Your Growth, Our Business

Egypt Tax Alert

TAX LAW AMENDMENTS

August 2026

GCC@acquisory.com

www.acquisory.com

Celebrating 15 Years of Learning & Growth

Executive Summary

On 28 July 2026, the Official Gazette published a comprehensive set of tax legislation Laws No. 148 to 154 of 2026 introducing comprehensive reforms designed to modernize the Egyptian tax system, stimulate foreign direct investment, and streamline compliance.

Key updates include simplified bad debt deductions, introduction of 2.5% real estate disposal tax, capital gains and dividend tax reliefs, 15% corporate tax rebate for landmark IPOs on the EGX, suspension of VAT on industrial and medical machinery, extension of the tax dispute resolution framework until end of 2026, updates to interest deductibility (thin capitalization), introduction of Small Business settlement schemes, changes to state owned company profit, stamp tax and state development levy provisions.

AMENDMENTS AT A GLANCE

Income Tax Law Amendments (Law no. 151 of 2026)

Bad Debt Write-Off Deductions:

- Introduction of a simplified procedure for write-offs up to EGP 10,000 per debt without requiring court performance orders or legal execution, subject to an overall cap of 1% of the total accounts receivable balance at tax year-end.
- For debts exceeding EGP 10,000, serious collection efforts must still be demonstrated 12 months after the due date.

Real Estate Disposal Tax:

- Applies at a flat rate of 2.5% on the gross disposal value of real estate or land intended for construction (excluding villages). Payment of tax is due within 60 days of disposal transaction.
- Corresponding rules for property received by inheritance.
- In-kind real estate contributions to joint-stock company capital are excluded, provided the underlying shares are held for at least 5 years.

Capital Gains Tax (CGT):

- Capital gains realized from the disposal of securities listed on the Egyptian Stock Exchange are exempted entirely except where such disposal results in the delisting of the company's shares from the Exchange. A new proportional stamp duty on such sales would be levied.
- Capital gains resulting from disposals of shares of unlisted securities by resident or non-resident entities are subject to CGT (non-residents must remit tax within 60 days upon transaction). No stamp duty on sales would be levied on such transactions.
- Non-resident gains from Treasury Bills remain exempt from CGT
- CGT Settlement Amnesty: CGT accrued on EGX-listed share disposals between 16 June 2023 and the effective date of this law is officially waived.

AMENDMENTS AT A GLANCE

Income Tax Law Amendments (Law no. 151 of 2026)

Dividends Tax & Intercompany Relief:

- Taxed at 10% (reduced to 5% of dividends if the securities are listed on the EGX) without deduction of expenses.
- Profits of non-resident permanent establishments are deemed distributed 60 days after the financial year-end, and a participation-style exemption is retained for dividends received by a parent or holding company from subsidiaries in which it holds at least 25% for at least two years.

Thin Capitalisation Safe Harbour

- The thin capitalization safe harbor ratio remains 2:1 (debt-to-equity).
- However, the ratio expands to 4:1 for entities for borrowing from unrelated parties used to finance qualifying national infrastructure projects designated by the Prime Minister, subject to a minimum 25% project investment stake and the loan/project completion time limit. The rule does not apply to banks, insurers, or Minister-designated financing companies.

Major IPO Tax Incentive:

- Companies floating shares on the EGX via an approved prospectus will receive a 15% reduction on income tax due for 3 consecutive tax years, provided fair market value at floatation is at least EGP 50 billion and at least 20% of capital (or EGP 10 billion worth of shares) is offered.

Small Business Settlement Scheme:

- Settlement non-final tax for entities with annual turnover below EGP 10 million for tax periods starting 1 January 2022 through March 2025 using percentage rates (0.5% to 1%) or annual fees (EGP 1,000 to EGP 5,000).

AMENDMENTS AT A GLANCE

Unified Tax Procedures Law Amendments (Law No. 150 of 2026)

- **Temporary Tax Cards**: Taxpayers may obtain a temporary tax card valid for up to 8 months to complete commercial setup and licensing procedures. However, temporary tax cards strictly cannot be used to issue electronic invoices or electronic receipts.

- **Accounting & Bookkeeping Standards**: Reaffirms the statutory obligation for commercial, industrial, professional, and craft businesses to maintain regular manual or electronic accounting books compliant with Commercial Law No. 17 of 1999.

Stamp Duty & Dispute Resolution Extensions (Law Nos. 152 & 153 of 2026)

- **Stamp Duty on Securities (Law No. 153)**: Imposed at 0.5 per mille (0.05%) on both buyer and seller for EGX-listed securities transactions. Reduced to 0.25 per mille (0.025%) each for same-day . Approved market makers are fully exempt.

- **Extension of Tax Dispute Settlement (Law No. 152**): Operation of Law No. 79 of 2016 on Tax Dispute Settlement is extended through 31 December 2026. Dispute resolution committees will continue reviewing existing and newly submitted applications until that date.

State Resource Development (Law No 148 2026)

- **State Departure Fee (Law No. 148):** Standard fee set at EGP 100 per departure from Egyptian territory (exemptions granted to passenger/goods transport drivers and regular border-crossing personnel).

- **Cement Production Development Fee (Law No. 148):** Imposed at EGP 35 per ton of cement produced, payable directly to the Egyptian Tax Authority

AMENDMENTS AT A GLANCE

State-Owned Company Profits (Law No. 154 of 2026)

- Law No. 154 of 2026 requires wholly state-owned companies to transfer 5% of distributable net profit to the state treasury within four months of the financial year-end, and companies with more than 50% state or public ownership to transfer 4%, capped at the state's ownership share, subject to temporary exemptions the Council of Ministers may grant for social or economic reasons

Value added Tax (Law No. 149 of 2026)

- Egypt has enacted Law No. 149 of 2026, amending several provisions of the VAT Law (Law No. 67 of 2016).

- The key changes include a temporary suspension of VAT on qualifying industrial machinery, equipment and medical devices used in industrial production.

- A new input VAT recovery entitlement has been introduced for locally manufactured machinery, equipment, and medical devices, placing them on an equal footing with imported equivalents. In addition, the VAT rate applicable to machinery, equipment, and medical devices used in production has been reduced to 5%, excluding buses and passenger vehicles.

- The amendments also revise the list of VAT-exempt goods and services, covering certain medical equipment, financial services, land and property transactions.

- Furthermore, natural gas has been added as a taxable item at a rate of EGP 20 per thousand cubic feet.

WAY FORWARD FOR BUSINESSES

Tax Focus Area	Financial / Business Impact	Recommended Action
Bad Debt Write-offs	Simplified deduction up to EGP 10k per debt (cap 1% receivables)	Review receivables ledger and align write-off policies before year-end.
EGX Capital Markets	15% corporate tax discount for large IPOs; updated stamp duty	Evaluate corporate flotation requirements and update trading tax models.
Thin Capitalization	4:1 leverage limit available for national infrastructure projects	Re-assess loan structuring for eligible public infrastructure SPVs.
Pending Tax Disputes	Extension of dispute resolution committees to 31 Dec 2026	Submit formal settlement requests for outstanding audit disputes immediately.
VAT Impact	VAT suspended or exempted on certain categories	Exemption/suspension of VAT to be monitored for relevant goods or service

Our Offices

UAE

Dubai Office 604, Bay Square 11,
Business Bay,
P.O. Box: 118767, Dubai, UAE
+971 4576 5098
GCC@acquisory.com

INDIA

Delhi-NCR 1116, 11th Floor, WTT,
C-1, Sector 16,
DND Flyway, Noida – 201301
T: +91 120 614 300
Fax: +91 120 6143033

Mumbai
102, 1st Floor, Naman Centre, BKC, Near MMRDA Parking,
Bandra East, Mumbai City, Maharashtra, 400051
T: +91 22 68648100
Fax: +91 22 68648132

Bengaluru Unit 1003-1004, 10th Floor,
Prestige Meridian - II,
Mahatma Gandhi Rd, Ashok Nagar,
Bengaluru,
Karnataka, 560025

GCC@acquisory.com   www.acquisory.com

Celebrating 15 Years of Learning & Growth