

NOVEMBER 2023 – EGYPT AMENDED INCOME TAX LAW

It is important that employers note the following:

Income tax amendments effective November 2023

In addition to the amendments through Law No. 30 of 2023, which was published in the official Gazette on 15 June 2023, the Egyptian Parliament has further amended the Income Tax Law through Law No. 175 of 2023, as published in the official Gazette dated 1 November 2023.

The law aims to alleviate the tax burden on low-income earners to achieve social justice in distributing the tax burden according to income levels.

Law No. 175 of 2023 raises the tax exemption limit to EGP 45,000 annually, divided into a personal exemption of EGP 15,000 without modification and a zero bracket of EGP 30,000 instead of EGP 21,000. It also removes the 2.5% tax bracket.

Under the newly approved amendments, any income exceeding EGP 45,000 (inclusive of the EGP 15,000 personal allowance) will be taxed progressively, with rates as follows, effective 1 November 2023:

Income tax rate	Annual net income not exceeding EGP600,000	Annual net income of more than EGP600,000 and up to EGP700,000	Annual net income of more than EGP700,000 and up to EGP800,000	Annual net income of more than EGP800,000 and up to EGP900,000	Annual net income of more than EGP900,000 and up to EGP1,200,000	Annual net income of more than EGP1,200,000
0%	From EGP1 to EGP30,000	–	–	–	–	–
10%	From EGP30,001 to EGP45,000	From EGP1 to EGP45,000	–	–	–	–
15%	From EGP45,001 to EGP60,000	From EGP45,001 to EGP60,000	From EGP1 to EGP60,000	–	–	–

20%	From EGP60,001 to EGP200,000	From EGP60,001 to EGP200,000	From EGP60,001 to EGP200,000	From EGP1 to EGP200,000	–	–
22.5%	From EGP200,001 to EGP400,000	From EGP200,001 to EGP400,000	From EGP200,001 to EGP400,000	From EGP200,001 to EGP400,000	From EGP1 to EGP400,000	–
25%	More than EGP400,000	More than EGP400,000	More than EGP400,000	More than EGP400,000	More than EGP400,000	From EGP1 to EGP1,200,000
27.5%	–	–	–	–	–	More than EGP1,200,000

The definition of a permanent establishment (PE) has also been amended to include non-resident companies operating in Egypt. As per the amended law, the following, among other things, will be considered a PE:

- Activities carried out in Egypt related to exploration, extraction and exploitation of natural resources for a period(s) exceeding 90 days during a year;
- Services, including consultancies, provided for a period(s) exceeding 90 days during the year;
- Insurance project affiliated with any country, in case premiums were collected in Egypt or insured risks were in Egypt;
- A person who works for an affiliated project; and
- If a person in Egypt undertakes work in Egypt on behalf of a project that exists outside Egypt or signs contracts on behalf of this project.

Please note that Law No. 30 of 2023 is not yet publicly available.

Contact our legislation team on info@crs.co.za if you require any additional information.

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