

Investment Incentives for Industrial Projects



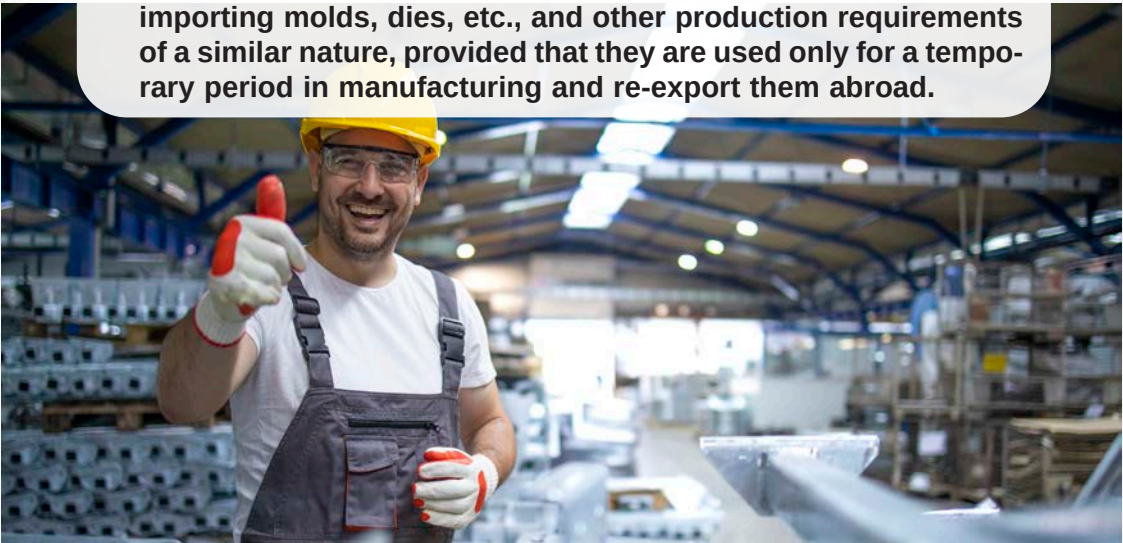
Investment Incentives for Industrial Projects

First:

Investment Incentives under Investment Law No. 72 of 2017 amended by Law No. 160 of 2023

General incentives for all investment projects except free zone projects

- Establishment contracts, related credit and mortgage contracts of companies and facilities shall be exempted from stamp duty, notarization and publicity fees for five years starting from the date of registration in the Commercial Register.
- Registration contracts for land required for the establishment of companies and facilities are exempted from the above-mentioned taxes and fees.
- Companies and establishments subject to the provisions of this law shall be subject to a unified customs tax of 2% of the value on all imported machinery, equipment and devices necessary for their establishment.
- Industrial projects shall be exempted from customs duties of importing molds, dies, etc., and other production requirements of a similar nature, provided that they are used only for a temporary period in manufacturing and re-export them abroad.



Special investment incentives:

Investment projects, established after implementing this law and according to the investment map, shall be granted an investment incentive in form of deduction from taxable net profits in the following manner:

1. **50% deduction on the investment cost of sector (A):** regarding to the geographical areas most in need of development, according to the investment map, the data and statistics issued by the Central Agency for Public Mobilization and Statistics (CAP-MAS), and the distribution of the investment activities in these areas, as set out in the executive regulations.
2. **30% deduction on investment cost of sector (B):** for the rest of Egypt, according to the distribution of investment activities, for the projects specified in the law, namely:
 - Labor-intensive projects.
 - Renewable energy projects.
 - National and strategic projects determined by the Supreme Council for Investment.
 - The automotive industry and its feeding industries.
 - Projects whose production is exported.
 - Engineering, metal, textile and leather Industries.
 - Electricity production and distribution projects.
 - Wood, furniture, printing, packaging and chemical industries.
 - Manufacturing of antibiotics, tumor drugs and cosmetic products.
 - Industries of food, agricultural crops and recycling of agricultural wastes.
- In all cases, the investment incentive deduction should not exceed 80% of the paid-up capital at the activity start date.

The incentive period must not exceed seven years from the activity start date.

Conditions to enjoy special incentives:

An Investment Project shall, in order for it to enjoy the Special Incentives, fulfill the following conditions:

- A new company or establishment shall be incorporated to launch such Investment Project;
- The company should be incorporated within a period of no more than three years as of the date the executive regulations of this law entered into force; this period could be extended, for more periods, which may not exceed nine years in total, pursuant to a decree of the prime minister, and upon the proposal of the competent minister.
- new company or establishment shall keep regular accounts; if such company or establishment is operating in more than one zone, it may benefit from the percentage prescribed for each zone respectively, provided it keeps separate accounts for each zone respectively; and
- The shareholders, the partners, and/or the owners of the company/establishment must not have offered, contributed or used any of the tangible assets of any company/establishment – existing since the date on which the provisions of the Investment Law come into force – in setting up, incorporating, or launching an investment project enjoying the incentives accorded by the Investment Law. Nor have they liquidated any company/establishment, within the period specified in Item 2 of this Article for setting up a new investment project enjoying the aforementioned incentives. Any violation to this requirement will result in the cancellation of the incentives, and accordingly the newly incorporated company/establishment will pay all taxes.

Table (1)**Sub-sectors of Industrial Investment Activities within the Geographical Areas of Sector (A)**

Scope (A) covers the SCZone, Golden Triangle Zone, and the region south of Giza Governorate. It includes the Suez Canal Region Governorates: Port Said, Ismailia, and Suez (The East Suez Canal Bank). This scope also incorporates the Frontier Governorates, the Red Sea Governorate (starting from south of Safaga), and all governorates of Upper Egypt.

1-Supplying industries for new and renewable energy production projects:	1.Solar cells and their components and station components (inverter – fiber optic filaments). 2.Inputs of green hydrogen production projects and green fuel derivatives. 3.Electrolyser to produce Green hydrogen. 4.Wind turbine parts and accessories.
2- Automotive manufacturing and supplying industries thereof:	1.Electric and natural gas-powered cars and buses 2.Automotive electric motors. 3.Gas cylinders. 4.Electric vehicle charging stations projects.
3-Wood, furniture, printing, packaging and chemical industries:	1.Multipurpose Furniture 2.Glass cutlery (Pyrex) 3.Sodium carbonate (soda ash) 4.Manufacturing safe, environmentally friendly alternatives to single-use plastic products.
4- Antibiotics, tumor drugs and cosmetics industry:	1.Medicines active ingredients 2.Vaccines 3.Cosmetics
5-Food industries and agricultural crops:	1.Dried vegetables and fruits 2.Medicinal and aromatic plant oils and pastes 3.Agricultural waste recycling 4.Food preparations 5.Dates
6- Engineering, metallurgical and mining industries:	1.Sewage and industrial treatment plants and sea water desalination with the use of environment-friendly technologies and all kinds of modern technology. 2.Electronic and electrical equipment 3.Machinery, equipment and production lines (automatic lathes for metals and wood) 4.Containers industry 5.Printed Circuits Boards (PCB) 6.Water desalination supplies 7.Fluid pumps

Table (1)**Sub-sectors of Industrial Investment Activities within the Geographical Areas of Sector (A)**

	1.Agricultural tractors 2.Mobile phones 3.Medical metal furniture 4.Molds (metal / plastic) 5.Boilers and supplies Thereof 6.Derivatives and post separation of black sand concentrates (granite, illmenite and monazite)
7-Industries related to Communication and Information Technology sector	Electronics design, development and manufacture.
8- Industries related to Petroleum and Natural Resources sector	1.Production and refining activities of primary, intermediate and final petroleum, natural gas and petrochemicals products. 2.Manufacture of meters and supplies for natural gas delivery process. 3.Production of non-green hydrogen and derivatives thereof. 4.Production of biofuels, biomass, and the complementary and transformative industries based on them 5.Manufacture of primary, intermediate and final petrochemical products 6.Startup projects for petrochemical industry implementations (e.g. small and medium enterprises). 7.Manufacture of green and future petrochemical products such as (green plastic / timber from agricultural waste / re-manufacturing projects). 8.Manufacture of all kinds of fertilizers such as specialized fertilizers/compound fertilizers/industrial urea/slow decomposition fertilizers) and industries based on them 9. 10.Industrial gas production as a complementary activity to petrochemical projects. 11.Manufacture of mineral ores. 12.Gold refining and metal extraction plants 13.Mining or industrial complexes related to mining such as phosphate, quartz, white sand, talc and other mining ores projects.
9- Industries related to Transportation sector	Management and operation of factories supplying the railway industries (flanges / seats / etc.)

Table (2)

Sub-sectors of Industrial Investment Activities within the Geographical Areas of Sector (B)
All Other Areas of Egypt Excluding Those Designated within Sector (A)

1-Supplying Industries of New and Renewable Energy Production Projects	1.Solar cells and stations components (inverter and fiber-optic capillaries) 2.All kinds of batteries (hydrogen, thermal and lithium)
2- Automotive manufacturing and supplying industries thereof:	1.Electric and gas-powered passenger cars and buses 2.Electric car motors 3.Gas cylinders 4.Electric vehicle charging stations
3-Wood, furniture, printing, packaging and chemical industries:	1.Plywood 2.Processed wood 3.Pulp-based paper for writing and printing 4.Paper and wood pulp (HDF) manufactured from agricultural waste 5.Plastic-coated paperboard (e.g. Tetra Pak) 6.Printing plates 7.Printing and photocopying inks 8.Glass cutlery (Pyrex) 9.Sodium carbonate (Soda Ash) 10.Rubber auto parts 11.Car tires 12.Rubber transmission belts 13.Organic colorants 14.Specialized lubricating additives 15.Acrylic plastic 16.Epoxy 17.Amino resins 18.Plastic resins 19.Poly (urethane carbonate ethers) 20.Plastic 21.Manufacturing safe, environmentally friendly alternatives to single-use plastic products
4-Antibiotics, Tumor Drugs and Cosmetics Industry	1.Active ingredients of drugs 2.Vaccines 3.Cosmetics
5-Food Industries and Agricultural Crops	1.Dried vegetables and fruits 2.Medicinal and aromatic plant oils and pastes 3.Agricultural waste recycling 4.Dates

Table (2)**Sub-sectors of Industrial Investment Activities within the Geographical Areas of Sector (B)**

6-Engineering, metallurgical, textile and leather industries	1. Water Desalination Supplies 2. Electric engines (motors) 3. Cooling pistons 4. Schiller Central Air Conditioning 5. Gas and liquid valves (industrial valves) 6. Liquid and air filters (filter) 7. Agricultural tractors (tractors) 8. Mobile phones 9. Metal medical furniture 10. Locks and accessories for furniture, ready-made clothes, leather products, or distribution panels 11. Cutting, drilling, reloading tools, as well as Hand-operated tools and machinery 12. Molds (metal/plastic) 13. All kinds of bearings (rollers) 14. Boilers and their accessories 15. Tin sheets for home appliances industry 16. Stainless steel plates and tubes 17. Welding skewers 18. Pipes and tubes - seamless tubes 19. Pipes and tubes supplies 20. Bolts, nuts and washers 21. Angles and cutters 22. LED lamp manufacturing 23. Thermostat manufacturing 24. Computers manufacturing 25. Ready-made clothes 26. Industrial yarn 27. Knitted or crocheted fabrics (knitting) 28. cotton denim 29. Woven fabrics 30. Leather products (clothing made of leather) 31. Shoes, bags and other
7. Industries pertaining to information technology and telecommunications (Subject to Article (10) from the Executive Regulations of the Investment Law)	

Table (2)**Sub-sectors of Industrial Investment Activities within the Geographical Areas of Sector (B)**

8-Engineering, metallurgical, textile and leather industries	1.Manufacture, assembly of drilling equipment and petroleum pumps. 2.Manufacture of meters and supplies for natural gas delivery. 3.Production & storage of non-green hydrogen and derivatives thereof. 4.Production of biofuels, biomass, and the complementary and transformative industries based on them 5.Manufacture of primary, intermediate and final petrochemical products 6.Startup projects for petrochemical industry implementations (e.g. small and medium enterprises). 7.Manufacture of green and future petrochemical products such as (green plastic / timber from agricultural waste / re-manufacturing projects). 8.Manufacture of all kinds of fertilizers such as specialized fertilizers/compound fertilizers/industrial urea/slow decomposition fertilizers) and industries based on them 9.Industrial gas production as a complementary activity to petrochemical projects. 10.Gold refining and metal extraction plants
9- Industries related to Transportation sector	Management and operation of factories supplying the railway industries (flanges / seats / etc.)

Additional investment incentives:

Additional incentives may be granted by a decision of the Council of Ministers for projects as follows:

- **Allowing the establishment of special customs ports for the investment project's exports or imports in agreement with the Minister of Finance.**
- **state shall bear the value of what the investor bear to connect utilities to the property allocated for the investment project or part thereof, after operating the project.**
- **The state bears part of the cost of technical training for workers.**
- **Refunding half of the value of the land allocated for industrial projects in case of starting production within two years from the date of delivery of the land.**
- **Allocating land free of charge for some strategic activities in accordance with the controls prescribed by law in this regard.**
- **Exemption from the usufruct fee of the lands allocated for the establishment of the project for a maximum period of ten years starting from the beginning of operation, based on the proposal of the minister concerned.**
- **Exemption may be offered for projects mentioned in the articles (11 and 11 bis) of the investment law from contributing to the costs of establishing infrastructure, services and public utilities by a percentage not exceeding (50%) of them, according to the controls determined by the supreme council for investment.**
- **The government may bear a percentage not exceeding 50% of the project's consumption of basic facilities for a maximum period of ten years, according to the controls determined by the supreme council for investment**

According to the executive regulations of this law, it is required - to grant companies and establishments the additional incentives stipulated in the law - that they have started production or practiced the activity, in addition to meeting one of the following conditions:

- Egypt shall be one of the main places where the company produces its products, or that these products are localized in Egypt
- To rely in financing its projects on its foreign exchange resources transferred from abroad in accordance with the controls determined by the Central Bank through an Egyptian bank.
- Exporting part of its products by not less than (50%) abroad.
- The industrial activity should include the fields of advanced modern technology and the transfer of advanced technology to Egypt and work to support their feeding industries.
- The percentage of the local component of raw materials and production requirements in the project's products shall not be less than (50%) in accordance with the controls in force at the Industrial Development Authority (IDA)
- The company's activity should be based on one of the research outputs resulting from research projects carried out within the Arab Republic of Egypt.

The CEO of the General Authority for Investment (GAFI) or whom-ever he delegates shall be responsible for issuing the necessary certificate to enjoy the above-mentioned public, private and additional incentives.

New Special Incentives :

The new incentives were added pursuant to the law No.160 of the year 2023 that amended the Investment Law No.72 of the year 2017 (by virtue of article 11 bis). Investment projects in the industrial sector or its expansions that primarily produce one or more of the industrial products listed in the attached table are granted a monetary incentive with a percentage not less than (35%) and not exceeding 55% of the tax paid on the income generated from starting the activity of the investment project or its expansions. The project is considered a producer of the targeted products if the turnover from the targeted product or products exceeds 50% of its total turnover. The incentive is eligible for a period of seven consecutive years.

Incentive Categories Based on External Financing Percentage:

- **35% tax return incentive: Applies if:**
 - The project's financing comes from foreign exchange transferred from abroad.
 - At least 50% but less than 75% of the project's funds come from this foreign exchange.
 - The incentive is based on 35% of the income tax paid upon commencing activity in the project.
- **45% tax return incentive: Applies if:**
 - The project's financing comes from foreign exchange transferred from abroad.
 - At least 75% but less than 90% of the project's funds come from this foreign exchange.
 - The incentive is based on 45% of the income tax paid upon commencing activity in the project.
- **55% tax return incentive: Applies if:**
 - The project's financing comes from foreign exchange transferred from abroad.
 - At least 90% or more of the project's funds come from this foreign exchange.
 - The incentive is based on 55% of the income tax paid upon commencing activity in the project.

Conditions to enjoy the new special incentive:

- That the project, or its expansions, depend for its financing until the date of starting the activity, on Foreign exchange from abroad at least 50% of its funds
- To begin practicing the activity within six years from the effective date of this article of the law Investment. This period may be extended to a maximum of six years by a decision of the Council of Ministers.
- The project shall be established within one of the areas of Sector (A) specified in the Investment Law or Remote areas designated by a decision of the Council of Ministers , The New Urban Communities, industrial areas, investment areas or technological areas.



Industrial Products Eligible for Monetary Incentives under Article 11 bis of Law No. 160 of 2023 Amending Investment Law No. 72 of 2017

Industrial sector	Investment opportunity	Target tariff code
Metal industries	Production of cold-rolled non-alloyed iron or steel sheets	720915
		720916
		720917
		720918
		720925
		720926
		720927
		720928
		720990
	Production of coated, plated, or covered cold-rolled non-alloyed iron or steel sheets	721011
		721020
		721030
		721041
		721049
		721050
		721061
		721069
		721070
		721090
	Manufacture of unpainted and unprinted electrical tin for manufacturing food packaging containers	721012
Chemical industries	Manufacture of soda ash «sodium carbonate»	283620
	Manufacture of phosphate fertilizers or those containing phosphorus	310311
		310390
	Manufacture of dyes and colors for textile industries	320411
		320412
		320413
		320415
		320416
		320417
		320419
	Manufacture of sheets and films of propylene polymers	392020
	Manufacture of rubber tires for passenger cars	401110
	Manufacture of rubber tires for buses [buses] and trucks	401120

Industrial Products Eligible for Monetary Incentives under Article 11 bis of Law No. 160 of 2023 Amending Investment Law No. 72 of 2017

Industrial sector	Investment opportunity	Target tariff code
Engineering industries	Manufacture of compressors for home refrigeration and air conditioning equipment	841430
	Manufacture of piston (compressors) for air or gases and deflation pumps	841480
	Manufacture of molds and templates- plastic and rubber	848071
		848079
	Manufacture of industrial valves	848180
		848190
	Manufacture of electric motors	850151
		850152
		850153
Medical and pharmaceutical industries	Manufacture of solar energy cells and light-sensitive semiconductors	854140
	Manufacture of fiber optic cables	854470
	Manufacture of pharmaceutical raw materials	170290
		230990
		290531
		290532
		290545
		290941
		291814
		292219
		292249
		292250
		293040
		293219
		293220
		293311
		293329
		293339
		293359
		293379
		293391
		293399

Industrial Products Eligible for Monetary Incentives under Article 11 bis of Law No. 160 of 2023 Amending Investment Law No. 72 of 2017

Industrial sector	Investment opportunity	Target tariff code
Medical and pharmaceutical industries		293410
		293491
		293499
		293510
		293590
		293629
		293690
		293712
		294110
		294120
		294130
		294140
		294150
		294190
	Manufacture of human vaccines and serums	300212
		300219
		300220
	Manufacture of veterinary vaccines and serums	300230
	Manufacture of medicines for human medicine	300290
		300410
		300420
		300431
		300432
		300439
		300443
		300449
		300450
		300490
	Manufacture of prepared reagents for diagnosis or laboratories	382200
		382212
	Manufacture of medical devices and equipment	841920
		901849
		901850
		901910

Industrial Products Eligible for Monetary Incentives under Article 11 bis of Law No. 160 of 2023 Amending Investment Law No. 72 of 2017

Industrial sector	Investment opportunity	Target tariff code
Medical and pharmaceutical industries		902000
		871310
		902790
		940210
		940290
		902230
		902290
		902620
		871390
		841990
	Manufacture of hearing aids	902140
	Manufacture of ultrasound scanning devices	851830
		902720
		902730
	Manufacture of magnetic resonance imaging devices	901812
		901813
	Manufacture of gamma scan devices	901814
		902221
		902229
	Manufacture of Cardiac pacemakers	901819
		902150
	Manufacture of electrical medical tools and devices	901890
	Manufacture of artificial joints and artificial body organs	902110
		902131
		902139
		902190
Textiles industries	Manufacture of cotton yarn	520511
		520512
		520513
		520521
		520522
		520523
		520524

Industrial Products Eligible for Monetary Incentives under Article 11 bis of Law No. 160 of 2023 Amending Investment Law No. 72 of 2017

Industrial sector	Investment opportunity	Target tariff code
Textiles industries	Manufacture of denim (jeans) fabric	520942
		521142
	Manufacture of polyester yarn	540220
		540233
		540246
		540247
		540249
		540252
		540262
	Manufacturing of fabrics woven from synthetic yarns	540720
		540751
		540752
		540761
		540769
		540771
	Manufacture of woven fabrics from synthetic fibers	540772
		551211
		551219
	Manufacture of non-woven fabrics	551299
		560311
		560312
		560313
		560392
	Manufacture of knitted or crocheted fabrics	600490
		600631
		600632
		600633
		600690
Mining Industries	Kaolin clays	250700
	Derivatives after separation of black sand concentrates (garnet - ilmenite - monazite)	261400
		261510

Second:

Making IDA the sole authority responsible for allocating industrial lands

- On September 1, 2024, IDA launched the Digital Egypt Industrial Platform, which enables investors to obtain all industrial services electronically and in a simplified manner, starting from issuing land licenses to paying fees.
- The platform provides various services like industrial land allocation, operating licenses, and annual inspections. It's expanding to offer building permits and industrial registry certificates.



Third:

Granting facilitations with regard to the allocation of lands under the ownership and usufruct systems as follows:

1. **Ownership system:** These prices are determined according to the share of the square meter in the Utilities works.
 - **Payment method:** The value of the land should be paid according to one of the following two methods:
 1. **The first method:** This method involves a 25% down payment on the total land value. The remaining balance will be divided into three equal annual installments, with 15% annual interest added to each installment. Taking into account to complete the project and obtain the operating license within three years of receiving the land.
 2. **The second method:** This method involves a 10% down payment on the total land value. This is followed by a two-year grace period before any further payments are due. Following the grace period, the remaining balance will be paid in equal quarterly installments over four years, with a 10% annual interest rate. It's important to note that the project must be completed and the operating license obtained within the two-year grace period.
2. **Usufruct system:**
 - The usufruct right shall be annual, and the return shall be determined at the rate of (5%) of the meter price.
 - The annual usufruct cost for the first four years of the contract shall be fixed. There will then be a cumulative annual increase of 7% for the fifth and sixth years, followed by an annual increase of 10% for the remaining usufruct period
 - The duration of the annual usufruct right shall be determined by the state authority up to a maximum of fifty Renewable years on the agreed terms, as long as the activity is continuous. The seriousness will be proven by obtaining the operating license and the industrial register, and without prejudice the right of the state authority to modify the value of the usufruct at the renewal time in light of the laws and regulations adopted in a timely manner.
 - The investor has the right to convert the usufruct right to ownership during the validity period, subject to the following conditions:
 1. At least five years have passed since the establishment of the project, obtaining operating license and industrial register, and starting operations.
 2. Paying the price of the land after re-evaluating it at the full commercial price with deducting what was paid for the usufruct right.

Fourth:

The Egyptian Ministry of Finance will cover the full amount of property tax due on built properties used for 19 industrial activities, for a period of five years starting from January 2022 until December 2026, under Prime Minister's Decrees No. 61 of 2022 and No. 3 of 2024.

- **The list of industrial activities includes:** Textile, engineering, mining, metal, leather, wood and furniture, automotive, paper and paper products, building materials, porcelain, electronics and electrical, cement, iron, ceramic, pharmaceutical, medical, chemical, food, plant and animal production.

In order for the ministry of Finance to bear the full value of the tax due on industrial activities, the activities have to be registered in the formal economy of the country and the built-up real estate on which the tax is charged has to be actually used in the industrial activity.



fifth:

- **Suspension of the payment of the value added tax due on the imported machinery and equipment or purchased from local market** for factories to be used in the industrial production. The suspension of the payment would be for a period of a year from the date of release of machinery and equipment from customs or its purchase from the local market.
- For justified reasons accepted by the Egyptian Tax Authority (ETA), this period could be extended for other period(s) provided that the total additional periods don't exceed a maximum of one year. Noting that if it is appeared for ETA that the machines and equipment were used in the industrial production during the period of tax exemption, the VAT is dropped immediately upon the beginning of production. In this case, it is prohibited to use them in purposes other than for which it was exempted for during the period of five years following the exemption before notifying ETA and paying the due tax according its status, value and the applicable tax category on the date of payment.



sixth:

Incentives stipulated in laws No. 15 of 2017 and 95 of 2018

Incentives stated in law no. 15/2017 of facilitating the issuance of industrial establishment licenses

- Micro & small enterprises are to be exempted from half of the prescribed fees of issuing industrial licenses.

Incentives stated in law no. 95/2018 of issuing law of establishing the industrial Development Authority (IDA)

- Providing the utilized industrial lands free of charge or for nominal fee for manufacturers within the zones in most need of development, virtue of the competent authority's decision.



Seventh: Incentives Concerning Local Manufacturing

Article (6) of law no. 218 of 2022 stipulating that

- Completely knocked down parts which are imported for industry to be assembled under the Customs Authority's control & which are subject to the end product item according to the customs tariff rules , should be treated as the import tax category imposed on the full product after a reduction of (10%).
- In case the local manufacturing percentage had reached (10%) or more, the imported parts will be subject to the import tax category imposed on the end product after reduction & at maximum of (90%) , or the imposed import tax will get its own items, whichever is less. This shall be applied on each part separately once the local manufacturing percentage had reached (60%), and this percentage may be reduced to (40%), upon the Minister of Trade & Industry's decision.

Law No. 5/2015 regarding preference of Egyptian products in governmental contracts

- Participation in government contracts requires that the share percentage of Egyptian components in the industrial product be no less than 40%.

Export Support Fund for Local Content Compliance

- Granting the Export IT will be based on the local added value percentage. This is will be implemented on the basis of segments; the higher the added value, the more Export IT will be provided.

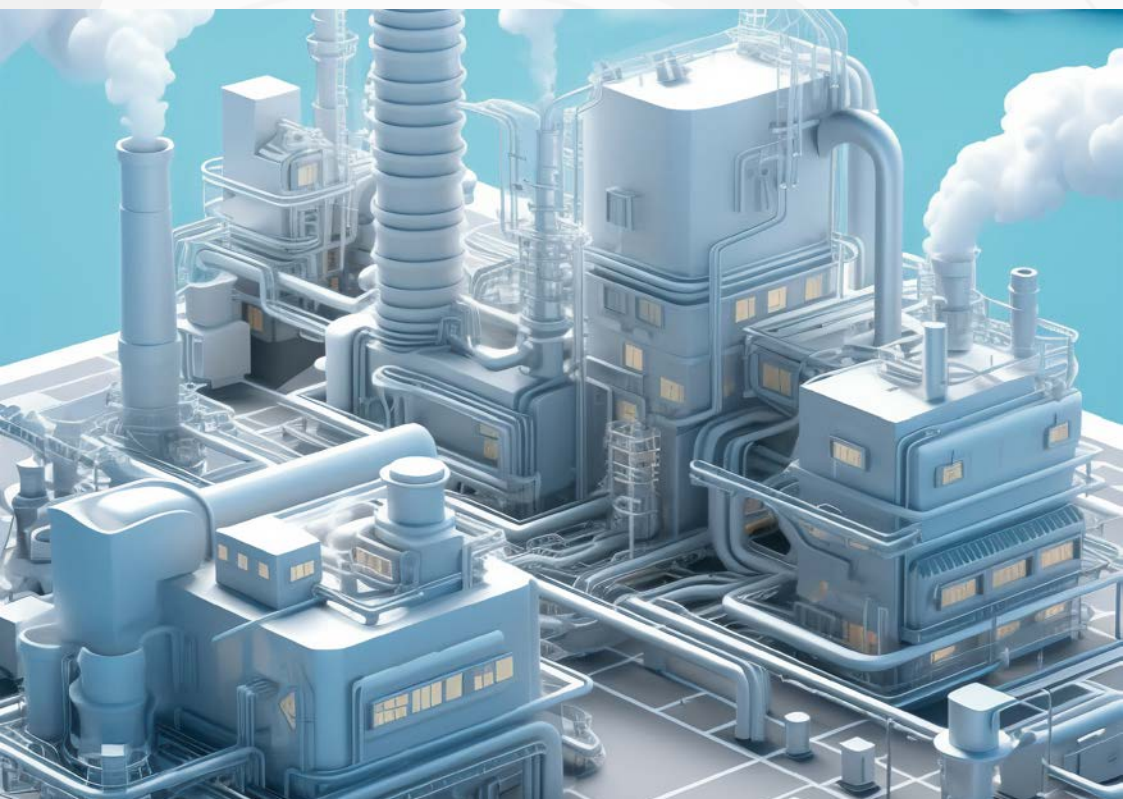
Ministerial decree no. 907 of 2005

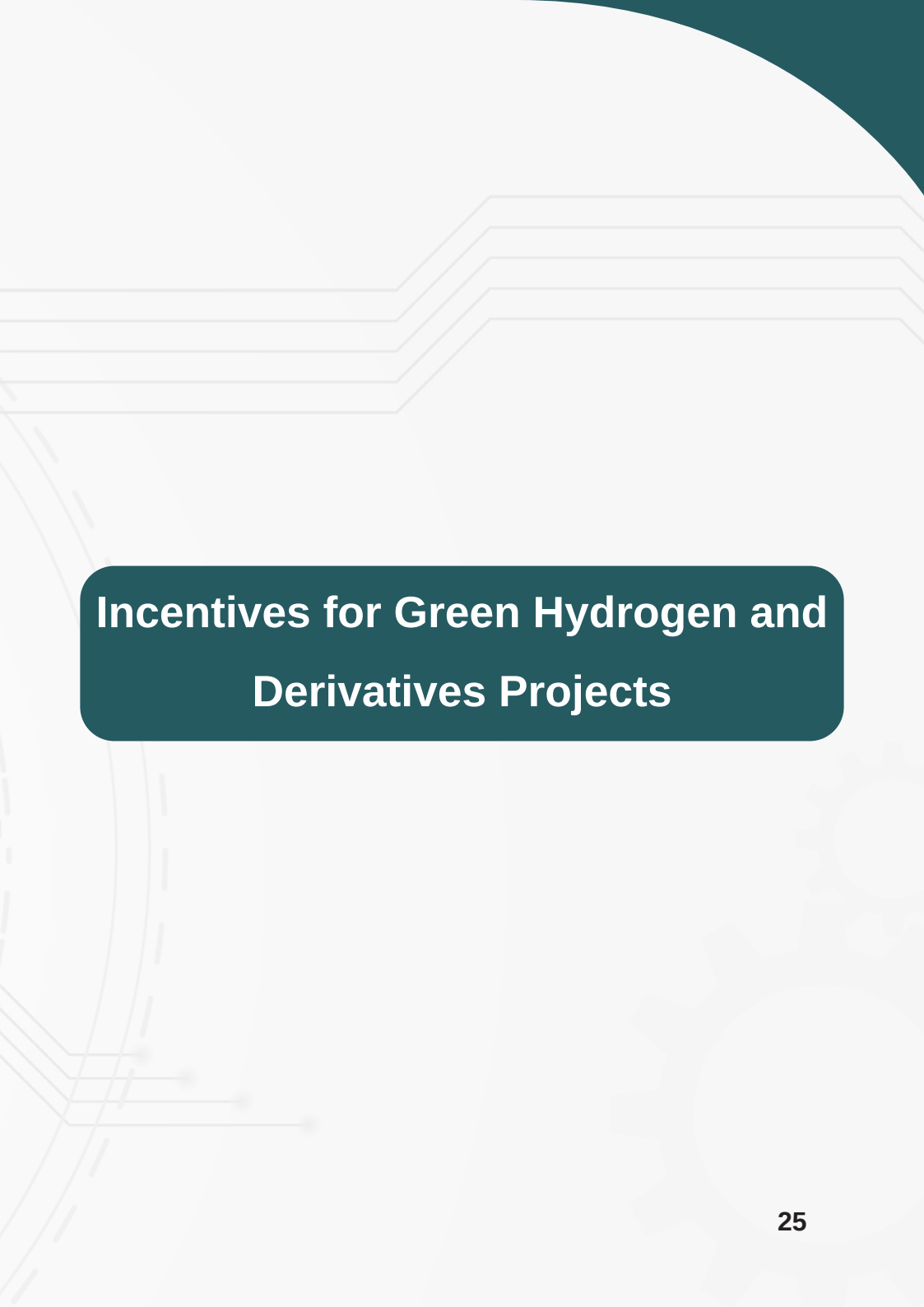
Ministerial decree no. 907 of 2005, which stipulates that in order to issue a license for the auto assembly factories, they shall be committed to the following:

- Local manufacturing percentage in auto assembly industry shall not be less than (45%).
- If the local manufacturing percentage is less than (45%), this shortage shall be filled either by exporting of local components or fully manufactured auto.

Eighth:

- **Allowing foreign investors to be registered in the importers register for a period of 10 years, even if they do not have the Egyptian nationality, in order to allow facilitating the import procedures.**





Incentives for Green Hydrogen and Derivatives Projects

Law No. 2 of 2024 has been issued to grant new incentives for green hydrogen production projects and its derivatives whose project agreements are concluded within five years from the date of this law's enforcement. These projects include:

- 1. Green hydrogen and its derivatives production factories.**
- 2. Desalination plants that allocate at least 95% of their production to be used in green hydrogen and derivatives production.**
- 3. Renewable energy power plants that allocate at least 95% of their production to feed green hydrogen and derivatives production factories and desalination plants referred to in items (1) and (2) above.**
- 4. Projects whose activities are limited to the transportation, storage, or distribution of green hydrogen and its derivatives produced within the Arab Republic of Egypt.**
- 5. Projects specifically engaged in the manufacturing of supplies or production inputs necessary for the factories mentioned in paragraph (1) of this section, as determined by a Cabinet resolution upon the recommendation of the relevant minister, following consultation with the ministers of electricity and renewable energy, and finance.**

The aforementioned projects and their expansions shall be entitled to the following incentives:

- A cash investment incentive called «Green Hydrogen Incentive» of no less than 33% and no more than 55% of the paid tax, upon the declaration of the income tax resulting from the project or its expansions.
- Zero percent value-added tax on the exports of green hydrogen projects and its derivatives.
- Obtaining a unified permit (golden license).
- The project company may import on its own or through others, what it needs for its establishment, expansion, or operation of raw materials, production inputs, machinery, spare parts, and means of transport suitable for the nature of its activity, without the need to register it in the importers' register. It may also export its products directly or through an intermediary without a license and without the need to register it in the exporters' register.



- The right to employ foreign workers up to a percentage of 30% of the total number of its employees, during the first ten years from the date of signing the project agreements.
- The project company is granted a 30% discount on the value of fees and categories for the use of seaports.
- The project company is granted a 25% discount on the usufruct right fees over industrial lands allocated for the establishment of a green hydrogen and derivatives production factory.
- Except for passenger cars, equipment, tools, machinery, devices, raw materials, supplies, and means of transport necessary for carrying out the licensed activity for green hydrogen projects and its derivatives are exempt from value-added tax.
- Permission to establish special customs departments for the project's exports or imports in agreement with the Minister of Finance.
- Granting a grace period for the payment of the consideration for the usufruct right fees over industrial and logistics lands allocated for the project and its expansions by the competent authorities, so that the commencement of payment shall be from the date of the commercial operation of the project, without calculating any interest or fines.

To grant the incentives stipulated under this law to green hydrogen production projects and their expansions, the following conditions must be met:

- The project must begin commercial operation within five years from the date of signing the project agreements.
- The project or its expansions, as the case may be, must rely on foreign financing from abroad for at least 70% of its investment cost.
- The project must commit to using locally manufactured components necessary for its implementation when available in the local market, at a minimum rate of 20% of the project's components.
- The project must contribute to the transfer and localization of modern and advanced technologies and techniques to Egypt, while committing to developing and implementing training programs for Egyptian workers.
- The project company must commit to a plan to develop the local areas where it operates by implementing corporate social responsibility standards.





Advantages and Incentives Granted to Companies Operating in the Automotive Industry

Incentives:

- a. Incentive for Increasing Local Value-Added.
 - b. Production Volume Incentive.
 - c. New Investment Incentive.
 - d. Environmental Compliance Incentive.
- (It should be noted that the maximum combined value of the above incentives is EGP 150,000).

Additional Incentives (Beyond the Maximum Limit)

- e. Local Component Enhancement Incentive
- f. Priority-Area Development Incentive

a. Incentive for Increasing Local Value-Added:

- The incentive rate ranges from 10% to 30% of the achieved Local Value-Added (LVA), applicable where the LVA ratio reaches 30% up to more than 60% based on the approved tiers.

b. Production Volume Incentive:

- This incentive applies to annual production volumes between 10 000 and over 100 000 vehicles, with an incentive equivalent to 10 %-50 % of the Value-Added Increase Incentive.

c. New Investment Growth Incentive:

- This incentive is offered for introducing new capital investments ranging from USD 4 million to over USD 266 million. The rate varies from 20 % to 100 % of the Value-Added Increase Incentive, and remains valid for one to five years, depending on the incentive value approved.

d. Environmental Compliance Incentive:

- This Incentive applies to projects that meet specific engine-emission standards, with an incentive rate of 1.5% of the local value added for Euro 4 engines, 3% for Euro 5 and higher, 4% for natural-gas engines, and 20% of the local value added for electric vehicles.

e. Incentive for Increasing the Targeted Local Industrial Component Ratio:

- If the actual local industrial component exceeds 35% of the targeted level, an additional incentive of EGP 5,000 shall be granted for each 1% increase above the targeted ratio per vehicle during the program period (beyond the maximum incentive limit).

The increase must result from one or more of the following:



1. Actual local components.
2. Additional manufacturing processes.
3. New product.

f. Incentive for Priority development areas:

- Refund of the land value in priority development areas shall be granted to automotive assembly plants that achieve a production level exceeding 100,000 conventional fuel vehicles and 10,000 electric vehicles. Existing plants located in current priority areas shall receive a refund of 50% of the contractual land price when their production increases to 100,000 conventional fuel vehicles and 10,000 electric vehicles (beyond the maximum incentive limit).

The automotive industry enjoys all the aforementioned general and specific incentives.





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