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"Developments in the Egyptian Tax Legislations and Regulations"

(1/17/2010)

Mr. Ashraf Al Araby, Deputy Minister of Finance and Head of the Egyptian Tax Authority

Ashraf Al Araby, deputy finance minister and head of the Egyptian Tax Authority, discussed developments related to the new property tax at a Customs & Taxation Committee meeting held on January 17 at the Conrad Cairo Hotel.

Al Araby began by reviewing the tax reform plan of 2004, focusing on income tax, for which the number of declarations has increased. Another set of reforms is expected to increase small enterprise declarations this year, he said. According to standard rules and regulations intended to stabilize collection, he said, 60 percent of the tax will be collected during the year and 40 percent during filing.

He cited an urgent need to reform sales taxes, including adopting a value added tax on goods and services. Moreover, he revealed that in 2010 the tax authority will enforce transfer-pricing regulations.

In February, a three-part draft of transfer-pricing guidelines is expected to be released based largely on Organization for Economic Cooperation & Development (OECD) guidelines. The first part will introduce the theory, definition and terms of transfer pricing, with the second dealing with implementation. The third part will focus on cost contributions and advanced pricing agreements.

Moving on, Al Araby addressed the new property tax, saying that revenue from real estate taxes is expected to jump from LE 450 million to LE 2 billion in 2010. About 25 percent of the increase will be allocated to governorates to promote development, he said.

Al Araby concluded by saying that the new tax will help the government develop a real estate map to track individuals' property wealth.

