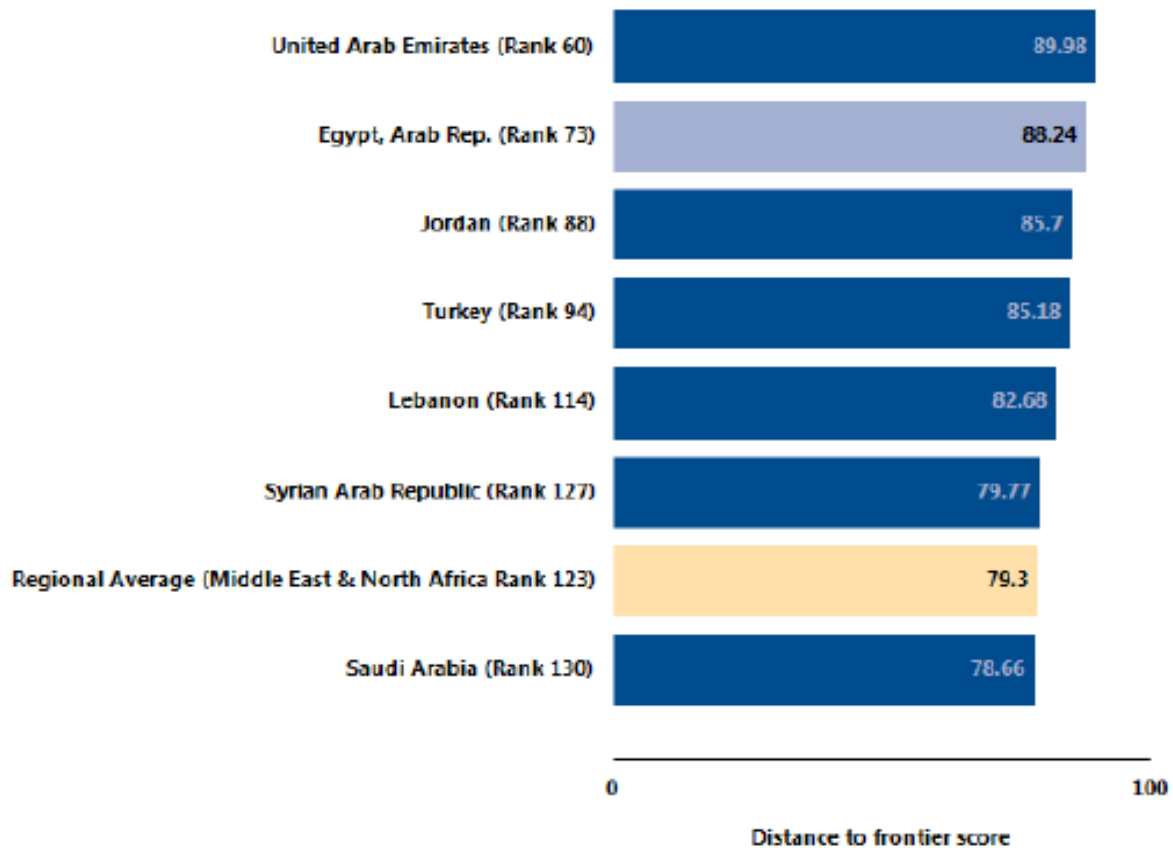




## STARTING A BUSINESS IN EGYPT

Figure 2.2 How Egypt, Arab Rep. and comparator economies rank on the ease of starting a business



Source: Doing Business database.

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Middle East & North Africa

No.	Procedure
1	<p><b>Obtain a Certificate of Non-Confusion from the Commercial Registry to reserve the company name</b></p> <p>Entrepreneurs must reserve a company name at the General Authority for Free Zones and Investment (GAFI) one-stop shop. The Incorporation Department will first check the legality of the proposed company name. If the name is deemed to be legally admissible, the entrepreneur will then go upstairs to the Commercial Registry office in the GAFI one-stop shop to pay the required fees and obtain the certificate of non-confusion (shahadat adam al-iltibas) bearing the official government stamp (khetm el nesr).</p> <p><i>Agency: General Authority for Free Zones and Investment (GAFI)</i></p>
2	<p><b>Obtain a Bank Certificate from an authorized bank</b></p> <p>The Bank of Alexandria branch at the General Authority for Free Zones and Investment (GAFI) issues and delivers the certificate in 1–2 days. The cost to open a bank account and obtain a bank certificate is between EGP 300 to EGP 500, depending on the bank. This certificate can also be obtained from other authorized banks.</p> <p><i>Agency: Any authorized Bank</i></p>

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No.	Procedure
3	<p><b>Submit documents to the Department of Companies and obtain invoice</b></p> <p>The founder submits the company documents at the reception desk of GAFI, where they are reviewed immediately by a lawyer. These documents include:</p> <ol style="list-style-type: none"><li>1. Original certificate of non-confusion.</li><li>2. Original Bank Certificate of opening an account with an authorized bank.</li><li>3. A copy of the powers of attorney from the founders to their representative.</li><li>4. A copy of the founders' I.D. cards or passports.</li><li>5. Original certificate indicating that the company's auditor is listed at the Registry of accountants and auditors.</li><li>6. The application provided by GAFI.</li><li>7. Stamped articles of association.</li></ol> <p>A registry employee reviews the documents, and issues a detailed invoice for all fees associated with the company's establishment.</p> <p><b>Fees for company establishment:</b></p> <ul style="list-style-type: none"><li>• Notary public fee: 0.25% of capital ( minimum of EGP 10 and a maximum of EGP 1,000 )</li><li>• Establishment fees: 0.1% of capital (minimum of EGP 100 and maximum of EGP 1,000 according to Article 17 (d) of the Companies Law)</li><li>• Commercial Syndicate fee: EGP 125 (for capital less than or equal to EGP 500,000) or EGP 250 (for capital more than EGP 500,000)</li><li>• Publication fee: EGP 150 (for a limited liability company in Arabic) or EGP 300 (for a limited liability company in Arabic and English)</li><li>• Chamber of Commerce fees: 0.2% of capital (minimum of EGP 24 and maximum of EGP 2,000)</li><li>• Commercial registration: EGP 56</li><li>• Issuance of operation certificate: EGP 29</li></ul> <p><i>Agency: General Authority for Free Zones and Investment (GAFI)</i></p>
4	<p><b>Notarize company's contract</b></p> <p>The articles of association must be registered and certain documents deposited at the Investment Notarization Office on the first floor of the GAFI one-stop shop.</p> <p>No stamp duty is levied, according to the amendments (published on July 1, 2006) to the Stamp Duty Law (No. 111 of 1980). Required are the original copies of the articles of association and the powers of attorney</p> <p><i>Agency: Investment Notarization Office at the General Authority for Free</i></p>

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## Obtain the certificate of incorporation

5

When the articles of association are submitted, the competent authority must ratify them and issue a certificate of incorporation approving the establishment of the company. This certificate is issued within 24 hours. Upon receipt of the Certificate of Incorporation, the applicant shall obtain the operation certificate from the Chamber of Commerce Office at the OSS. Thereafter, the applicant shall submit a registration application to the Commercial Register Office in order to have the Company registered in the Commercial Register. Within the 15 days if the competent authority has no objection, the Department of Companies is thereafter responsible for publishing the notice of incorporation in the Investment Gazette at the company's expense.

*Agency: General Authority for Free Zones and Investment (GAFI)*

## Register for taxes

6

Upon incorporation, the company can complete tax registration and obtain the tax card at the one-stop shop's tax counter on the first floor. The tax cards are sent via courier to a central location in Cairo (located near the one-stop shop) for printing. If the request for a tax card is submitted before noon, the tax card will be printed out and issued on the same day. Requests submitted after noon will be processed on the following day.

Upon obtaining the card, the company may choose to register for sales tax, provided that they have started production. Companies are obliged to register for sales tax only once they reach at least EGP 54,000 in sales for industrial activities and EGP 150,000 in sales for commercial activities. The required documents include the articles of association and the powers of attorney, the bank signature authentication (to be issued to the appropriate person by the manager having the power to sign on behalf of the company), the tax card, an original extract from the company's commercial register, and the original copy of the company's lease agreement for its premises.

*Agency: Investment Tax Office at the General Authority for Free Zones and Investment (GAFI)*

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No.	Procedure
7	<p><b>Open a company file and Register employees with the National Authority of Social Insurance</b></p> <p>Social insurance provides compensation for disability, retirement (pension), unemployment, and work-related injuries. By law, employers are required to subscribe to the social insurance system. Otherwise, they may be subject to sanctions.</p> <p>The following documents must be submitted to the competent authority's office:</p> <p>Company's commercial register.</p> <ul style="list-style-type: none"><li>• Company's tax card.</li><li>• Company's articles of incorporation.</li><li>• Deed or lease agreement for company premises.</li></ul> <ul style="list-style-type: none"><li>• Employer to fill in Form No. 2.</li><li>• Employer's bank signature certificate.</li><li>• Employer's graduation certificate.</li></ul> <ul style="list-style-type: none"><li>• Employees' to fill in Form No. 1.</li><li>• Employees' copy of identification card.</li><li>• Employee's graduation certificate.</li><li>• Employees' birth certificate (copy) if they do not have a social insurance number; or Form No. 6 for clearance/termination from employees' previous jobs.</li></ul> <p>The company premises are then subject to inspection by relevant authorities - such as the National Authority for Social Insurance and GAFI. Inspection takes place in practice only if there is any complaint filed against the company, or suspicion that the company is an image organization that does not actually conduct business as claimed in its submitted documents. Companies registering for sales tax will undergo inspection.</p> <p><i>Agency: National Authority of Social Insurance</i></p>

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## CONCLUSION

Even though Egypt went slightly down in the World ranking of the ease to start a business from 69 to 73, it remains in the 2<sup>nd</sup> place in the Middle East & North African countries as stated below by the Doing Business 2016 publish by the World Bank.

Egypt reduced consequently over the years the minimum investment to start a business, reducing for example the minimum capital to start a Limited company from 10 000 to 1LE.

Egypt also reduces the number of procedure required to register & incorporate a company. Theoretically a company can be register in 8 days. In pratice a month is more realistic.

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