

Prime Ministerial Decree No. 1625 of 2002
Issuing

**The Executive Regulations for the Law of Economic Zones
of a Special Nature**

The Prime Minister after reviewing:

- The Constitution;
- The Civil Code;
- The Commercial And Civil Proceedings Act;
- The Commerce Act;
- The Maritime Act;
- Law 129 of 1947 Concerning Obligations of Public Utilities;
- Law 308 of 1955 Concerning Administrative Sequestration;
- Law 61 of 1958 Concerning Granting Concessions In Relation to the Investment of Natural Resources, Public Utilities and Amendment of Concession Terms;
- Law 89 of 1960 Concerning the Entry, Residency and Departure of Foreigners in The Arab Republic of Egypt;
- Customs Law 66 of 1963;
- Income Tax Law 157 of/ 1981;
- Sales Tax Law 11 of 1991;
- Law 12 of 1964 Concerning the Incorporation of the Egyptian General Establishment of Maritime Transport;
- State Council Law 47 of 1972;
- State General Budget Law 53 of 1973;
- Social Insurance Law 79 of 1975;
- Law 83 of 2002 Concerning Economic Zones of a Special Nature

and after obtaining the approval of the Cabinet, it was decided

Article (1)

The provisions of the Executive Regulations of Law No. 83 of 2002 for Economic Zones of a Special Nature, attached hereto, shall be enforceable.

Article (2)

This Decree shall be published in the Official Gazette and shall be enforceable as of the day following the date of its publication.

Prime Minister – Dr. Atef Mohamed Abeid

Date: September 21, 2002

Article (1)

The provisions of the other governing Laws and legislations shall apply with respect to matters not addressed by any provision in Law No. 83 of 2002 concerning Economic Zones of a Special Nature and its Executive Regulations.

Article (2)

The following terms reflected in the provisions of these Executive Regulations shall have the meaning set forth before each of them, in Law 83 of 2002 concerning Economic Zones of a Special Nature:

- 1- The Zone
- 2- The Authority
- 3- The Board of Directors
- 4- The Main Development Company
- 5- The Development Company
- 6- The Center

Article (3)

Without prejudice to Article (6) of the said Law of Economic Zones of a Special Nature, the other resources proposed to be added to those of the Authority, shall be submitted to the Board of Directors of the Authority.

Article (4)

The Board of Directors of the Authority, together with the Minister of Finance, shall determine annually the percentage to be paid to the State Treasury from the net current operations surplus, after payment of taxes.

Article (5)

A Presidential Decree shall be issued appointing the Chairman of the Authority and determining his financial remuneration, based upon a proposal from the Prime Minister.

Article (6)

The fees stipulated in the applicable laws shall represent the maximum limit to be determined by the Board of Directors of the Authority in relation to the license fees for establishing companies, projects and businesses.

The Board of Directors of the Authority may reassess such fees by increasing or decreasing them in light of the increase or decrease stipulated in the Laws setting these fees.

Article (7)

The Board of Directors of each Authority shall have the right to issue resolutions and take the required procedures to manage, develop and regulate business in the Zone, with due regard to the conditions and regulations stipulated in Article (13) of the Law of Economic Zones of a Special Nature and relevant codes of the Law.

Article (8)

The provisions of the Taxation and Customs Acts, together with the legislation and executive resolutions, shall be applied with respect to those matters not addressed by a provision in this Act.

Article (9)

No project, whatever its legal form, shall be established in the Economic Zone of a Special Nature, except after obtaining the approval of the Board of Directors of the Authority. The application for such approval shall include the following data: founders and their nationalities, the purpose, the investment costs, the legal form, the capital, the sources of financing, the requirements from inside the country or overseas, the areas required,

the number, types and nationalities of the labor, the environmental effects, in addition to any other data required by the Board of Directors. The Board of Directors shall stipulate the conditions for practicing professions and occupations with the Zone.

Article (10)

The projects that will be established within the Economic Zone of a Special Nature shall have one of the following legal forms, unless the Egyptian Laws require a specific legal form:

- sole proprietorship
- branches of foreign companies
- a limited partnership
- a general partnership
- a joint stock company
- a limited liability company
- a partnership limited by shares

sole proprietorship and branches of foreign companies shall be established by registration in the Commercial Register of the Zone according to the conditions, regulations and documentation determined by the Board of Directors.

Article (11)

The Board of Directors of the Authority shall issue standard forms, and Articles of Association and statutes as guidelines for the founders. No provisions or conditions shall be included that violate the provisions of the Law or public order and they must be approved by the Authority.

The Board of Directors shall specify the documentation that shall be submitted to complete the establishment procedures.

Article (12)

The Authority shall have the jurisdiction of the Commercial Registration Authority as stipulated in Law 34 of 1976 concerning the establishments, branches and companies set up within the Zone. These companies shall be registered in the Commercial Register after the Authority approves the establishment procedures and ratifies the Articles of Association and Statutes, according to the procedures specified by the Board of Directors.

Article (13)

The Authority shall have the jurisdictions stipulated in the Laws and regulations of the competent administrative authority concerning the approvals and licenses for the businesses in the Zone, as determined by the Board of Directors. The Authority shall monitor the practices of the businesses established in the Zone, except for those businesses that are monitored by certain ministries and administrative authorities, the Central Bank or the Insurance Supervisory Authority, as stipulated in the Act.

Article (14)

The Authority shall have the jurisdictions stipulated in Law 159 of 1981 and its Executive Regulations concerning corporate companies in the Zone, whether at the time of incorporation – provided prior approval is requested – or throughout the duration of the company, upon its termination, merger or otherwise.

The Chairman of the Authority shall have the powers of the competent minister.

The Board of Directors of the Authority shall set the inspection rules and measures to be imposed on the companies in accordance with the circumstances of the Zone.

Article (15)

The Main Development Company referred to in Article (16) of the Law shall have the legal form of a joint stock company, and shall be established according to the procedures stipulated herein.

Article (16)

A special system shall be set for customs management by the Board of Directors of the Authority, following the approval by the Minister of Finance, which shall take into consideration those procedures and bases stipulated in Article (21) of the Law concerning Economic Zones of a Special Nature.

Article (17)

The Minister of Finance shall issue a resolution, specifying the customs bonded area for the Zone, which shall practice its powers according to its

special system, together with the rules and regulations issued by virtue of a resolution from the Chairman of the Authority, following approval of the Minister of Finance.

Article (18)

The Board of Directors of the Authority shall issue a special system for tax management following approval of the Minister of Finance, which shall take into consideration the conditions and circumstances stipulated in Article (25) of the Act.

Article (19)

A higher committee shall supervise the implementation of the tax system in the Zone. Upon the approval of the Minister of Finance, the Chairman of the Authority shall issue a decision setting up such committee, and determining its work rules and procedures.

Article (20)

Import from the Economic Zones of a Special Nature into the country shall be according to general rules for importing from abroad. Customs duties imposed on the goods imported from the Zones to the local market shall be paid as if such goods were imported from abroad. The products imported from the projects of the Zones containing local and foreign components, shall be subject to the same customs duties to be imposed upon the foreign components at the prevailing rate at the time of exiting the Zones and entering the country, on condition that the custom duty imposed on the foreign components does not exceed the custom duty imposed on the final imported product.

Foreign components shall include foreign, imported parts and materials as per their condition upon being admitted into the Economic Zone of a Special Nature, without calculating the operational costs in that Zone. The Economic Zone of a Special Nature shall be the country of origin in relation to products manufactured within it concerning freight account.

Article (21)

Without prejudice to the Law of Economic Zone of a Special Nature and its customs system, the custom duties, sales tax and all other types of taxes and fees imposed upon goods imported from the Economic Zone of a Special Nature, shall be paid as if such goods were imported from abroad. Custom duties, sales tax and all other taxes and dues imposed on the products of the projects operating in these Zones, which contain foreign components and other local components when released into the country, shall be chargeable on the value of the foreign components, on the date of recording the custom declaration at the applicable rates on the date of payment.

Article (22)

Pursuant to the procedures and rules stipulated in the Internal Regulations for the Labor System in the Zone and upon the request of the concerned parties, the Board of Directors of the Authority shall authorize the following:

1. removal of waste resulting from project activity, ordinary packages and empty packaging materials into the country, after payment of custom dues, tax and sales tax.
2. permitting products unsuitable for export (average) resulting from industrial processes, inside the country after payment of customs dues, tax and sales tax.

Article (23)

The items referred to in the previous Article shall be disposed of should such items endanger public health, security and order according to what has been approved by the competent public authority by virtue of a decree from the Chairman of the Board of Directors of the Authority, if the concerned party does not comply with the written order to remove said items during the notice period stipulated therein.

Article (24)

Goods and commodities exported from the country to the projects of the Economic Zone of a Special Nature shall be treated in the same manner as

the goods and commodities exported abroad. In all events, all the applicable export and monetary procedures concerning such exports must be completed on the date of submitting the customs declaration.

Article (25)

The projects operating in the Economic Zone of a Special Nature shall submit an insurance policy in favor of the Customs Authority covering the customs duties, tax and sales tax due on the goods when transferred from the customs bonded areas to the Economic Zone of a Special Nature or vice versa, or between such Zones, provided that said insurance shall cover the risks of theft, damage and loss.

Article (26)

The inbound shipments consigned to Economic Zones of a Special Nature through their main ports shall be subject to those procedures issued by a resolution from the Board of Directors of the Authority. However, the inbound cargo coming through other ports shall be transported according to the provisions of the transit system, within the scope of the special customs system of the Zone.

Article (27)

Shipments exported abroad from the projects licensed to operate in the Economic Zones of a Special Nature shall not be subject to any procedures other than those stipulated in the Law concerning Economic Zones of a Special Nature.

Article (28)

With due regard to the provisions of Article (21) hereof and upon the request of the concerned parties, the Chairman of the Board of Directors of the Authority shall permit, without being restricted by the applicable import procedures within the country, temporary admission of the goods, materials, parts, local and foreign raw materials – of the projects licensed to operate within the Economic Zone of a Special Nature – to the Zone from within the country for repair or to undergo industrial processing and exit and return to the country.

15measures for readmitting goods, tools and raw materials that have undergone industrial processes to the country.

Article (29)

The temporary admission application referred to in the previous Article shall be submitted to the Chairman of the Authority by the concerned parties on the form approved by the Chairman, in one original and two copies. A declaration must be attached to the said application, including a description of:

The commodities, quantities and the processes that such commodities shall undergo, whether repair or industrial processes, together with the estimated value thereof and the types of such commodities, goods, raw materials or materials and the parts to be processed in the Zone, in addition to the anticipated percentage of loss and waste if there are foreign components entering the industrial processes, as well as the due date for completing repair or industrial processes and the anticipated date of withdrawal of those items after being completed. The management of the Economic Zone of a Special Nature shall approve the original of such declaration and keep a copy of it. An undertaking issued by the project shall be attached to the said declaration, confirming that the product shall be returned from the Economic Zone of a Special Nature back to the country after being repaired, processed or fulfillment of customs procedures if the project chooses to keep the product in the Zone.

Article (30)

The application concerning the exit of the items referred to in the previous article from the Zone and returning them to the country shall be submitted to the Chairman of the Authority by the concerned parties, in the form approved by the Chairman, in one original and two copies after finalizing the procedures of repair or industrial processing for which such items were entered into the Zone. The application shall indicate: the repair and industrial processing that took place on the said items, the period during which they were made, the final value thereof and an inventory of the products after being processed, together with the value of the foreign components used in repair or industrial processing. A copy of the import declaration of the shipment shall be attached to the application at the time of entering the Zone, together with a declaration from the project that such items are the same as those subject of the permission to enter the Zone, as well as an invoice covering the value of repair or industrial processing. The management of the Zone shall approve the original declaration and its attachments, and keep a copy of it.

Article (31)

A joint committee composed of members of the Customs Authority and the management of the Zone shall inspect those items referred to in the previous Article, in the presence of a representative from the project, to ensure the validity and conformity of the data in light of the submitted documents, upon which a release for such items will be issued. The project shall submit the original of such release, approved by the competent customs department, to take the required customs procedures and the project shall keep a copy of it for submission to be attached to the documentation, when those items are returned. The shipment shall be delivered to the authorized representative of the project and shall remain in his custody and under his responsibility until it is returned back into the country.

Article (32)

If a request is submitted to remove waste, ordinary packages and empty containers, as well as defective products unsuitable for export left over from industrial processing in the Zones to be transferred into the country, then the project shall provide the competent customs Authority with a declaration about such goods, approved by the management of the Zone, in order to take inspection, conformity and customs procedures and collect taxes, customs duties, and sales tax and allow their exit.

Article (33)

The establishments within the Zone shall comply with all rules and mandates related to environmental protection, as well as the Laws and regulations governing them, according to the stipulations of the Environmental Affairs Authority and in compliance with the procedures stipulated by the competent Authority in charge of fire fighting and storage and to take the required actions to implement those safety and security procedures stipulated in the legislations regulating the possession, transport, off-loading or handling of hazardous goods or explosives.

Article (34)

Import from the Economic Zones of a Special Nature into the country shall not take place except within the limits, quantitative percentages and timeframes that shall be stipulated by the Board of Directors of the Authority, according to the requirements of the public interest of the country.