone into the country after carrying out the repairs or manufacturing or the fulfillment of the customs, export and monetary procedures if it chooses to export them outside the country.

The Authority shall decide on the request within a period not exceeding three days from the date of fulfilling the documents and conducting the necessary inspections.

Article (76)

The request for exiting from the free zone and returning into the country shall be submitted by the concerned party to the Authority after carrying out the repairs or the industrial processes, indicating the works conducted, units value, the value of the foreign substances used therein, the period during which the processes were made, and the shape of items after being manufactured. The request shall be attached by the entry request and a commitment that these items are the ones being authorized to enter the zone and an invoice of the repairs of industrial operations value. The original declaration shall be approved by the zone management that shall maintain a copy thereof.

Article (77)

The items referred to in the preceding article shall be inspected by a joint committee from the Customs and the zone management, in the presence of the concerned person to verify the correctness of the data and conform them with the submitted documents. The order of releasing the items shall be issued after settlement of the established taxes and customs duties. The project shall submit the original approved declaration to the competent Customs in order to take the necessary customs procedures and shall maintain a copy to be attached to the documents when returning these items into the country.

The items shall be handed to the project's delegate to be in his charge and under his full responsibility until their returning.

Article (78)

The projects licensed to conduct repairs or industrial operations in the public free zone shall allocate separate stores from the project's stores for the goods, materials, parts and raw materials being repaired or used and separate account pertinent to this activity apart from the account of the basic activity licensed to the project, in a manner guarantees the exposure of the business results concerning each activity separately.

Article (79)

The Authority shall issue its approval on the request for exiting the wastes, normal packages and empty containers and the average products being unsuitable to be exported and those resulted from the industrialization processes from the free zone into the country. The project shall provide the competent Customs with a statement of the items approved by the competent free zone – upon that approval – to complete the customs procedures, inspection, conformity, collecting the due taxes and customs duties and permit their exit.

Article (80)

Projects and establishments exercising their activity under the free zone system shall be committed to provide the management of the competent zone with a copy of its budget and their final accounts certified by an Egyptian legal accountant within the three months following the end of the fiscal year of the establishment. The management of the competent free zone has the right to verify and revise the budget items and the final accounts and request the project to provide the clarifications and analysis data necessary for the revision purposes.

Article (81)

Projects of the free zone shall pay to the Authority an annual return for services, at the rate of half per thousand of the project investment costs, with a minimum of one hundred US Dollars and a ceiling of one thousand US Dollars or their equivalent in Foreign Currency.

The charge for services shall be calculated for a complete calendar year, with the exception of the first year where the charge will be calculated in proportion to the period remaining from the date of licensing the exercise of the activity until the end of the calendar year.

Article (82)

The management of the competent free zone shall fulfill the Authority's entitlements from the project by deducting from the financial guarantee provided by the project, if it fails to fulfill within fifteen days as of the date of notification by a registered letter. In this case, the project shall be committed to complete the value of the guarantee within fifteen days as of the date of notification by registered letter. If the guarantee has not been completed, the matter shall be submitted to the management of the zone or the Authority Board of Directors, as the case may be, to take the necessary procedures in this concern.

Article (83)

The Authority or the president of the competent public free zone shall, as the case may be, issue the free zones entry permits for the following:

- 1- Businessmen or their representatives, upon the acceptance of their requests. The permits shall be issued for a period of time equivalent to the period of time determined in the license for exercising the activity.
- 2- Workers in the projects and establishments licensed to exercise the activity in the zone, upon the businessmen request. The permits shall be issued for one renewable year.
- 3- The Authority's workers, the positions thereof require the entry in the free zone.
- 4- Persons whose entry to the free zone is required on temporary and irregularly basis, according to the rules determined by a decree to be issued by the Authority.

Article (84)

The entry or residence permits shall be cancelled in any of the following cases:

- 1- If the person holding the permit has been sentenced in a felony, smuggling, or theft or the attempt thereof.
- 2- Termination of the service or the work being undertaken by the person holding the permit with the project or the establishment.
- 3- Termination or suspension of the activity being exercised by the person authorized to enter the free zone.

Article (85)

The permits may be cancelled in either of the following two cases:

- 1- If the authorized person assaults one Public Authority or the commissioners of the judicial investigation or resists them or hampers the tasks of the authority workers.
- 2- If the authorized person violates law provisions, these regulations, or other regulations, decisions or instructions being issued by the Authority.

Article (86)

Whoever wishes to exercise permanently a profession or a trade for his account in the public free zone shall submit a request to the chairman of the zone board. The permit shall be issued against

a fee of three hundred pounds for each year of the first three years and five hundred pounds for each year thereafter concerning the free profession; and two hundred pounds per each of the first three years and four hundred pounds per each year thereafter for other professions and trades.

Article (87)

The licensee shall, within sixty days following the license issuance, provide the Authority with the number of the commercial registry or the license of exercising the profession as the case may be and a copy of the fiscal card concerning the new activity in the zone. The license shall be lapsed in case of failure to submit the aforementioned in the determined date.

Article (88)

If the project violates the law provisions, this Regulations, the labor regulation, the license conditions or the decisions issued by the Authority, the Authority may suspend the project activity for a specified term or cancel the license issued to the project according to gravity of the violation and the conditions of its commitment and the extent of damages affected the national economy, if the project fails to remove the violation within the term specified by the Authority.

Article (89)

The project owner shall , in case of cancellation of the issued approval, take the procedures of the activity liquidation and terminate its material existence, according to the rules determined by the labor regulation in the free zone.

Article (90)

The licensee shall be prohibited to appoint any person to work for him in the free zone except after signing a work contract, and he shall maintain a Criminal Record and a certified copy of his personal/family identity card and submit to the management of the zone to issue a permit for the worker to enter the zone.

Article (91)

The workers in the establishments licensed to operate in the free zones shall be subject to the provisions of the labor law concerning the social and medical services necessary to protect them during the work, without prejudice to the better privileges established by the private systems of such establishments. The work regulations in the free zones shall define the regulations regulating the personnel affairs in such projects and it includes in particular:

- (a) The percentage of the workers having the Egyptian nationality shall not be less 75% of the workers in the project.
- (b) The minimum wages shall not be less than the minimum wages applied outside the free zone inside Egypt.

(c) Daily working hours and the weekly holiday on condition that the working hours do not exceed 42 hours per week.

(d) The over time and the benefits thereof.

(e) Social and medical services being provided by the projects to the workers therein and the precautions necessary to protect them during the work.

Article (92)

In the zones where the Prime Minister assigns the powers of the competent administrative authority or any quarter other than the Authority, such authority or the other quarter replaces the Authority in all the powers, jurisdictions and rights vested therein by these Regulations.