

# GLOBAL FORUM ON TRANSPARENCY AND EXCHANGE OF INFORMATION FOR TAX PURPOSES

Peer Review Report on the Exchange of Information  
on Request

# EGYPT

2024 (Second Round)



# **Global Forum on Transparency and Exchange of Information for Tax Purposes: Egypt 2024 (Second Round)**

PEER REVIEW REPORT ON THE EXCHANGE  
OF INFORMATION ON REQUEST

This peer review report was approved by the Peer Review Group of the Global Forum on Transparency and Exchange of Information for Tax Purposes (Global Forum) on 29 February 2024 and adopted by the Global Forum members on 27 March 2024. The report was prepared for publication by the Global Forum Secretariat.

This document, as well as any data and map included herein, are without prejudice to the status of or sovereignty over any territory, to the delimitation of international frontiers and boundaries and to the name of any territory, city or area.

The statistical data for Israel are supplied by and under the responsibility of the relevant Israeli authorities. The use of such data by the OECD is without prejudice to the status of the Golan Heights, East Jerusalem and Israeli settlements in the West Bank under the terms of international law.

Note by the Republic of Türkiye

The information in this document with reference to “Cyprus” relates to the southern part of the Island. There is no single authority representing both Turkish and Greek Cypriot people on the Island. Türkiye recognises the Turkish Republic of Northern Cyprus (TRNC). Until a lasting and equitable solution is found within the context of the United Nations, Türkiye shall preserve its position concerning the “Cyprus issue”.

Note by all the European Union Member States of the OECD and the European Union

The Republic of Cyprus is recognised by all members of the United Nations with the exception of Türkiye. The information in this document relates to the area under the effective control of the Government of the Republic of Cyprus.

**Please cite this publication as:**

OECD (2024), *Global Forum on Transparency and Exchange of Information for Tax Purposes: Egypt 2024 (Second Round): Peer Review Report on the Exchange of Information on Request*, Global Forum on Transparency and Exchange of Information for Tax Purposes, OECD Publishing, Paris, <https://doi.org/10.1787/f71584b9-en>.

ISBN 978-92-64-34193-7 (print)

ISBN 978-92-64-38046-2 (PDF)

Global Forum on Transparency and Exchange of Information for Tax Purposes

ISSN 2219-4681 (print)

ISSN 2219-469X (online)

**Photo credits:** OECD with cover illustration by Renaud Madignier.

Corrigenda to OECD publications may be found on line at: [www.oecd.org/about/publishing/corrigenda.htm](http://www.oecd.org/about/publishing/corrigenda.htm).

© OECD 2024

---

The use of this work, whether digital or print, is governed by the Terms and Conditions to be found at <https://www.oecd.org/termsandconditions>.

---

## *Table of contents*

<b>Reader’s guide</b> .....	5
<b>Abbreviations and acronyms</b> .....	9
<b>Executive summary</b> .....	11
<b>Summary of determinations, ratings and recommendations</b> .....	17
<b>Overview of Egypt</b> .....	33
<b>Part A: Availability of information</b> .....	39
A.1. Legal and beneficial ownership and identity information .....	39
A.2. Accounting records .....	86
A.3. Banking information .....	100
<b>Part B: Access to information</b> .....	111
B.1. Competent authority’s ability to obtain and provide information .....	111
B.2. Notification requirements, rights and safeguards .....	124
<b>Part C: Exchange of information</b> .....	129
C.1. Exchange of information mechanisms .....	129
C.2. Exchange of information mechanisms with all relevant partners .....	142
C.3. Confidentiality .....	144
C.4. Rights and safeguards of taxpayers and third parties .....	152
C.5. Requesting and providing information in an effective manner .....	155
<b>Annex 1. List of in-text recommendations</b> .....	169
<b>Annex 2. List of Egypt’s EOI mechanisms</b> .....	171
<b>Annex 3. Methodology for the review</b> .....	174
<b>Annex 4. Egypt’s response to the review report</b> .....	177



## Reader's guide

**The Global Forum on Transparency and Exchange of Information for Tax Purposes (the Global Forum)** is the multilateral framework within which work in the area of tax transparency and exchange of information is carried out by over 160 jurisdictions that participate in the Global Forum on an equal footing. The Global Forum is charged with the in-depth monitoring and peer review of the implementation of the international standards of transparency and exchange of information for tax purposes (both on request and automatic).

### Sources of the Exchange of Information on Request standards and Methodology for the peer reviews

The international standard of exchange of information on request (EOIR) is primarily reflected in the 2002 OECD Model Agreement on Exchange of Information on Tax Matters and its commentary, Article 26 of the OECD Model Tax Convention on Income and on Capital and its commentary and Article 26 of the United Nations Model Double Taxation Convention between Developed and Developing Countries and its commentary. The EOIR standard provides for exchange on request of information foreseeably relevant for carrying out the provisions of the applicable instrument or to the administration or enforcement of the domestic tax laws of a requesting jurisdiction. Fishing expeditions are not authorised but all foreseeably relevant information must be provided, including ownership, accounting and banking information.

All Global Forum members, as well as non-members that are relevant to the Global Forum's work, are assessed through a peer review process for their implementation of the EOIR standard as set out in the 2016 Terms of Reference (ToR), which break down the standard into 10 essential elements under three categories: (A) availability of ownership, accounting and banking information; (B) access to information by the competent authority; and (C) exchanging information.

The assessment results in recommendations for improvements where appropriate and an overall rating of the jurisdiction's compliance with the EOIR standard based on:

1. The implementation of the EOIR standard in the legal and regulatory framework, with each of the element of the standard determined to be either (i) in place, (ii) in place but certain aspects need improvement, or (iii) not in place.
2. The implementation of that framework in practice with each element being rated (i) compliant, (ii) largely compliant, (iii) partially compliant, or (iv) non-compliant.

The response of the assessed jurisdiction to the report is available in an annex. Reviewed jurisdictions are expected to address any recommendations made, and progress is monitored by the Global Forum.

A first round of reviews was conducted over 2010-16. The Global Forum started a second round of reviews in 2016 based on enhanced Terms of Reference, which notably include new principles agreed in the 2012 update to Article 26 of the OECD Model Tax Convention and its commentary, the availability of and access to beneficial ownership information, and completeness and quality of outgoing EOI requests. Clarifications were also made on a few other aspects of the pre-existing Terms of Reference (on foreign companies, record keeping periods, etc.).

Whereas the first round of reviews was generally conducted in two phases for assessing the legal and regulatory framework (Phase 1) and EOIR in practice (Phase 2), the second round of reviews combine both assessment phases into a single review. For the sake of brevity, on those topics where there has not been any material change in the assessed jurisdictions or in the requirements of the Terms of Reference since the first round, the second round review does not repeat the analysis already conducted. Instead, it summarises the conclusions and includes cross-references to the analysis in the previous report(s). Information on the Methodology used for this review is set out in Annex 3 to this report.

## **Consideration of the Financial Action Task Force Evaluations and Ratings**

The Financial Action Task Force (FATF) evaluates jurisdictions for compliance with anti-money laundering and combating terrorist financing (AML/CFT) standards. Its reviews are based on a jurisdiction's compliance with 40 different technical recommendations and the effectiveness regarding 11 immediate outcomes, which cover a broad array of money-laundering issues.



The definition of beneficial owner included in the 2012 FATF standards has been incorporated into elements A.1, A.3 and B.1 of the 2016 ToR. The 2016 ToR also recognises that FATF materials can be relevant for carrying out EOIR assessments to the extent they deal with the definition of beneficial ownership, as the FATF definition is used in the 2016 ToR (see 2016 ToR, Annex 1, part I.D). It is also noted that the purpose for which the FATF materials have been produced (combating money-laundering and terrorist financing) is different from the purpose of the EOIR standard (ensuring effective exchange of information for tax purposes), and care should be taken to ensure that assessments under the ToR do not evaluate issues that are outside the scope of the Global Forum's mandate.

While on a case-by-case basis an EOIR assessment may take into account some of the findings made by the FATF, the Global Forum recognises that the evaluations of the FATF cover issues that are not relevant for the purposes of ensuring effective exchange of information on beneficial ownership for tax purposes. In addition, EOIR assessments may find that deficiencies identified by the FATF do not have an impact on the availability of beneficial ownership information for tax purposes; for example, because mechanisms other than those that are relevant for AML/CFT purposes exist within that jurisdiction to ensure that beneficial ownership information is available for tax purposes.

These differences in the scope of reviews and in the approach used may result in differing conclusions and ratings.

## More information

All reports are published once adopted by the Global Forum. For more information on the work of the Global Forum on Transparency and Exchange of Information for Tax Purposes, and for copies of the published reports, please refer to [www.oecd.org/tax/transparency](http://www.oecd.org/tax/transparency) and <http://dx.doi.org/10.1787/2219469x>.



## Abbreviations and acronyms

<b>2016 Terms of Reference</b>	Terms of Reference related to EOIR, as approved by the Global Forum on 29-30 October 2015
<b>AML</b>	Anti-Money Laundering
<b>AML ER</b>	Executive Regulations of the Anti-Money Laundering Law
<b>CBE</b>	Central Bank of Egypt
<b>CDD</b>	Customer Due Diligence
<b>CRL</b>	Commercial Registry Law
<b>CRL ER</b>	Commercial Registry Law Executive Regulations
<b>DTC</b>	Double Taxation Convention
<b>EGP</b>	Egyptian Pound
<b>EMLCU</b>	Egyptian Money Laundering and Terrorist Financing Combating Unit (Egypt’s Financial Intelligence Unit)
<b>EOI</b>	Exchange of information
<b>EOIR</b>	Exchange of Information on Request
<b>ER</b>	Executive Regulations
<b>ETA</b>	Egyptian Tax Authority
<b>EUR</b>	Euro
<b>FRA</b>	Financial Regulatory Authority
<b>GAFI</b>	General Authority for Investments and Free Zones
<b>Global Forum</b>	Global Forum on Transparency and Exchange of Information for Tax Purposes
<b>ITL</b>	Income Tax Law
<b>JSC</b>	Joint Stock Company

<b>LLC</b>	Limited Liability Company
<b>MENAFATF</b>	Middle East and North Africa Financial Action Task Force
<b>Multilateral Convention</b>	Convention on Mutual Administrative Assistance in Tax Matters, as amended in 2010
<b>MCDR</b>	Misr ( <i>Arabic for Egypt</i> ) for Central Clearing, Depository and Registry
<b>NFBP</b>	Non-Financial Business or Profession
<b>OPC</b>	One-Person Company
<b>PLS</b>	Partnership Limited by Shares
<b>TIEA</b>	Tax Information Exchange Agreement
<b>TIC</b>	Taxpayer Identification Card
<b>UBO</b>	Ultimate Beneficial Owner
<b>UTPL</b>	Unified Tax Procedure Law
<b>VAT</b>	Value Added Tax

## Executive summary

1. This report analyses the implementation in Egypt of the standard of transparency and exchange of information on request (the standard) on the second round of reviews conducted by the Global Forum. It assesses both the legal and regulatory framework in force on 19 December 2023 and the practical implementation of this framework against the 2016 Terms of Reference, including in respect of EOI requests received and sent during the review period from 1 July 2019 to 30 June 2022. This report concludes that Egypt is rated overall **Partially Compliant** with the standard. Egypt joined the Global Forum in 2016. Hence, the current report is the first assessment of the legal and regulatory framework for transparency and exchange of information on request in Egypt and its implementation in practice.

### Determinations and ratings for Egypt in the Second Round Report (2024)

Element	Determination on the legal and regulatory framework	Rating
A.1 Availability of ownership and identity information	Needs improvement	Partially Compliant
A.2 Availability of accounting information	In place	Largely Compliant
A.3 Availability of banking information	Needs improvement	Largely Compliant
B.1 Access to information	In place	Partially Compliant
B.2 Rights and Safeguards	In place	Compliant
C.1 EOIR Mechanisms	In place	Partially Compliant
C.2 Network of EOIR Mechanisms	Needs improvement	Partially Compliant
C.3 Confidentiality	Needs improvement	Largely Compliant
C.4 Rights and safeguards	In place	Compliant
C.5 Quality and timeliness of responses	Not applicable	Non-Compliant
<b>OVERALL RATING</b>	<b>Partially Compliant</b>	

*Note:* The three-scale determinations are In Place, Needs Improvement and Not in Place. The four-scale ratings are Compliant, Largely Compliant, Partially Compliant, and Non-Compliant.

## Transparency framework

2. Since joining the Global Forum in 2016, Egypt has made efforts towards putting in place the necessary legal and regulatory framework to comply with the standard. As concerns transparency, most importantly, the issuance of bearer shares by Joint Stock Companies (JSCs) and Partnerships Limited by Shares (PLSs) was banned from 2018 and existing bearer shares were required to be converted into registered shares within one year. Egypt's commercial laws provide for legal requirements to ensure the availability of legal ownership information in most cases. Requirements to register with the Commercial Registry and, in the case of companies, with certain other agencies, provides for submission of legal ownership information to certain public authorities to a reasonable extent. The tax law also provides some supportive requirements in this regard.

3. The Anti-Money Laundering (AML) legal framework requires a wide range of professionals to maintain up-to-date beneficial ownership information on their clients. Further, since 2020, entities must maintain information on their own beneficial ownership and submit it to the Commercial Registry. However, there are important deficiencies in this regard for which Egypt should take concrete steps, without which, these new requirements will not be effective.

4. Accounting information must be maintained in Egypt in line with the standard as a result of a combination of trade law and tax law obligations. All companies are required to have their accounts audited.

5. Banking information would generally be available in Egypt in line with the standard. While the definition of beneficial ownership of bank accounts needs to be improved and clarified, banks and the supervisory authorities are generally conversant with the concept of beneficial ownership and associated requirements. Retention requirements for banking information meet the standard.

6. Although Egypt has made efforts to improve supervision of compliance with the legal requirements in respect of legal and beneficial ownership information and accounting information, supervision and enforcement are the areas of main concern (see below).

7. Recently, Egypt also improved its legal framework by enabling the competent authority to access banking information for exchanging it with treaty partners. The existence of strict bank secrecy posed significant challenges to the exchange of information during the review period. Besides affecting the ability to access banking information, it was also an impediment to accessing reliable beneficial ownership information. From December 2022, Egypt has lifted banking secrecy for the purposes of exchange of information.

### ***Key recommendations***

8. Some recommendations made to Egypt relate to its legal framework. Foreign companies with sufficient nexus with Egypt would be considered resident for tax purposes. However, tax law obligations do not sufficiently provide for complete availability of legal ownership information and Egypt has been recommended to ensure this in respect of such foreign companies.

9. Although there is a requirement to maintain beneficial ownership information on the entities and submit such information to the Commercial Registry, due to inadequate implementation, the AML obligations on AML-obliged persons remain the key source of beneficial ownership information, but it suffers from some shortcomings. While the definition of beneficial ownership provided in the Executive Regulations of the Anti-Money Laundering Law is broadly in line with the standard, the definition or the associated guidance need to cover some important aspects to facilitate consistent determination of beneficial owners of companies. Further, the customer due diligence guidance for AML-obliged persons needs to be improved especially in respect of entities like partnerships and foundations as the existing methodology might not suitably identify all beneficial owners considering the form and structure of these entities. Further, there is scope to clarify the need to look through the parties of a trust where they are legal persons. Finally, there is no specified frequency for updating beneficial ownership information and this could lead to beneficial ownership information being out of date. Recommendations to address these issues have been made in respect of availability of ownership and banking information under Elements A.1 and A.3 respectively.

10. In respect of enforcement and implementation of its laws, some recommendations have been made to Egypt. First, JSCs and PLSs have not yet registered all their shares with the central depository company, despite the law being in force since 2019. Egypt should enforce these requirements to ensure the availability of legal ownership information on these entities. Second, given the low rates of compliance with tax return filing obligations and in the absence of information on return filing obligations under the Companies Law, there are concerns that the legal and beneficial ownership as well as accounting information on such non-compliant companies may not always be available in line with the standard. Hence, recommendations in this regard are made under Elements A.1 and A.2. Finally, enforcement and oversight in respect of requirements to maintain beneficial ownership information by entities and non-financial AML-obliged persons need to be strengthened, besides ensuring submission of such information to the Commercial Registry. In respect of accounting information, there is scope for further improvement in supervision and oversight for ensuring availability of accounting information by all entities and arrangements, including inactive

entities, such that records are available for the statutory retention period in line with the standard.

## Exchange of information in practice and related recommendations

11. During the review period, input from Egypt's treaty partners suggested that they had sent 40 requests for information to Egypt, although Egypt reported having received only 28 of these requests. Egypt sent 34 requests for information during the review period. The present review highlights several material deficiencies that fundamentally affected exchange of information in practice. Due to important problems of internal organisation of the EOI unit and limited access powers, none of the incoming requests were answered within 180 days and Egypt failed to provide some of the requested information.

12. Given the significant consequences that strict banking secrecy had on the Egyptian Competent Authority's ability to access and provide the requested information during the review period, Egypt has been recommended to ensure that the recent ability to access banking information be monitored in practice (Element B.1) and to exchange such information effectively (Element C.1). In addition, the delays caused by late use of access powers or not having used them effectively posed an important concern in answering requests for non-banking information as well. Egypt has been recommended to access information proactively, promptly and effectively (Element B.1). Egypt has been recommended to take all necessary steps to improve the timeliness of responding to EOIR requests and provide status updates where the requested information cannot be provided within 90 days (Element C.5).

13. Egypt is not a signatory of the Multilateral Convention on Mutual Administrative Assistance in Tax Matters. Seven of Egypt's 63 signed bilateral double tax conventions (DTCs) have some limitations and are not fully in line with the standard. Although Egypt has indicated that it would interpret these treaties broadly to be in line with the standard, treaty partners may not share the same interpretation. Egypt is recommended to ensure that its EOI mechanisms permit the exchange of all foreseeably relevant information. Further, Egypt declined requests from some members to enter into a Tax Information Exchange Agreement (TIEA) or to renegotiate the EOI article under its DTCs due to the existence of bank secrecy during the review period. Egypt has been recommended to ensure that its exchange of information network covers all relevant partners (Element C.2).

14. Egypt will benefit from clarifying the hierarchy of its laws, especially in the context of its confidentiality provisions. Egypt has introduced new template notices for gathering information from information holders which



do not disclose the EOI purpose or the name of the requesting jurisdiction. Egypt has been recommended to monitor the implementation of these new notices, which do not lead to indirect notification of the taxpayers (Element B.2) and also to monitor that these new information gathering notices disclose only the minimum required information to the information holders (Element C.3).

15. In addition, there were problems of communication with partner jurisdictions. There was a delay in updating contact details of the Competent Authority and some peers faced difficulties in sending their requests to Egypt. While Egypt has made efforts after the review period to systematically reach out to these peers and address the issues and answer the requests, communication issues affected the overall exchange of information in practice. On two occasions, Egypt did not sufficiently communicate with the peers to explain its interpretation of the domestic bank secrecy provisions, leaving the treaty partners unclear about why the requested banking information could not be obtained despite the taxpayers' consent. Hence, Egypt has been recommended to ensure that the Egyptian Competent Authority's updated contact details are always available and that it maintains sufficient and clear communication with treaty partners (Element C.5).

16. In respect of resources and training of staff, Egypt has been recommended to take necessary actions to ensure sufficient organisational resources for ensuring effective exchange of information (Element C.5).

## Overall rating

17. Egypt is rated Compliant on Elements B.2 and C.4, Largely Compliant on Elements A.2, A.3 and C.3, Partially Compliant on Elements A.1, B.1, C.1 and C.2 and Non-Compliant on Element C.5. Overall, Egypt is rated Partially Compliant with the standard.

18. This report was approved at the Peer Review Group of the Global Forum on 29 February 2024 and was adopted by the Global Forum on 27 March 2024. A self-assessment report on the steps undertaken by Egypt to address the recommendations made in this report should be provided to the Peer Review Group in accordance with the methodology for enhanced monitoring as per the schedule laid out in Annex 2 of the methodology. The first such self-assessment report from Egypt will be expected in 2026, and thereafter, once every two years.



## Summary of determinations, ratings and recommendations

Determinations and ratings	Factors underlying recommendations	Recommendations
Jurisdictions should ensure that ownership and identity information, including information on legal and beneficial owners, for all relevant entities and arrangements is available to their competent authorities (Element A.1)		
<p><b>The legal and regulatory framework is in place but needs improvement</b></p>	<p>Foreign companies are not required to maintain legal ownership information in Egypt or to submit it to the Commercial Registry or the tax authority. Those that have a place of effective management in Egypt or with headquarters in Egypt are considered tax residents and would, therefore, have a sufficient nexus with Egypt. Legal ownership information with the tax authorities is incidentally available on companies only to the extent it is reflected in the articles of association submitted to them at the point of issuance of a tax identification card. Hence, complete and up-to-date legal ownership information on foreign companies with sufficient nexus to Egypt may not be available.</p>	<p>Egypt is recommended to ensure that legal ownership information on foreign companies that have sufficient nexus with Egypt is always available in line with the standard.</p>

Determinations and ratings	Factors underlying recommendations	Recommendations
	<p>While the definition of beneficial ownership as provided under the Executive Regulations of the Anti-Money Laundering Law, as well as referred to by the Commercial Registry Decree, and the associated guidance for customer due diligence (CDD) by AML-obliged persons captures the main elements of the standard, some details are missing. For instance, the definition in the Executive Regulations or the CDD guidance do not clarify that reference to ownership should cover situations of direct or indirect ownership or through a chain of ownership. They also do not contemplate joint control or control through multiple interests falling below the threshold for identifying beneficial owners of companies. Further, the concept of “control through other means” is not explained in the guidance.</p> <p>In addition, the guidance does not provide a methodology for the identification of beneficial owners of partnerships and foundations, paying attention to their form and structure. Finally, in respect of trusts, where parties to a trust are other legal persons, the guidance does not provide for looking through such legal persons to identify the natural persons as beneficial owners.</p>	<p>Egypt is recommended to provide clear guidance to AML-obliged persons as well as to the entities themselves on the definition of beneficial owners as it applies in respect of different types of entities and arrangements, taking into account their specific form and structure, such that all beneficial owners are always identified in line with the standard.</p>

Determinations and ratings	Factors underlying recommendations	Recommendations
	<p>The AML legal framework was the main source of beneficial ownership information in Egypt during the review period. Although since 2020, beneficial ownership information is required to be maintained by entities, which must report it to the Commercial Registry, there are deficiencies in this new framework which has been implemented only on a voluntary compliance basis with no oversight on the accuracy and updating of this information. Further, there is no guidance available for the entities to ensure that they correctly identify their beneficial owners and keep the information up to date. Hence, the AML legal framework remains the key source of up-to-date beneficial ownership information. Although there is an obligation to update customer due diligence based on the risk profile of the customer and in certain other circumstances under the AML law, there is no specified frequency for updating beneficial ownership information. This may lead to situations where the available beneficial ownership information is not up to date for all relevant entities and arrangements.</p>	<p>Egypt is recommended to ensure that up-to-date beneficial ownership information on all relevant entities and arrangements is available in line with the standard.</p>

Determinations and ratings	Factors underlying recommendations	Recommendations
<p><b>EOIR Rating: Partially Compliant</b></p>	<p>The Companies Law does not explicitly provide for maintenance of a shareholder register by Joint Stock Companies and Partnerships Limited by Shares. Since April 2019, Joint Stock Companies and Partnerships Limited by Shares are required to register their shares with a licensed central depository company. Existing Joint Stock Companies and Partnerships Limited by Shares were expected to do such registrations by April 2020. While for new incorporations of such companies this requirement is being applied, compliance has not been sufficient in respect of pre-existing companies. While the General Authority for Investments and Free Zones has suspended the status of some such companies (that potentially impedes their regular commercial activities), there are still more than 33 000 companies (more than half of them) who have not complied and against whom no further action has been reported.</p>	<p>Egypt is recommended to enforce the legal requirement on all Joint Stock Companies and Partnerships Limited by Shares to register all their shares with the licensed central depository company, to ensure that legal ownership information on such companies is available in line with the standard.</p>

Determinations and ratings	Factors underlying recommendations	Recommendations
	<p>The number of commercially inactive companies is not clearly ascertained. The tax authorities and the General Authority for Investments and Free Zones have reported some limited actions taken in respect of certain identified inactive companies. Tax return filing rates are low and compliance rates under the Companies Law are not known. Existing oversight is more geared towards active compliant companies. Non-compliant companies, including if they are commercially inactive in Egypt, pose risks of holding assets or conducting economic activities outside of Egypt and in whose case up-to-date legal and beneficial ownership information may not be available. However, limited actions to identify such companies and no specific actions to de-register them in order to extinguish their legal personality have been reported. Companies non-compliant with their return filing obligations under the tax law and Companies Law may escape existing supervisory oversight and pose risks to availability of adequate, accurate and up-to-date legal and beneficial ownership information.</p>	<p>Egypt is recommended to take suitable enforcement and supervisory measures to ensure that legal and beneficial ownership information in line with the standard is available on all companies that are non-compliant with their return filing obligations under the relevant laws.</p>

Determinations and ratings	Factors underlying recommendations	Recommendations
	<p>During the review period, due to bank secrecy provisions, non-financial AML-obliged persons were an important source of beneficial ownership information (together with banks). The supervision and oversight over non-financial AML-obliged persons in Egypt has not been sufficient. Their level of awareness about identification of beneficial owners of their clients is not adequate. With the Commercial Registry Ministerial Decree of 2020, all entities are required to maintain their beneficial ownership information and inform the Commercial Registry about their beneficial owners. However, this requirement has not been sufficiently implemented. The level of awareness among entities on how to identify beneficial owners also needs to be raised.</p>	<p>Egypt is recommended to effectively supervise and enforce the requirements pertaining to the maintenance of beneficial ownership information by all non-financial AML-obliged persons and all entities (including inactive companies) and oversee the submissions of beneficial ownership information into the Commercial Registry to ensure the availability of such information in line with the standard.</p>



Determinations and ratings	Factors underlying recommendations	Recommendations
Jurisdictions should ensure that reliable accounting records are kept for all relevant entities and arrangements (Element A.2)		
<p><b>The legal and regulatory framework is in place</b></p>	<p>Although Egypt does not recognise the concept of trusts and ordinarily only waqfs overseen by the Egyptian Endowments Authority can exist under Egyptian laws, there is no bar on an Egyptian resident to act as a trustee of a foreign trust. The availability of accounting records for such trusts is not ensured in all cases in Egypt. The accounting records of the trust may be available if maintained in respect of commercial activities carried out in Egypt as required under the Trade Law, or where the trustee maintains such accounts to reflect the trust's income as distinct from his/her own income for tax purposes. Further, AML-obliged professionals (lawyers and accountants) also maintain some accounting and transactional information when they provide asset management services. These obligations do not cover all situations where an Egyptian resident acts as a trustee of a foreign trust. For instance, where no commercial activities or taxable income arise in Egypt, accounting records may not be maintained.</p>	<p>Egypt is recommended to ensure that all Egyptian residents acting as a trustee of a foreign trust maintain and retain accounting records on the trust in line with the standard.</p>

Determinations and ratings	Factors underlying recommendations	Recommendations
<b>EOIR Rating: Largely Compliant</b>	The Egyptian Tax Administration undertakes regular oversight and enforcement measures towards compliance with accounting obligations of relevant entities and arrangements. However, the tax return filing rates are low and there is lack of clarity on the availability of accounting records of non-compliant entities. In July 2023, Egypt has introduced an electronic invoice monitoring system that is expected to assist the tax authorities in having better oversight over commercial activity of all business entities. However, this new system is yet to be tested in practice. In any case, this may not allow oversight over any activities carried out by such entities outside of Egypt.	Egypt is recommended to enhance its enforcement and supervisory measures to ensure that accounting records in line with the standard are available for at least five years for all relevant entities (including non-compliant entities that continue to retain their legal personality) and arrangements.
Banking information and beneficial ownership information should be available for all account-holders (Element A.3)		
<b>The legal and regulatory framework is in place but needs improvement</b>	The definition of beneficial ownership as provided under the AML Executive Regulations requires the identification of beneficial owners of bank accounts based on controlling ownership or control through other means simultaneously. However, the CDD guidance for banks adopts a cascade approach. While this would work for companies with shares, for other relevant entities and arrangements like partnerships and foundations, it might not always lead to the identification of all beneficial owners who might otherwise exercise control but do not own more than 25% of the entity. Further, the reference to “direct or indirect ownership or through a chain of ownership” is not explicitly mentioned in the guidance. The concept of “control through other means” is also not clarified in the guidance. Finally, in respect of trusts, where parties to a trust are other legal persons, the guidance does not provide for looking through such legal persons to identify the natural persons as beneficial owners.	Egypt is recommended to provide clear guidance on identification of beneficial owners of all relevant entities and arrangements, such that all beneficial owners of bank accounts are always identified in line with the standard.

Determinations and ratings	Factors underlying recommendations	Recommendations
	There is an obligation to update customer due diligence in certain circumstances, and also based on the risk profile of the bank customer, but in this latter case there is no specified frequency of updating beneficial ownership information. This may lead to situations where the available beneficial ownership information on bank accounts is not up to date.	Egypt is recommended to ensure that up-to-date beneficial ownership information is available on all bank accounts, in line with the standard.
<b>EOIR Rating: Largely Compliant</b>		
Competent authorities should have the power to obtain and provide information that is the subject of a request under an exchange of information arrangement from any person within their territorial jurisdiction who is in possession or control of such information (irrespective of any legal obligation on such person to maintain the secrecy of the information) (Element B.1)		
<b>The legal and regulatory framework is in place</b>	Although the authorities have an interpretation of the legal provisions that conform to the standard, Egypt's legal professional privilege is broader than the scope specified in the standard, as it covers all information and communication obtained from the clients by a lawyer, rather than being restricted to communications produced for the purposes of seeking or providing legal advice or use in existing or contemplated proceedings. In practice, lawyers are not a routine source of information in Egypt, so the authorities' interpretation cannot be substantiated.	Egypt is recommended to ensure that the scope of legal professional privilege is in line with the standard.

Determinations and ratings	Factors underlying recommendations	Recommendations
<p><b>EOIR Rating: Partially Compliant</b></p>	<p>The existence of bank secrecy effectively obstructed the ability of the Egyptian Competent Authority to access and exchange banking information for all 13 requests for banking information received during the review period. Very recently, bank secrecy has been lifted for EOI purposes and the Competent Authority has been relying on the Central Bank to access banking information. These legal and procedural changes are very recent and have only been tested in a few instances.</p>	<p>Egypt is recommended to ensure in practice that the recent amendments in its legal framework allow the Competent Authority to adequately access banking information, including beneficial ownership information, held by banks and that the administrative procedures and arrangements that have been put in place allow timely access to such information.</p>
	<p>During the review period, Egyptian Competent Authority did not exercise its access powers effectively in a timely manner. It could not be ascertained how quickly the Competent Authority exercised its access powers to obtain the requested information, whether it required the information holders to submit the information in a specific timeframe and whether it tracked the time information holders were taking to provide the requested information to sanctions where needed. This led to considerable delays in responding to even non-banking information requests that were not covered by secrecy. The new EOI manual introduced after the review period now provides guidance on timely actions and specific template notices indicating timeframes for submission of requested information. This should help in monitoring timely access to information.</p>	<p>Egypt is recommended to ensure that all access powers of the Competent Authority are exercised effectively to obtain information in a timely manner.</p>

Determinations and ratings	Factors underlying recommendations	Recommendations
The rights and safeguards (e.g. notification, appeal rights) that apply to persons in the requested jurisdiction should be compatible with effective exchange of information (Element B.2)		
<b>The legal and regulatory framework is in place</b>		
<b>EOIR Rating: Compliant</b>	<p>Although there are no notification requirements in Egypt, during the review period, the notice from the Competent Authority sent to information holders indicated the EOI purpose of the request to provide justification and legal basis for the notice. This did lead to indirectly notifying the information holder. Although there are no appeal rights, judicial review of the notices would have been possible, although they did not take place.</p> <p>After the review period and putting in place a new EOI manual, the template notices do not mention the EOI purpose of the request. Further, the acknowledgement of the receipt of request includes a further indication that the taxpayer may be contacted to obtain some of the information, to keep the treaty partner informed about the information gathering procedures.</p>	Egypt is recommended to monitor the use of the newly introduced template notices that disclose the minimum necessary information for gathering the requested information.

Determinations and ratings	Factors underlying recommendations	Recommendations
Exchange of information mechanisms should provide for effective exchange of information (Element C.1)		
<p><b>The legal and regulatory framework is in place</b></p>	<p>Egypt's EOI mechanisms with Austria, Georgia, Germany, Kuwait, Saudi Arabia Singapore and the United Kingdom contain some limitations to the exchange of information. Two do not require exchange of all foreseeably relevant information but only that which is necessary for carrying out the provisions of the agreement. Two require exchanging only information available with the Competent Authorities and not all foreseeably relevant information. Three do not allow for the exchange of banking information in the absence of paragraph 5 of Article 26 of the OECD Model Tax Convention. While Egypt notes that it will interpret the provisions broadly, the treaty partners do not all share the interpretation. In their Peer Review reports, these peers had indicated efforts to renegotiate their treaties with Egypt. While renegotiations with two partners have been going on for a long time, action is yet to be taken in respect of others.</p>	<p>Egypt is recommended to ensure that where EOI articles of bilateral treaties have some limitations, necessary steps are taken to ensure that Egypt exchanges all foreseeably relevant information in line with the standard with such treaty partners.</p>
<p><b>EOIR Rating: Partially Compliant</b></p>	<p>No request for banking information was positively answered during the review period. In December 2022, Egypt has amended its laws to allow exchange of banking information under its EOI mechanisms but has not informed or notified its treaty partners of the change, thus potentially limiting the number of such requests. Egypt has reported having successfully exchanged banking information in a few cases where it had previously declined to provide it.</p>	<p>Egypt is recommended to ensure that its treaty partners are aware of the possibility to exchange banking information and to ensure that it exchanges all foreseeably relevant information (including banking information) under all its EOI instruments in line with the standard.</p>

Determinations and ratings	Factors underlying recommendations	Recommendations
The jurisdictions' network of information exchange mechanisms should cover all relevant partners (Element C.2)		
<p><b>The legal and regulatory framework is in place, but needs improvement</b></p>	<p>Egypt's legal framework, due to existence of bank secrecy, posed a major impediment to entering into effective EOI mechanisms with all relevant partners until December 2022. Hence, Egypt had declined requests for TIEAs from at least two Global Forum members and had also refused to include paragraph 5 of Article 26 of the OECD Model Tax Convention in the EOI article in treaty re-negotiations with two other Global Forum members.</p> <p>Since amending its law, Egypt has not reached out to any of the interested partners to sign or amend EOI instruments that meet the standard. The process of signing the Multilateral Convention has also just begun and no concrete steps have yet been reported.</p> <p>Egypt's network of information exchange does not cover all relevant partners and has been largely ineffective until recently.</p>	<p>Egypt is recommended to ensure that its exchange of information network cover all relevant partners, meaning those jurisdictions who are interested in entering into an information exchange arrangement with Egypt.</p>
<p><b>EOIR Rating Partially Compliant</b></p>		
The jurisdictions' mechanisms for exchange of information should have adequate provisions to ensure the confidentiality of information received (Element C.3)		
<p><b>The legal and regulatory framework is in place but needs improvement</b></p>	<p>Certain provisions of the domestic legal framework could require the Egyptian Tax Authority to share information in its possession with non-tax authorities in certain situations. Although Egyptian authorities maintain that under the hierarchy of laws, treaty provisions will prevail over domestic law provisions in a situation of conflict, there is no explicit legal provision or case law in this regard. There is a risk that such exchanged information is shared with non-tax authorities outside of the treaty provisions.</p>	<p>Egypt is recommended to ensure that information exchanged under its EOI mechanisms is used for non-tax purposes only in accordance with the provisions of the EOI mechanisms notwithstanding anything to the contrary in any domestic laws.</p>

Determinations and ratings	Factors underlying recommendations	Recommendations
<p><b>EOIR Rating: Largely Compliant</b></p>	<p>There is no specific legal requirement under Egyptian laws that requires the disclosure of the name of the relevant DTC or the name of the EOI partner while gathering information from information holders. Until recently, the notices calling for information from information holders mentioned the name of the relevant EOI mechanism, including the name of the EOI partner and noted the EOI purpose of the request. This goes beyond the minimum information that is required to be disclosed to information holders to obtain information. Further, the Egyptian Competent Authority never informed the requesting jurisdictions that when gathering the sought information, it would disclose the EOI purpose of the request and the name of the jurisdiction. After the review period, in its recent EOI manual, Egypt has introduced new templates for notices that are sent to different information holders. In these template notices, reference to the EOI purpose and the name of the EOI mechanism (including the name of the treaty partner) have been omitted.</p>	<p>Egypt is recommended to monitor the use of the new template notices to ensure that while collecting information to answer incoming requests from treaty partners, only the minimum information necessary for collecting the requested information be disclosed to ensure confidentiality in line with the standard.</p>
<p>The exchange of information mechanisms should respect the rights and safeguards of taxpayers and third parties (Element C.4)</p>		
<p><b>The legal and regulatory framework is in place</b></p>	<p>Although the authorities have an interpretation of the legal provisions that conform to the standard, Egypt’s legal professional privilege is broader than the scope specified in the standard, as it covers all information and communication obtained from the clients by a lawyer, rather than being restricted to communications produced for the purposes of seeking or providing legal advice or use in existing or contemplated proceedings. In practice, lawyers are not a routine source of information in Egypt, so the authorities interpretation cannot be substantiated.</p>	<p>Egypt is recommended to ensure that the scope of legal professional privilege is in line with the standard.</p>



Determinations and ratings	Factors underlying recommendations	Recommendations
<b>EOIR Rating: Compliant</b>		
The jurisdiction should request and provide information under its network of agreements in an effective manner (Element C.5)		
<b>Legal and regulatory framework:</b>	This element involves issues of practice. Accordingly, no determination on the legal and regulatory framework has been made.	
<b>EOIR Rating Non-Compliant</b>	<p>During the review period, Egypt took extremely long to respond to requests. Peers noted that several cases had been closed by the time the information was received.</p> <p>After the review period, Egypt has reported that timeliness of answering has improved. However, the efforts have come in very late and are required to be maintained.</p>	Egypt is recommended to take all necessary steps to ensure the timeliness of responding to EOIR requests.
	<p>During the review period, at least four peers faced difficulties in communicating with the Egyptian Competent Authority. There were changes in the physical premises of the EOI unit and treaty partners may have remained unaware of the updated contact details of the Competent Authority during the review period. The contact details on the Competent Authority database were updated with delay, towards the end of the review period. Based on the peer input, some of the requests have not been accounted for by the Egyptian Competent Authority.</p> <p>Further, at least two peers considered that Egypt closed their requests on banking information without clearly explaining the domestic legal provisions. The peers were left unclear about Egypt's position on their offer to provide consent from the taxpayer for obtaining banking information. Status updates were seldom provided where responses could not be provided within 90 days.</p>	Egypt is recommended to ensure that up-to-date Competent Authority contact information is always available to treaty partners, that there is sufficient and clear communication with the treaty partners in situations where the requested information cannot be provided and that status updates are provided systematically where information requested cannot be provided within 90 days.

<b>Determinations and ratings</b>	<b>Factors underlying recommendations</b>	<b>Recommendations</b>
	<p>Egypt's EOI unit faced organisational issues. There are concerns that the move of offices from one location to another more than once during the review period disrupted the functioning of the unit. Further, there were staff changes without smooth transitional arrangements to ensure continuity. Most of the staff at the EOI unit joined the unit in the last year of the peer review period. Although the staff made efforts to answer all requests, including those from before the peer review period, and also put in place an Excel-based database to track requests, these efforts were at a very late stage and mostly, after the peer review period.</p>	<p>Egypt is recommended to ensure that adequate and appropriate resources are always maintained for the EOI unit, and that the organisational processes ensure continuity in its function so that organisational issues do not result in delays in responding to requests for information.</p>

## Overview of Egypt

19. This overview provides some basic information about Egypt that serves as context for understanding the analysis in the main body of the report.

20. The Arab Republic of Egypt (or Egypt) is situated mostly in the north-east corner of Africa with a small part located in the south-west corner of Asia connected by a narrow land bridge of the Isthmus of Suez. Egypt has a total area of slightly more than one million square kilometres. The capital of Egypt is Cairo, although recently Egypt's executive authorities have shifted to the New Administrative Capital – a newly developed city about 80 kilometres from Cairo. The population of Egypt is estimated to be about 111 million as of 2022.<sup>1</sup> Majority of the population resides along the Nile river valley and delta. The Egyptian Pound (EGP) is the currency of Egypt and the official exchange rate is approximately Euro (EUR) 1 equals EGP 32. Egypt's GDP for 2022 is estimated to be EGP 14.7 trillion (EUR 459 billion). This translates into per capita GDP of EUR 4 135. The key sectors of Egypt's economy are agriculture, media, petroleum exports, natural gas and tourism.

### Legal system

21. Egypt's legal system is based on a combination of Islamic and civil law. Egypt has a unitary system of governance with the President as the head of the state. For administrative purposes, the country is divided into 28 governates. The Constitution of 2014 is the supreme law and provides for a separation of powers and responsibilities among the legislature, judiciary and the executive. Egyptian legislature comprises the Parliament that has a total of 596 members, of which 448 are elected directly, 120 elected by political parties and another 28 members selected by the President.

22. Statutes or laws enacted by the legislature come second in the hierarchy of laws. The Constitution places domestic laws and international

---

1. Source: World Bank (Egypt, Arab Rep. | Data (worldbank.org): <https://data.worldbank.org/country/egypt-arab-rep>).

agreements or treaties entered into by Egypt at the same level in the hierarchy of laws. International treaties must be given effect through a parliamentary ratification process and publication in the official gazette. Egyptian authorities have indicated that in a situation of conflict between the provisions of domestic laws and international treaties, the provisions of the international treaties would prevail.<sup>2</sup>

23. The governmental/executive decrees, which are forms of delegated legislation, developed and enacted by ministries or administrative bodies, that provide details on the administration of principles in the law are next in the hierarchy of laws.

24. The Egyptian judicial system comprises the Supreme Constitutional Court as the top court of the country. The Supreme Constitutional Court mainly exercises judicial control in respect of the constitutionality of the laws and regulations and the interpretation of the legislative texts. For all other matters, Egypt has two court systems.

25. First, the Court of Cassation deals with the questions of law on matters that are brought to it from cases and appeals in the lower courts. Below are the Courts of Appeal that adjudicate on the rulings given by the courts of first instance or the district courts.

26. Second, the State Council is an independent judicial body that includes the Supreme Administrative Court and deals with administrative issues and appeals from administrative courts, and disciplinary courts. They are exclusively competent to adjudicate in administrative disputes in which the state or any public entity is a party. Tax disputes are adjudicated by the administrative courts and then further considered by the higher administrative courts.

## Tax system

27. The Egyptian tax system comprises direct taxes, indirect taxes and duties. The Income Tax Law (ITL) imposes individual income tax as well as corporate income tax. The Value Added Tax (VAT) is imposed on all goods and service transactions in Egypt and is governed by Law No. 67/2016. The

---

2. Article 93 of the Egyptian Constitution provides that Egypt is bound by all the international treaties related to human rights, once they become part of the domestic laws upon completion of the set procedures of ratification and publication in the official gazette. While international tax treaties are not related to human rights and hence, Article 93 is not applicable, Egyptian authorities note that there are several court rulings including the ruling of Egyptian Constitutional Court on 15 April 2019, where the Court upheld that the provisions of international treaties prevail over the conflicting provisions under domestic law. This ruling is not in the context of Egypt's tax treaties.

Egyptian Tax Authority (ETA) is responsible for the administration and collection of corporate income tax, individual income tax and the VAT. Further, there is Real Estate Tax Law governed by Law No. 196/2008. This tax is administered and collected by the Real Estate Tax Authority. The procedural law for administering all types of taxes in Egypt is the Unified Tax Procedure Law (UTPL) or Law No. 206/2020 (as amended by Law No. 211/2020) which was issued in October 2020.

28. The ITL imposes tax on income of individuals arising from employment, business, performance of professional activities and from immovable property. Depending on the total income of the individual, a rate of income tax between 0% to 25% is applicable. Resident individuals are taxed on their global income while non-residents are subject to tax only on certain types of income sourced from Egypt (e.g. dividends, capital gains, rental income from immovable property, salaries). Article 2 of the ITL provides that for an individual to be considered resident in Egypt, he/she should have spent 183 days in Egypt in a calendar year or should have a permanent domicile (by way of a rented or owned permanent home or commercial establishment in Egypt) or be an Egyptian citizen who performs the duties of his/her position abroad and obtains his/her income from the Egyptian treasury.

29. The ITL also provides for corporate income taxation on the profits of legal entities. Article 2 provides that for a legal person to be resident in Egypt, it should either have been incorporated in Egypt, or be owned by the Egyptian State to the extent of 50% or more, or have its place of effective management in Egypt. Egypt will be considered as the place of effective management of a company if its day-to-day operations and management decisions are taken in Egypt, or all executive decisions are taken in Egypt or more than 50% of the board of directors are resident in Egypt.

30. Resident companies are subject to corporate income tax in respect of their worldwide income. Non-resident companies are subject to tax on their Egyptian-source income. Dividends distributed by Egyptian resident companies are subject to withholding tax irrespective of whether the recipient is resident in Egypt. Interest income, royalties and service fees paid to non-residents are subject to withholding tax.

## Financial services sector

31. Egypt has a domestically oriented financial sector. As of Financial Year 2021-22, the total assets of the financial sector were approximately EGP 11.2 trillion (EUR 350 billion) which amounts to about 76% of GDP. Egypt's financial sector is dominated by banks which account for 91% of the total financial sector assets as of 31 December 2022. The Egyptian banking sector is highly diversified and includes conventional and Islamic

banks. There are 37 banks in Egypt: 4 banks are 100% state owned, 28 are commercial banks (with varying shareholding structures, including being subsidiaries of foreign banks) all of which are incorporated as JSCs in Egypt, and 5 foreign banks have registered branches in Egypt.

32. The non-bank financial sector includes post office savings institutions, insurance companies, government insurance funds, private pension funds, mutual funds, brokerage companies, mortgage finance companies, microfinance companies, microfinance entities, financial leasing companies, factoring companies, consumer finance companies, securitisation companies and exchange companies.

33. The Constitution of Egypt provides for two independent regulators and supervisors for the financial sector. First, the banking sector is regulated and supervised by the Central Bank of Egypt (CBE) through the Banking Law. All banking related operations must be authorised, regulated, licensed, and supervised by the CBE. All banks in Egypt, regardless of whether they are branches of foreign banks or incorporated in Egypt, must comply with the same set of regulations and requirements.

34. Second, the non-banking financial services are regulated and supervised by the Financial Regulatory Authority (FRA) which implements FRA Law. Article 2 of the FRA Law identifies the non-banking financial services subject to FRA's supervision and these include capital market institutions, insurance, mortgage finance or mortgage refinance and real estate appraisal, financial leasing and factoring, microfinance, consumer finance, future exchanges and securitisation.

35. The supervision by the CBE and the FRA is linked to the General Authority for Investments and Free Zones (GAFI) being the authority responsible for supervising the legal aspects of companies present and/or operating in Egypt subject to the provisions of the Companies Law or the Investment Law.

## Anti-money laundering framework

36. The Anti-money Laundering Law is the governing AML Law in Egypt. The AML Law is supported by Executive Regulations of the Anti-Money Laundering Law (AML ER). Article 1 of the AML ER identifies the reporting entities for the purposes of AML Law and also notes their relevant supervisory authorities. Financial institutions and non-financial businesses and professions are identified as AML-obliged.

37. Financial institutions include all banks operating in Egypt (together with their branches abroad), and branches of foreign banks operating in Egypt, foreign exchange companies and licensed entities for forex transactions,

entities engaged in money transfer activities, securities transactions as well as in central depositing and registration of securities, receiving money, mortgage activities and mortgage related securitisation, financial leasing activities, factoring activities, insurance activities, and Post authority and its financial activities.

38. Non-financial businesses and professions (NFBPs) include real estate agents, merchants and dealers in precious stones and metals, gambling clubs, lawyers and accountants when preparing or executing specified operations for their clients – buying and selling real estate, managing funds, assets or securities; managing financial accounts, savings accounts, or securities accounts; organising contributions for the establishment, operation or management of companies; establishing, operating or managing of legal persons or legal arrangements and buying or selling of business entities.

39. The AML laws and regulations are further supported by “Supervisory Controls” issued by the CBE for banks and by the FRA for non-bank financial institutions. The respective supervisory authorities of NFBPs have also issued supervisory controls: the Ministry of Communications and Information Technology supervises the financial services provided by Egypt Post and is hence in charge of supervising their AML obligations. The Ministry of Trade and Industry is responsible for supervising real estate brokers. The Ministry of Supply and Internal Trading is responsible for supervising traders of precious metals and gemstones. The Ministry of Tourism is responsible for supervising Casinos. The Egyptian Lawyers Association is responsible for supervising the conduct of lawyers and addressing specific complaints against them. The Syndicate of Commercial Professions is responsible for making accountants aware of the applicable laws and is the designated supervisor. Finally, Egypt’s Money Laundering and Terrorist Financing Combating Unit (EMLCU) supervises any AML-obliged person that is not subject to the previous supervisory authorities.

40. Egypt’s AML framework has been most recently reviewed by the Middle East and North Africa Financial Action Task Force (MENAFATF) and Egypt’s Mutual Evaluation Report was published in 2021. Egypt received a Partially Compliant rating for Recommendations 22 (Designated Non-Financial Businesses and Professions: Customer Due Diligence) and 24 (Transparency and Beneficial Ownership of Legal Persons), while Recommendations 10 (Customer Due Diligence) and 25 (Transparency and Beneficial Ownership of Legal Arrangements) were rated Largely Compliant. The effectiveness for Immediate Outcomes 3 (Supervision) and 5 (Legal Persons and Arrangements) were determined to be “Moderately Effective”.<sup>3</sup>

---

3. MENAFATF Report 2021 for Egypt: <https://www.fatf-gafi.org/en/publications/Mutualevaluations/Mer-egypt-2021.html>.

## Recent developments

41. Egypt is working on putting in place a new law for the availability of beneficial ownership information that would apply to all relevant entities and arrangements and would provide for dissuasive sanctions for non-compliance together with a suitable supervisory mechanism. Through this law, Egypt expects to put in place a system that will ensure the availability of adequate, accurate and up-to-date beneficial ownership information with all entities and arrangements in Egypt together with the submission of this information to public authorities. This law is expected to strengthen the current situation where beneficial ownership information is available only through the provisions of the AML law and supporting regulations and the Decree of 2020 that requires submission of such information to the Commercial Registry. Further, through this law, Egypt may also introduce requirements in respect of availability of beneficial ownership information as well as accounting records on trusts where an Egyptian resident is a trustee of a foreign trust.

42. Egypt is also working on putting in place a new EOI law. Through this law, the EOI unit would be moved from the ETA to the Ministry of Finance and would be given independent and separate access powers to access, obtain and exchange all types of information (including banking and beneficial ownership information) for the purposes of EOI. Further, Egyptian authorities have informed that the new law is likely to explicitly provide that in the context of exchange of information for tax purposes, in a situation of any inconsistency between the provisions of any domestic law and the provisions of Egypt's international bilateral or multilateral treaties, the provisions of the treaty will prevail over the provisions of such other law, to the extent of the inconsistency.

43. These legal changes supported by proper implementation would be helpful in addressing some of the issues noted in this report. While Egyptian authorities believe that these legal changes will be undertaken soon, a specific timeline for enacting these new laws is not available. Very recently, the Central Bank of Egypt has issued new regulations, which *inter alia*, require all banks to update customer due diligence at least once every five years for the lowest risk customers and more frequently for medium and higher risks customers. These new changes have not been analysed in this report.



## Part A: Availability of information

44. Sections A.1, A.2 and A.3 evaluate the availability of ownership and identity information for relevant entities and arrangements, the availability of accounting information and the availability of banking information.

### A.1. Legal and beneficial ownership and identity information

Jurisdictions should ensure that legal and beneficial ownership and identity information for all relevant entities and arrangements is available to their competent authorities.

45. Legal ownership information in respect of relevant entities and arrangements in Egypt is available through the provisions of the commercial laws. For companies, the Companies Law provides for the availability of legal ownership information. Tax law obligations support the requirements under the commercial laws. The availability of beneficial ownership is provided through the requirements under the AML legal framework as well as through a more recent requirement on entities registered with the Commercial Registry to maintain such information themselves and keep the Commercial Registry informed. Some important deficiencies and areas for improvement are nevertheless noted in respect of availability of both legal and beneficial ownership information.

46. Legal ownership on foreign companies with sufficient nexus to Egypt may be available only to the extent such information is included in their articles of associations submitted to the tax authorities for the issuance of a tax identification number. Hence, such information may not always be available. Egypt should take steps to address this.

47. Further, since 2019, the primary means to ensure the availability of legal ownership information on joint stock companies and partnerships limited by shares is the legal requirement on them to register their shares with a central depository company. The legal requirements in this regard are not sufficiently enforced to ensure the availability of legal ownership information of such companies. In addition, given the low rates of compliance with tax

return filing obligations and in the absence of information on return filing obligations under the Companies Law, there are concerns that the legal and beneficial ownership information on such companies will not be available in line with the standard. Egypt should take sufficient enforcement measures in this regard.

48. In respect of availability of beneficial ownership information, certain aspects of the definition need to be further clarified under the existing guidance. This includes clarifying concepts of ownership to cover direct and indirect ownership and situations of joint control. Further, “control through other means” could also be clarified. While the guidance provides for a cascade approach to identify beneficial owners of companies, there is no guidance in respect of partnerships and foundations for identifying their beneficial owners considering their specific form and structure. Further, although the AML framework provides for identification of parties to a trust, where parties to a trust are other legal persons, the guidance does not provide for looking through such legal persons to identify the natural persons as beneficial owners.

49. Furthermore, although since 2020, beneficial ownership information must be maintained by all entities and they are also required to keep the Commercial Registry informed about their beneficial owners, there are significant deficiencies in the implementation of these new provisions. Few entities have submitted this information to the Commercial Registry and there has been no supervision in respect of compliance with these new requirements. Hence, the AML legal framework remains the primary source of beneficial ownership information. Although there are requirements to update customer due diligence including beneficial ownership information on risk basis, in specific situations and whenever there is a change in this regard, there is no specified frequency for updating beneficial ownership information under the AML legal framework and this could lead to such information being out-of-date in some cases.

50. Finally, Egypt’s oversight and enforcement programme for ensuring the availability of beneficial ownership information needs to be strengthened in respect of monitoring compliance by non-financial AML-obliged persons as well as the requirements on entities to maintain such information and inform the Commercial Registry.

51. Egypt reported having received eight requests for legal ownership information and none for beneficial ownership information during the review period. While it provided the requested information, this was done with significant delays attributable to other issues identified in the report.

52. The conclusions are as follows:

**Legal and Regulatory Framework: in place, but certain aspects of the legal implementation of the element need improvement**

Deficiencies identified/Underlying factor	Recommendations
<p>Foreign companies are not required to maintain legal ownership information in Egypt or to submit it to the Commercial Registry or the tax authority. Those that have a place of effective management in Egypt or with headquarters in Egypt are considered tax residents and would, therefore, have a sufficient nexus with Egypt. Legal ownership information with the tax authorities is incidentally available on companies only to the extent it is reflected in the articles of association submitted to them at the point of issuance of a tax identification card. Hence, complete and up-to-date legal ownership information on foreign companies with sufficient nexus to Egypt may not be available.</p>	<p>Egypt is recommended to ensure that legal ownership information on foreign companies that have sufficient nexus with Egypt is always available in line with the standard.</p>
<p>While the definition of beneficial ownership as provided under the Executive Regulations of the Anti-Money Laundering Law, as well as referred to by the Commercial Registry Decree, and the associated guidance for customer due diligence (CDD) by AML-obliged persons captures the main elements of the standard, some details are missing. For instance, the definition in the Executive Regulations or the CDD guidance do not clarify that reference to ownership should cover situations of direct or indirect ownership or through a chain of ownership. They also do not contemplate joint control or control through multiple interests falling below the threshold for identifying beneficial owners of companies. Further, the concept of “control through other means” is not explained in the guidance. In addition, the guidance does not provide a methodology for the identification of beneficial owners of partnerships and foundations, paying attention to their form and structure. Finally, in respect of trusts, where parties to a trust are other legal persons, the guidance does not provide for looking through such legal persons to identify the natural persons as beneficial owners.</p>	<p>Egypt is recommended to provide clear guidance to AML-obliged persons as well as to the entities themselves on the definition of beneficial owners as it applies in respect of different types of entities and arrangements, taking into account their specific form and structure, such that all beneficial owners are always identified in line with the standard.</p>

Deficiencies identified/Underlying factor	Recommendations
<p>The AML legal framework was the main source of beneficial ownership information in Egypt during the review period. Although since 2020, beneficial ownership information is required to be maintained by entities, which must report it to the Commercial Registry, there are deficiencies in this new framework which has been implemented only on a voluntary compliance basis with no oversight on the accuracy and updating of this information. Further, there is no guidance available for the entities to ensure that they correctly identify their beneficial owners and keep the information up to date. Hence, the AML legal framework remains the key source of up-to-date beneficial ownership information. Although there is an obligation to update customer due diligence based on the risk profile of the customer and in certain other circumstances under the AML law, there is no specified frequency for updating beneficial ownership information. This may lead to situations where the available beneficial ownership information is not up to date for all relevant entities and arrangements.</p>	<p>Egypt is recommended to ensure that up-to-date beneficial ownership information on all relevant entities and arrangements is available in line with the standard.</p>

### Practical Implementation of the Standard: Partially Compliant

Deficiencies identified/Underlying factor	Recommendations
<p>The Companies Law does not explicitly provide for maintenance of a shareholder register by Joint Stock Companies and Partnerships Limited by Shares. Since April 2019, all Joint Stock Companies and Partnerships Limited by Shares are required to register their shares with a licensed central depository company. Existing Joint Stock Companies and Partnerships Limited by Shares were expected to do such registrations by April 2020. While for new incorporations of such companies this requirement is being applied, compliance has not been sufficient in respect of pre-existing companies. While the General Authority for Investments and Free Zones has suspended the status of some such companies (that potentially impedes their regular commercial activities), there are still more than 33 000 companies (more than half of them) who have not complied and against whom no further action has been reported.</p>	<p>Egypt is recommended to enforce the legal requirement on all Joint Stock Companies and Partnerships Limited by Shares to register all their shares with the licensed central depository company, to ensure that legal ownership information on such companies is available in line with the standard.</p>

Deficiencies identified/Underlying factor	Recommendations
<p>The number of commercially inactive companies is not clearly ascertained. The tax authorities and the General Authority for Investments and Free Zones have reported some limited actions taken in respect of certain identified inactive companies. Tax return filing rates are low and compliance rates under the Companies Law are not known. Existing oversight is more geared towards active compliant companies. Non-compliant companies, including if they are commercially inactive in Egypt, pose risks of holding assets or conducting economic activities outside of Egypt and in whose case up-to-date legal and beneficial ownership information may not be available. However, limited actions to identify such companies and no specific actions to de-register them in order to extinguish their legal personality have been reported. Companies non-compliant with their return filing obligations under the tax law and Companies Law may escape existing supervisory oversight and pose risks to availability of adequate, accurate and up-to-date legal and beneficial ownership information.</p>	<p>Egypt is recommended to take suitable enforcement and supervisory measures to ensure that legal and beneficial ownership information in line with the standard is available on all companies that are non-compliant with their return filing obligations under the relevant laws.</p>
<p>During the review period, due to bank secrecy provisions, non-financial AML-obliged persons were an important source of beneficial ownership information (together with banks). The supervision and oversight over non-financial AML-obliged persons in Egypt has not been sufficient. Their level of awareness about identification of beneficial owners of their clients is not adequate.</p> <p>With the Commercial Registry Ministerial Decree of 2020, all entities are required to maintain their beneficial ownership information and inform the Commercial Registry about their beneficial owners. However, this requirement has not been sufficiently implemented. The level of awareness among entities on how to identify beneficial owners also needs to be raised.</p>	<p>Egypt is recommended to effectively supervise and enforce the requirements pertaining to the maintenance of beneficial ownership information by all non-financial AML-obliged persons and all entities (including inactive companies) and oversee the submissions of beneficial ownership information into the Commercial Registry to ensure the availability of such information in line with the standard.</p>

### ***A.1.1. Availability of legal and beneficial ownership information for companies***

#### *Types of companies*

53. The Companies Law of Egypt governs the formation, registration, maintenance and liquidation of the different types of companies in Egypt. Two other important laws that provide for various registration requirements are the Commercial Registry Law (CRL) and the Investment Law. These laws provide for the roles and responsibilities of the Commercial Registries in Egypt and the General Authority for Investments and Free Zones (GAFI) that play an important part in oversight over companies. The Commercial Registry registers all types of businesses (including companies) in Egypt, while GAFI plays the key role in registration and oversight over companies. The Investment Law of 2017 provides for the establishment of Free Zones. Egypt has 9 public free zones and 210 private free zones. All entities (including companies) set up in these free zones enjoy special tax, customs and foreign exchange incentives. However, the provisions of the Companies Law pertaining to the procedures for incorporation and registration as well as maintenance of records apply identically to companies established in free zones, as applicable to companies that are established outside of the free zones. Similarly, the provisions of the AML Law apply identically to such companies. Finally, there is a separate Trade Law as well that has some governing provisions for commercial activities. Together, these are the Commercial Laws in Egypt.

54. Article 1 of the first chapter of the Companies Law provides for the constitution of four types of companies:

- **Joint stock company (JSC)** (Article 2 of Chapter 1 of the Companies Law) – The capital of a joint-stock company is divided into shares of equal value that can be traded by commercial means. Shareholders are liable to pay the value of shares to which they have subscribed and are not liable for the company’s debt except to the extent of the subscribed shares. There must be at least three founders, who can be Egyptian or foreign nationals, individuals or entities. The shares of a joint-stock company may be offered for public subscription, and it may be listed on the Egyptian Stock Exchange. Public listed joint-stock companies are governed by the provisions of the Capital Market Law. As of 1 September 2023, there were 61 321 joint-stock companies in Egypt of which 244 were listed on the Egyptian Stock Exchange.
- **Partnership limited by shares (PLS)** (Article 3 of Chapter 1 of the Companies Law) – Although called a partnership, this is a type of company with legal personality. It must have at least two partners. The capital is made up of a share(s) owned by a general partner(s) (which have unlimited liability) and shares of equal value that are

subscribed to by one or more shareholders (limited partners with liability limited to their subscribed shares). The shares of the shareholders can be offered for public subscription (not the ones of partners), and it can be listed on Egyptian Stock Exchange. There were 310 partnerships limited by shares in Egypt as registered in the commercial register as of 1 September 2023. None of them are listed on the Egyptian Stock Exchange. PLSs are not permitted to engage in insurance, banking or savings businesses or accept deposits or invest money for third-parties accounts.

- **Limited liability company (LLC)** (Article 4 of Chapter 1 of the Companies Law) – A limited liability company is characterised by the limited liability of the company’s partners (or members) for a company’s debts, obligations arising from it, and losses. A partner’s liability is limited to the extent of the share in capital. This type of company must have at least 2 members/partners and at most 50 partners. At least one member must be resident in Egypt. The shares of such a company cannot be offered through public subscription and an LLC cannot be listed on the Egyptian Stock Exchange. Further, LLCs are not permitted to engage in insurance, banking or savings businesses or accept deposits or invest money for third parties accounts. There were 122 407 limited liability companies in Egypt as of 30 September 2023.
- **One-person companies (OPC)** (Article 4-bis of Chapter 1 of the Companies Law) – A one-person company is one whose capital is wholly owned by a single person, either an individual or legal person. An OPC takes a name derived from its objective or from the name of the founder. The name must be followed by an indication that the company is an OPC. An OPC is not permitted to establish another OPC. Where specific provisions are not made for OPCs, the provisions of the Companies Law as applicable to LLCs, equally apply to OPCs (Article 129-Bis of Companies Law). There were 11 439 one-person companies registered with the commercial register as of 30 September 2023.

55. Foreign companies can operate in Egypt through branches. All such branches must be registered with the Commercial Register (Article 4 of the Commercial Registry Law) and are subject to tax law obligations in respect of income sourced from Egypt. As per the data available from the Commercial Register in Egypt, there were 211 branches of foreign companies in Egypt as of September 2023. While branches of foreign companies ordinarily constitute permanent establishments of such non-resident companies and their business profits sourced from Egypt are taxed, foreign companies with place of effective management in Egypt are considered resident for tax purposes and are expected to comply with all requirements on resident taxpayers.

### *Legal ownership and identity information requirements*

56. The legal ownership and identity requirements for companies are found mainly under the provisions of the Commercial laws. Tax law obligations support these requirements. AML law obligations provide for availability of some legal ownership information. The following table shows a summary of the legal requirements to maintain legal ownership information in respect of companies.

#### Companies covered by legislation regulating legal ownership information<sup>4</sup>

Type	Commercial Law	Tax Law	AML Law
Joint stock companies	All	Some	Some
Limited liability companies	All	Some	Some
Partnerships limited by shares	All	Some	Some
One-person companies	All	Some	Some
Foreign companies (tax resident)	Some	Some	Some

### *Commercial law requirements*

#### **Provisions under the Companies Law**

57. Article 5<sup>1</sup> of the Companies Law stipulates that the GAFI (a public authority under the direct supervision of the Council of Ministers) is the Competent Administrative Entity that acts as the designated authority providing incorporation, registration and post-incorporation services to the companies subject to the provisions of the Companies Law and the Investment Law. As the Competent Administrative Entity, all companies<sup>5</sup> are required to register with GAFI and submit all relevant compliance documents as prescribed under the Companies Law to GAFI. Accordingly, GAFI acts as the Corporate House for registering all types of companies in Egypt. In addition, like all commercial entities, companies must also register with the Commercial Registry under the provisions of CRL.

4. The table shows each type of entity and whether the various rules applicable require availability of information for “all” such entities, “some” or “none”. “All” means that the legislation, whether or not it meets the standard, contains requirements on the availability of ownership information for every entity of this type. “Some” means that an entity will be covered by these requirements if certain conditions are met.
5. The only exceptions are companies that are required by the FRA to be directly registered with it. These include securities brokerage companies, financial investments holding companies, venture capital companies, securitisations, financial advisory firms, investments banks and mutual funds.



58. As per Article 17 of the Companies Law, JSCs and PLSs must submit their articles of incorporation and LLCs and OPCs must submit their memoranda of association to GAFI at the point of incorporation. Articles of incorporation/memoranda of association of companies include information on:

- the type of the company; its address; its name or trademark, if any
- names of shareholders or partners, their shareholdings or the number of their shares and the types of these shares
- purpose of the company; the address of the head office (in Egypt) and branches (whether in Egypt or abroad)
- amount of capital and the sums paid from it
- date of commencement and termination of the company
- names and titles of general partners/members, their nationalities and the date of birth of each of them
- names and titles of the partners or others entrusted with managing the company
- managers or partners who have the right to sign, their nationalities and the date and place of birth of each of them, along with stating their power in management and signing
- members of the board of directors in joint-stock companies and their management representatives, the extent of their power in management and signing, the date and place of birth of each of them and their nationalities.

59. In respect of JSCs and PLSs, since April 2019, all shares issued by them must be registered with a central depository and registry company. This requirement was introduced by an amendment to the Companies Law in 2018 and all existing JSCs and PLSs were given one year to comply. In Egypt, Misr for Central Clearing, Depository and Registry (MCDR) is the only company licensed to act as the central depository<sup>6</sup> for all kinds of securities except government bonds.<sup>7</sup> Unless registered with MCDR, the transfer

- 
6. MCDR is a joint stock company established under the provisions of the Capital Market Law and whose activities are regulated by the Central Deposit and Registry of Securities Law No. 93 of 2000 and is under the direct supervision of the Financial Regulatory Authority. It is an AML-obliged person. MCDR is jointly owned by custodian entities (banks and financial companies), securities intermediaries and the Egyptian Stock Exchange.
7. Law 143 of 2020 amended the Central Depository and Registry Law 93 of 2020 to provide for the establishment of a separate government-owned company for settling and centrally registering all government bonds and treasury bills.

of shares of a JSC or PLS is null and void and only shareholders registered with MCDR have shareholder rights. At the time of incorporation, JSCs and PLSs must submit to GAFI a certificate from MCDR testifying that their securities have been deposited with MCDR (Article 17<sup>T</sup>(E) of the Companies Law). MCDR maintains information on securities of such companies all through their existence. Further, any issuance of stocks and bonds by a JSC must be notified to the Egyptian Financial Regulatory Authority (FRA) which can object to such issuance within three weeks of such notification. For public issues by JSCs, express authorisation from the FRA is required. Hence, for JSCs and PLSs listed on the stock exchange, FRA also has an oversight over the legal ownership information.

60. JSCs and PLSs are not explicitly required to keep a separate register of shareholders. Some information will nonetheless be available with them. Article 75 of the Companies Law requires all JSCs to keep details of all general meetings, including details of attendance of shareholders, in a special register, as well as the minutes of the meeting in a dedicated book, which must be notarised. A copy of the minutes of every general meeting are to be submitted to GAFI within a month of such meeting. In respect of PLSs, Article 110 of the Companies Law states that barring a few provisions (none of which pertain to ownership information), all provisions that apply to JSCs apply to PLSs. Hence, similar registers are required for PLSs. The Egyptian authorities maintain that the attendance register is a helpful source of availability of legal ownership information on JSCs and is indicative of shareholding details maintained by companies as only legitimate shareholders' attendance is marked in the register. However, this register is not a shareholder register per se that contains identity and shareholding details of all shareholders and there is no specific requirement in the Companies Law to maintain a shareholder register by JSCs and PLSs. Full ownership information is only kept with MCDR.

61. In respect of LLCs, Article 117 of the Companies Law requires the maintenance of a register of shareholder/partners<sup>8</sup> at the head office of the LLC. Article 275 of the Executive Regulations for the Companies Law requires that this register indicate:

- the names of partners, their nationalities, residence places, and professions
- number of the shares held by each partner and the amount she/he has settled out of their value

---

8. The term used in the English translation of the law is “partners”. Egyptian authorities confirm that it is the same as members or shareholders.

- assignment of the shares or transferring their ownership along with indicating the date of the signature affixed by the assignee in case the disposal – whether by assignment or transfer of ownership – has been concluded between two alive partners, and the signature affixed by the manager, or the one to whom the share has devolved in case of transfer of ownership on death.

62. The assignment or transfer of ownership is only effective from the date of its recording in the LLC's register. An LLC's managers are personally and jointly liable for the damage that may arise from failing to maintain properly the record or preparing defective lists, or from the inaccuracy of the data entered therein.

63. The contents of this register of shareholders/partners and any changes in shareholding during the year are required to be communicated to GAFI on an annual basis in January by all LLCs and these details are published in a bulletin by GAFI (Article 117 of the Companies Law). This bulletin is published in the investment gazette by GAFI and is available to those concerned but is not publicly available on GAFI's website. Public agencies can access this by placing a request with GAFI. For companies incorporated through FRA, similar submissions are required to be made to the FRA. In respect of OPCs, there is only one legal owner. This legal ownership information is contained in the articles of association that the founder submits at the point of incorporation to GAFI and also to the Commercial Register. Any subsequent changes or modifications to the ownership, like a change in ownership of an OPC due to sale by the founder to another person, merger with another OPC or change of its form to another type of company, must be reflected through changes to the articles of association and submission of the updated articles to GAFI and the Commercial Register. Data submitted to the Commercial Register originally should be updated within 90 days or such changes.

64. Companies are expected to retain all documents throughout the lifetime of the company in compliance with the law.

### *Provisions under the Commercial Registry Law*

65. As noted under paragraph 53, the CRL is another source of certain requirements for all entities in Egypt. All entities undertaking any business activity in Egypt must be registered in the Egyptian Commercial Register as provided by the CRL. Egypt has a decentralised Commercial Registry system where each governate of Egypt has its own Commercial Register(s). However, all Commercial Register offices use the same database, and the information is centralised in this one database. The Commercial Registers are under the oversight and supervision of the Ministry of Supply and

Internal Trade. Every company of any type must have a unique name and the Commercial Register certifies this uniqueness of name prior to incorporation. In practice, all newly formed companies are entered into the Commercial Register as soon as they have been incorporated and registered with GAFI. Information submitted at GAFI is also filed with the relevant Commercial Registry electronically, except that shareholder details are not specifically communicated. Thus, legal ownership information only to the extent reflected in the articles of incorporation or memorandum of incorporation are made available to the Commercial Registry. Companies are issued a Commercial Registration Number which they must indicate in all correspondence, publications, papers related to their activities besides displaying it at their place of business together with the Commercial Registry office where the entity is registered. All entities (which includes all types of companies) must update any changes to the original information filed with the commercial register within a month of such changes (Article 6 of the CRL). However, this provision does not explicitly require reporting changes in shareholding to the Commercial Registry as this information is not submitted to the Registry at the time of incorporation. Hence, to the extent changes in ownership are through changes to original incorporation documents (for instance, for OPCs), such details would be required to be updated with the Commercial Registry, but not the entire shareholding.

### **Companies that cease to exist**

66. Under the Companies Law, all types of companies cease to exist through liquidation. Article 137 provides that every company after dissolution, termination or lapse of its duration for any reason other than the merger or split-up, is to be considered under liquidation. The company maintains its legal personality during the period of liquidation to the extent necessary for the liquidation process. The phrase “under liquidation” is added to the company’s name (in all references to such a company, including with GAFI and Commercial Registry) while going through liquidation. The company’s board of directors, general assembly and partners’ group continue to exist during the liquidation period, but their powers are restricted to the works that do not fall under the liquidators’ jurisdiction (Article 138).

67. The general assembly of the company ordinarily appoints one or more liquidators from among the shareholders, partners or third parties. Where a court ruling leads to dissolution of a company, the court may set the method of liquidation. During the liquidation process, the appointed liquidator comes in possession of all the books and accounts of the company and is responsible for maintaining them. There is no obligation for the liquidator to be in Egypt. However, the liquidator is required to ensure the completion of the company’s liquidation work in Egypt.

68. Upon the completion of the liquidation process, the liquidator is required to submit the final account of the liquidation process to the general assembly or the partners' group, following which the liquidator registers the termination of the liquidation with the Commercial Register requesting the Commercial Register to strike off the company from the register (Article 152). Article 153 of the Companies Law provides that the company's books and documents must be maintained for a period of ten years from the date of delisting the company from the commercial register in the Register's office in whose jurisdiction the head office of the company was located, unless the general assembly or the group of partners designates another place to keep the books and documents. Such other place must be indicated to the local Commercial Register. Egyptian authorities have informed that although theoretically, the liquidator could be outside of Egypt (as there is no specific legal provision in this regard), he/she would still be bound by Egyptian law regarding liquidations, following the decision to appoint him/her as liquidator, when carrying out the liquidation work, and ending the liquidation work after performing all the company's financial obligations, whether to the administrative authorities in the country, or obligations to others. Egyptian authorities have confirmed that so far, there has been no case where the decision was made to keep the records of a liquidated company outside of Egypt. In most cases, the liquidator is the company's auditor in Egypt. While there is no specific sanction for non-compliance with obligations pertaining to liquidation and keeping the Commercial Registry informed about the address where such records are not kept with the Commercial Registry, Article 154 of the Companies Law provides that lawsuits by former shareholders or partners of the liquidated company against one another or by third parties against them can be initiated for a period of five years from the date of liquidation. Hence, the availability of all relevant documents of liquidated companies would be ensured by the former members of the board of directors or partners to minimise risks concerning any potential litigation.

69. Besides the liquidation procedure, the CRL also provides powers to the Commercial Registry to strike-off companies that do not seek renewal of their registration every five years. Cancellation of registration would lead to loss of legal personality. However, this measure has not been taken in practice.

70. In respect of JSCs and PLSs, Egyptian authorities indicate that where such a company ceases to exist and is de-registered from MCDR, the historical records of shareholder ownership are maintained for a period of at least five years by MCDR (Article 27 of the ER Decree 906 of 2001 in respect of the Central Depository and Registry Law No. 93 of 2000). Further, the Commercial Register and GAFI will continue to maintain the information submitted to them by LLCs and OPCs perpetually.

### **Tax law requirements**

71. Tax law requirements are provided under the UTPL and the ITL as well as under the Executive Regulations for these two governing laws. Tax law requirements support the availability of legal ownership information on companies. Article 25 of the UTPL requires every taxpayer/taxable person to apply for registration to the competent tax office of the ETA within 30 days from the commencement of activity or the date where such person becomes subject to the value added tax, as appropriate, and obtain a Tax Identification Card (TIC). A red coloured TIC is issued for companies and this card is required to be renewed every five years after submission of the same documents as needed at the time of first issuance (Article 27 of the UTPL and Articles 94 and 97 of the Executive Regulations of the ITL).

72. The registration requirements are detailed under Article 24 of the Executive Regulations of the UTPL. All companies must submit their application for TIC in the prescribed Form 2. This same form is used for registration for income tax as well as VAT. The form requires the submission of various pieces of information including company name, its main activity, trademark, name and details of the responsible manager (with national ID details of such person), nature of activity together with economic classification, date of incorporation and commencement of activity, commercial registration number, details of number of employees, address for correspondence as well as that of branches and other premises and bank account information (although it is not prescribed that the bank account be with an Egyptian bank, in practice Egyptian authorities indicate that companies almost always have an Egyptian bank account). Further, the form also collects data on partners or founders by requiring the submission of full name of each of such partners or founders, their tax registration numbers, national ID numbers, passport numbers, nationality and contact numbers. However, this may not necessarily imply submission of details of all founders as the form provides space for submission of two such partners or founders but does not specify that complete details of all founders must be submitted.

73. The application may be submitted by hand or via an electronic means that has legal admissibility as evidence. The application must be accompanied by copies of certificate of incorporation, a certificate from the Commercial Registry indicating the Commercial Registry Number and a proof of address (like the lease contract for rental of premises). The application can only be submitted by a legal representative (duly authorised by the company's board), a manager, a managing director or the person in charge of management of the legal person. The filings include the possibility of submitting to the ETA a copy of the articles of association or incorporation of the entity, but this is not compulsory.

74. Further, all taxable persons are required to notify any changes to the data previously submitted at the time of registration to the ETA, pursuant to Article 25 of the UTPL, within 30 days from such changes (UTPL, Article 28). It is not clear if this will entail reporting changes in the information on legal ownership as founders, even if subsequent shareholding changes, remain the same.

### Foreign companies

75. As noted in paragraph 55 above, foreign companies are permitted to operate in Egypt through their branches which constitute permanent establishment of such foreign companies in Egypt, and they are taxed as non-residents on their income sourced from Egypt. They are required to register with the Commercial Register of the locality where they have their branch office (Article 166 of the Companies Law). Further, they are required to submit documents indicating their registration with the Commercial Register to the Companies Department of GAFI (Article 309 of the Executive Regulations of the Companies Law). Article 312 of the Executive Regulations further specifies the documents to be submitted to the Companies Department. Among other documents, these include the submission of identity details (names and nationality) of the managers of the branch office.

76. Foreign companies that have their place of effective management in Egypt would be considered tax resident in Egypt and would be required to comply with tax law obligations as applicable to domestic companies. Such foreign companies would have sufficient nexus with Egypt according to the standard. However, Egyptian authorities have reported that they have not identified any foreign company with what would constitute a sufficient nexus to Egypt. As noted under the discussion on tax law requirements in paragraphs 71 to 74, since tax law obligations do not constitute a primary source of availability of legal ownership information in Egypt, legal ownership information with the tax authorities is incidentally available on companies only to the extent it is reflected in the articles of association submitted to them at the point of issuance of a tax identification card. While this is generally true for Egyptian companies, it might not always be the case for foreign companies. Further, such information might not be up to date. The Companies Law or the CRL do not require submission of legal ownership information on foreign companies to any authority. Thus, legal ownership information on foreign companies that have a sufficient nexus with Egypt may not be available in line with the standard. **Egypt is recommended to ensure that legal ownership information on foreign companies that have sufficient nexus with Egypt is always available in line with the standard.**

### **Implementation of legal provisions in practice – incorporations and ownership changes**

77. The Investment Law has provided for GAFI to act as a one-stop-shop for the incorporation of all companies under the Companies Law in Egypt, except for companies that are subject to the Capital Markets Law, for which the FRA is in charge of the registration process. Companies supervised by FRA are either incorporated through the FRA or if they have been incorporated through GAFI, register with FRA and obtain the relevant licence for the non-banking financial activity.

78. GAFI adopted automation and unification procedures to fulfil this obligation. The one-stop-shop within GAFI premises includes representatives from all relevant authorities (including the Commercial Register, ETA), MCDR, banks and professionals like notaries and lawyers, whose support and services are needed for company incorporation. GAFI has 14 branch offices in different governates of Egypt, all of which similarly facilitate the incorporation process for companies. Since September 2023, GAFI has enabled a fully automated online incorporation e-portal as well.

79. Persons seeking to incorporate a company in Egypt must first create an electronic login account at the GAFI website and notify GAFI about their intention to incorporate a company. The application for incorporation is filed electronically on GAFI's online portal which facilitates the submission of softcopy documents. Till September 2023, for actual incorporation, the founders or their representative were required to physically present themselves at GAFI.<sup>9</sup>

80. A certificate confirming the availability of the entity name must be obtained from the Commercial Register and in practice, this is done within the one-stop-shop arrangement at GAFI and is also possible electronically under the new e-facility. Where the e-facility is being used, if GAFI is able to electronically complete all incorporation procedures with other external agencies on its own, using the information provided by the founders, the incorporation procedure can be completed online. If a representative is assisting a founder, such representative must be authorised through a power of attorney. Founders submit duly drawn up and signed articles of association/memoranda of association to the representatives of the lawyers' syndicate for ratification at the GAFI premises.

---

9. Since September 2023, GAFI's e-portal permits the founders to establish their companies and pay all fees electronically using an e-signature facility provided by GAFI online. The GAFI e-portal includes the incorporation procedures, in addition to introducing the founder to the company legal structure appropriate for his/her activity, the required documents and fees, and the duration of service delivery. The investor can follow up on the application status via GAFI's e-portal or e-mail.



81. JSCs and PLSs, for new incorporations, must register and centrally deposit their securities (mainly shares) with MCDR, prior to registering with the commercial register. This is facilitated at the GAFI premises itself as the shareholders are required to present their shareholder code<sup>10</sup> to MCDR representative, fill an establishment contract form with the names of shareholders or partners, their shareholdings or the number of their shares and the types of these shares, security clearance for shareholders and a confirmation from a bank that the capital has been deposited in a frozen account until incorporation at GAFI and entry into the Commercial Register.

82. Due to the requirement of a confirmation from the bank that the capital has been deposited in a frozen account, a bank account must also be set up for the JSCs and PLSs. To facilitate this, there are several bank counters at GAFI that assist newly incorporated JSCs to open a bank account and comply with the requirements. In addition, GAFI representatives noted during the on-site visit that, in practice, many newly incorporated LLCs and OPCs choose to open their bank accounts at the GAFI premises as it is convenient. Egyptian authorities have reported that 115 417 LLCs (which is about 94% of all LLCs in Egypt) and 8 301 OPCs (about 73% of all OPCs) have Egyptian bank accounts.

83. Where founders intend to have the shares of the company listed, FRA's approval for issuing the shares to the public must be submitted.

84. In the case of foreign partners or shareholders of a proposed new company, there is a background check about the data of the foreign investor. If the structure of the company's shareholders or partners includes a foreign contribution, whether that contribution is from natural or legal persons, a background check on the foreign person or entity is carried out. For natural persons, their foreign passport, business activities, source of funds and address proof are examined. For legal persons, the name of the foreign company, the date of incorporation, the company's address abroad, registration data, legal form, activity, contact information, bank account numbers, the parent company data, the main shareholders in the company and their shares and other data that ensure knowledge of all the data of the foreign legal person are examined. This data is provided to law enforcement agencies, who in turn decide on whether the foreign person (whether natural or legal) can be a partner, and in case of rejection, the company is obligated to exclude or replace this partner.

85. Once all these documents are submitted to GAFI, GAFI issues the Articles of Association which include all the company details together with a certificate of incorporation. Based on this certificate, the Chamber

---

10. Shareholder code is a unified code for the shareholder issued by the Egyptian stock exchange.

of Commerce issues a certificate of practice to the company. All these procedures are now done electronically. On the basis of this certificate and after ratification by the notarisation office of the Commercial Register, the company is registered in the Commercial Register and acquires a legal personality after 15 days from the date of entry into the Commercial Register. Except for the data on legal ownership (i.e. the names of shareholders or partners, their shareholdings or the number of their shares and the types of these shares), all other data submitted to GAFI is transferred also to the Commercial Register (CRL and Commercial Registry Executive Regulation).

86. Tax registration is done at the same time as incorporation. The ETA officials have their presence at GAFI's premises and facilitate the registration of newly incorporated companies into the ETA database and issuance of the TIC. The articles of incorporation and certificate of incorporation issued by the Commercial Register are obtained from the companies while issuing them the TIC. Hence, in practice, the ETA does come into possession of legal ownership information based on articles of association as well, although Form 2 also registers the partners' or founders' identity and contact information.

87. After incorporation, any subsequent share transfers of LLCs are effected through updates made to the share register. Such changes are subsequently notified to the Commercial Register. However, specific statistics in this regard have not been provided in terms of how many LLCs have submitted such notification to the Commercial Register.

88. The procedures that are now in place at GAFI in respect of incorporating new JSCs and PLSs ensure that adequate and accurate legal ownership information on them is available in Egypt. This is especially so due to the requirement to register all shares with MCDR by such companies. All transfers of shares of listed and unlisted shares (where the relevant shares subject to sale are deposited with MCDR), in practice, must be executed through the Egyptian Stock Exchange platforms. These transactions are sent to MCDR for settlement and updating of the records of shareholders based on the settlement results. In practice, this requirement is being applied mainly in respect of new JSCs and PLSs, as GAFI no longer permits the incorporation of new JSCs and PLSs unless they have registered their shares with MCDR. On the other hand, all pre-existing (incorporated before the new law of 2018) JSCs and PLSs have not yet complied with these requirements (more than 50% in the Commercial Registry). Share transfers not conducted through MCDR would be null and void and only those whose names are registered in MCDR have shareholder rights. Egyptian authorities indicate that although there is no direct interconnection between the MCDR and GAFI databases, MCDR does communicate updated shareholding information on JSCs and PLSs to GAFI, although there may be some lag in such communication. However, given that a significant number

of JSCs and PLSs are yet to register with MCDR (either because they are inactive or simply non-compliant), changes in shareholding of these JSCs and PLSs, until they register with MCDR, is not tracked and may be known only to the entities themselves. Those that have not complied may have their status “suspended” by GAFI. While GAFI has suspended the status of some of these companies, there are still many that have not had their status suspended (see paragraphs 106 to 114).

89. Further, at the point of renewal of TIC (every five years), companies must resubmit Form 2 together with all the information submitted initially. This facilitates updating of information available with the tax authorities. However, as noted earlier, complete updating of shareholding information is not clear as Form 2 requires submission of details of partners and founders and not changes to shareholding or the ownership percentages of shareholders. Hence, although legal ownership is available with the tax authorities to an extent, it may not always be complete or up to date.

### **Nominees**

90. Egyptian laws do not provide for the concept of nominee shareholding or nominee directors. The shareholder listed in the register of LLC shareholders or recorded as owner of an OPC or indicated in MCDR (in the case of JSCs and PLSs) is the legal owner and is entitled to shareholder rights and has the associated obligations. The process of company incorporation requires due identification of the shareholders.

91. Informal nominee arrangements or even arrangements based on mutual civil contracts cannot be ruled out. However, the legal rights and benefits still accrue to the person listed as a shareholder. The AML provisions could also identify some of these cases, through the application of the AML Law and ER requirements on AML-obliged persons to undertake customer due diligence (CDD), and this might cover the situation where a person holds shares on behalf of a third party (which could be situations of informal nominee arrangements where for instance there is interposition of a strawman or in relation to a foreign entity incorporated in a country that recognises nominee shareholding).

92. Egyptian authorities have further indicated that acting as a nominee is not a recognised professional activity for lawyers, accountants and other similar professionals and would not be common in Egypt’s context. During the on-site discussions with representatives of professional bodies, this view was confirmed. They indicated that acting on behalf of someone else must always be accompanied by an authorisation like the power of attorney issued by a notary public. While they had encountered situations of acting on behalf of another person through a power of attorney, they had not come across informal nominee arrangements.

## *Legal ownership information – Enforcement measures and oversight*

### **Available enforcement provisions and reliance on voluntary compliance**

93. Enforcement measures and oversight for ensuring the availability of legal ownership information are provided under the law but are not the key mechanisms for ensuring availability or accuracy of the available information in respect of companies. At the point of incorporation, the checks and documentation required for incorporation of companies reflect fair due diligence in practice in terms of ensuring adequacy and accuracy of the submitted documents. This is especially true for new company incorporations at GAFI since 2017 with the coming into force of the Investment Law and the setting up of one-stop-shop arrangements. For companies established before that, Egyptian authorities have indicated that the measures and requirements were largely the same except that it took longer for the companies to be incorporated as they still had to comply with all the necessary checks and provide supporting documentation.

94. Egyptian authorities have noted that there are no specific sanctions for failure to maintain or update legal ownership information under the Companies Law. Companies are required to maintain up-to-date shareholder information so that the rightful shareholders can exercise shareholding rights. Thus, it is in the best interest of shareholders to ensure that their names are reflected in the shareholder registers of LLCs. Further, LLCs must annually report changes to GAFI and to FRA (where applicable). OPCs are required to update a change in ownership by amending the company's data submitted to the Commercial Registry within 90 days of such change (see paragraph 63). All changes to the OPC's ownership are effective only upon notification to the Commercial Registry. For JSCs and PLSs, being companies whose shares are required to be registered with MCDR, share transfers take effect only upon such transfers being recorded by MCDR and only such shareholders as registered with MCDR have legal rights.

95. There are some legal sanctioning provisions under the CRL which could be considered for some supervision and enforcement purposes in the context of availability of legal ownership information but have not been used so far. Under the CRL, Article 6 requires all entities to indicate in the commercial register any change or modification that has occurred in respect of the registration data within one month from the date of such change. As noted in paragraph 65, to the extent changes in shareholding impact original articles of association, such changes need to be communicated to the Commercial Registry. Failure to update information submitted with the Commercial Registry can be punished by a fine of not less than EGP 10 (EUR 0.30)

and not more than EGP 100 (EUR 3) and the penalty may be doubled in case of recurrence (Article 19 of CRL). These penalties are very low, but Article 18 of the CRL provides for criminal punishments leading to imprisonment for a period between three months to two years and/or a fine of EGP 100 000 (EUR 3 125) and EGP 500 000 (EUR 15 625) upon conviction for knowingly filing incorrect data with the Commercial Registry at the point of registration, renewal or deletion. During the on-site discussions, Commercial Registry officials indicated that they do not specifically examine or supervise the availability of legal ownership information as submitting legal ownership information to the Commercial Registry is not an explicit legal requirement and is not always maintained with the Registry for all types of companies.

96. Article 21 of the CRL provides the powers and responsibility to the tax authorities to verify the entries made in the Commercial Registry during the course of their inspections or procedures and notify the Commercial Registry of any violations of the CRL. Further, under the tax law, failure to update changes to the original information filed with the ETA can be punished by a fine between EGP 20 000 (EUR 625) and EGP 100 000 (EUR 3 125) (UTPL, Article 71). Thus, to the extent that legal ownership information has been submitted to the ETA, it is required to be updated. In practice, Egypt has not reported statistics on sanctions imposed for these violations of not maintaining accurate and up-to-date legal ownership information. The ETA does have oversight over all entities and conducts audits, inspections and investigations. During the course of such supervisory measures, ownership information is examined as it has tax implications for persons involved. The ETA, through its units spread all over Egypt and specifically the department dedicated to tackle tax evasion, performs periodic inspections on businesses to ensure that they are registered with the ETA as required by the UTPL. In case of non-compliance or failure to register with ETA, a business (individual or legal entity) becomes subject to the penalty provided in Article 71 of the UTPL (see also discussion under Element A.2 for supervisory measures from the ETA).

97. Entities subject to the FRA supervision (2 381 entities (mostly companies) which are non-bank financial institutions and companies subject to Capital Markets Law) are required to provide adequate legal ownership information for licensing. Any change in ownership has to be approved by the FRA. The FRA has reported the statistics in respect of its oversight and enforcement actions. Inspections are carried out in respect of all supervised entities on a risk-assessment basis. Where issues with compliance are identified, cases are transferred to the Enforcement Central Department for further investigations and sanctioning measures. Although not specifically targeted on availability of legal ownership information, these statistics do suggest a continuing supervisory programme to monitor compliance by the FRA over companies under its supervision.

## Supervisory measures by the FRA

Year	Insurance sector		Capital markets sector		Other non-bank financial companies	
	No. of inspected entities	Cases transferred to Enforcement Central Department	No. of inspected entities	Cases transferred to Enforcement Central Department	No. of inspected entities	Cases transferred to Enforcement Central Department
2020	240	11	292	245	51	9
2021	277	10	336	313	89	15
2022	223	14	350	314	72	17

Source: FRA, Egypt.

## Enforcement actions reported by Enforcement Central Department of the FRA

	2020	2021	2022
<b>Insurance sector</b>			
Initiate criminal prosecution	10	9	11
Notification	1	1	2
Strict confirmation			1
<b>Capital market sector</b>			
Notification	11	10	9
Warning	65	43	39
Stay of proceedings	26	16	18
Strict confirmation	78	166	169
Case closure without sanction/action	54	66	64
Suspension	6	3	4
Licensing cancellation	3		1
Initiate criminal prosecution	2	7	10
<b>Other non-banking financial sector</b>			
Notification	3	3	
Warning		5	
Initiate criminal prosecution	5	5	9

Source: FRA, Egypt.

98. In practice, ensuring that the submitted information is up to date and accurate is largely driven by voluntary compliance due to the interest of shareholders to have their names suitably reflected to exercise their shareholding rights. Further, there are commercial needs of stakeholders to have such information accurately reflected with the authorities, especially

the Commercial Registry. Egyptian authorities have indicated that there are some checks and self-regulatory mechanisms in place to ensure that the legal ownership information on companies is kept accurate and up to date.

99. One of the important measures is the requirement of the updated registration certificate indicating the active status of the entity from the Commercial Registry for a range of activities. This certificate is required in the course of several business transactions and scenarios like purchase and sale of goods, services and assets and entry into contracts, and invariably a recent activity certification is requested. Notably, banks require their customers to submit this certificate every six months. This certificate is not issued unless a company has complied with all requisite requirements under the CRL. Further, Article 9 of the CRL requires every entity (including companies) to re-register/renew its registration with the Commercial Registry every five years by re-submitting the relevant application (filed at the time of initial registration). Ownership information, to the extent available through incorporation documents (e.g. through articles of incorporation of LLCs or OPCs), is thus required to be re-submitted.

100. Thus, while there are some penalties provided under the CRL for non-updating of submitted information, the penalties are set at a very low level and have not been imposed by the Commercial Registrar or by the tax authorities in practice. GAFI too does not impose any monetary sanctions on companies to compel compliance with Companies Law. However, GAFI identifies non-compliance to an extent and changes status of companies to “suspended”, which is also communicated to the Commercial Registry. The status of the company is also publicly available on the GAFI website. The status of suspension is an important impediment in the day-to-day operations of a company in Egypt. Importantly, a company with “suspended” status has little access to the banking system and faces challenges in engaging in normal commercial transactions with other businesses (as noted in paragraph 99).

101. A company is suspended on various grounds, including lack of commercial activity noted through field inspections by GAFI’s Companies Department, failure to deal with GAFI for a continuing period of five years, failure of JSCs or PLSs to comply with their obligations of registering shares with MCDR, or due to any judicial actions against companies that have come to the knowledge of GAFI.

### Statistics on suspended companies as per GAFI database as of April 2023

Reason for suspension	Number of companies that have been suspended
The company is suspended due to lack of field evidence of the location of the activity	6 246
The company has not dealt with GAFI for more than 5 years	4 265
The company should go to MCDR to complete the registration procedures in the central depository system (deadline was 2019)	4 983
There are judicial injunctions on the company	844
<b>Total</b>	<b>16 338</b>

102. GAFI has informed that the threat of suspension often results in compliance and prompt corrective actions as companies need their active status to continue their operations. Before reverting the status of a suspended company to active, GAFI requires them to file and update any missing information. Status is changed only upon confirmation of corrective actions by the company. For companies that remain under the suspended status, GAFI has indicated that their last submitted legal ownership information is available in its database.

103. In addition to the above, GAFI has also reported the following supervisory measures to reflect its oversight over companies' compliance with their obligations under the Companies Law

#### Supervisory measures reported by GAFI

	2020	2021	2022	Total
No. of decrees to authorise inspection of companies	Data not provided	21	36	57
No. of companies identified that committed violations	Data not provided	17	13	30
No. of inspection meetings	322	394	334	1 050
No. of general meetings where decisions dismissing the company's board were taken	9	22	17	48

Source: GAFI, Egypt.

104. Although, considering the total number of companies in Egypt, supervisory measures reported by GAFI above are not adequate on their own and are not specifically targeted towards ensuring availability of legal ownership information, these efforts do suggest some oversight. Further, there is also some comfort considering the measures in place for new



incorporations through GAFI, the measures of “suspension” undertaken by GAFI as well as the interests of shareholders to have their shareholding recognised. In addition, the oversight by ETA and FRA provides further comfort in this regard.

105. In general, these measures are reasonable and for compliant companies, legal ownership information in line with the standard should be available. However, there remains some need for more active enforcement measures in respect of JSCs and PLSs and commercially inactive companies in Egypt.

### **Insufficient enforcement of registration with Misr for Central Clearing, Depository and Registry**

106. Although there are more than 60 000 JSCs and PLSs in Egypt, only 23 277 have registered with MCDR since April 2019. Of these, 12 157 have completed their registration of shareholder information and 11 120 are in the process of doing so. The remaining JSCs have not yet registered with MCDR and are hence not yet compliant with the new provisions of the law. As seen from the table above, GAFI has suspended only 4 983 of these non-compliant companies. This means that for about 33 000 JSCs and PLSs shares are not registered with MCDR – more than half of them – and no action of suspending them has been taken. Egypt has not provided a specific explanation in this regard. Some of these companies could also be inactive (see also paragraphs 107 to 114). While JSCs and PLSs might hold legal ownership information with themselves, maintenance of up-to-date shareholder registers by these companies is not explicitly provided under the Companies Law. **Egypt is recommended to enforce the legal requirement on all Joint Stock Companies and Partnerships Limited by Shares to register all their shares with the licensed central depository company, to ensure that legal ownership information on such companies is available in line with the standard.**

### **Inactive companies**

107. Egypt does not have a specific definition of inactive companies in its legal framework and existing statistics or estimates about such companies are inadequate.

108. Egyptian authorities have indicated that in general, GAFI and the ETA monitor the activities of companies as well as their compliance with legal obligations, and take some measures in respect of companies considered inactive. Both commercially inactive companies and companies that have not dealt with GAFI for five years are attributed the status of “suspended” by GAFI (see table at paragraph 101) and reliance is placed on the commercial needs of such companies to seek a reversion of this status.

109. The Egyptian authorities have informed that the ETA and GAFI exchange information on inactivity. ETA officials check the activity status of companies from GAFI's website and GAFI also provides information to the ETA on companies that have been suspended. The ETA also shares information on companies that have been found to be commercially inactive with GAFI.

110. The ETA has an ongoing programme of monitoring companies that fail to file their tax returns. For instance, in 2022, the ETA had subjected 901 non-filing companies to tax examination procedures including on-site examinations, and some of these cases are referred to the Anti-Tax Evasion Department for further investigations. Such cases are published on the ETA's website for awareness-raising purposes. With the recent implementation of an electronic invoicing system (see discussion under Element A.2, paragraph 234), the Egyptian authorities note that there will be greater oversight over the commercial activities of all types of entities.

111. While these efforts are notable, there is still a concern about companies that are incorporated in Egypt, are commercially inactive in Egypt and may not have bank dealings in Egypt but might hold assets overseas or have activities overseas. Such companies might not seek an updated activity status registration certification from the Commercial Registry or GAFI. In this regard, there is an important legal provision under the CRL. Article 9 provides for renewal of registration with the Commercial Registry every five years. The Commercial Registry must send a registered letter with acknowledgement of receipt to companies that are due for renewal of their registration. The registration is cancelled by the Commercial Registry if a renewal application is not submitted within 90 days of the notification to such company. Cancellation of the registration status would imply loss of legal personality. In practice, the Commercial Registries have not implemented this provision and no companies are reported to have had their registration cancelled.

112. In addition, there is a concern that the oversight activities of GAFI to identify companies for suspension may not be adequate. While GAFI has suspended 4 265 companies for not having dealt with GAFI for more than five years, and another 6 246 for being identified as commercially inactive (due to lack of field evidence of location of the activity), this is out of a population of close to 200 000 companies in Egypt. In any case, such suspended companies continue to retain their legal personality and may pose tax risks outside of Egypt. Based on the information provided by the Egyptian authorities, it is difficult to draw satisfactory conclusions on the extent and sufficiency of the supervisory oversight of GAFI over the compliance by companies with their legal obligations under the Companies Law.

For instance, there is no information on the number of annual return filings by LLCs with GAFI.

113. The actions reported by ETA are also inadequate compared to the total population of companies in Egypt. This is also reflected in the relatively low rate of tax return filing in Egypt (see table at paragraph 242). There is a concern that existing oversight is focused on active companies that comply with their tax filing requirements and that non-compliant companies are not sufficiently covered by the ETA's supervision.

114. Overall, there is a concern that given the total population of LLCs, JSCs, PLSs and OPCs in Egypt (close to 200 000), the low tax return filing rates, and unknown compliance rates in respect of Companies Law obligations, there are a significant number of non-compliant companies that pose a risk to the availability of legal ownership information and are currently outside of the oversight of any supervisory authority. There is no active programme of de-registering non-compliant companies by the Commercial Registry even if they are confirmed to be commercially inactive in Egypt. Hence, all such companies continue to retain their legal personality. Thus, there are concerns that the existing enforcement and supervisory measures in respect of non-compliant companies have not been sufficiently applied in practice. Since the databases of the tax authority, Commercial Registry and GAFI are not synchronised the number of commercially inactive companies that continue to maintain their legal personality is not systematically ascertained yet. Hence, **Egypt is recommended to take suitable enforcement and supervisory measures to ensure that legal ownership information in line with the standard is available on all companies that are non-compliant with their return filing obligations under the relevant laws.**

### **Availability of legal ownership information in EOIR practice**

115. During the review period, Egypt received 8 requests seeking legal ownership information, all of which were answered but with significant delays, as noted by peers. The reasons for delay were not related to the availability of legal ownership information but due to issues discussed under Element C.5. In addition, there were a further 12 requests indicated by three treaty partners that the Egyptian authorities did not receive due to issues of communication as discussed under Element C.5. One treaty partner closed its seven requests due to internal statute of limitation as the requests had not been answered for almost two years. Egypt has been in contact with the other treaty partner and has very recently received its four requests in November 2023 and is currently working to provide the requested information.

### *Availability of beneficial ownership information*

116. The standard requires that beneficial ownership information be available on companies. In Egypt, this aspect of the standard is met through the requirements under the AML framework and since 2020, requirements on all entities of maintaining beneficial ownership information and of providing it to the Commercial Register. The requirements for maintaining and submitting beneficial ownership have been introduced through the CRL's Executive Regulations. There are no specific provisions for beneficial ownership information under the Tax Law for any type of entity.

#### **Companies covered by legislation regulating beneficial ownership information**

<b>Type</b>	<b>Commercial Law</b>	<b>AML Law</b>	<b>Tax Law</b>
Joint stock companies	All	All	None
Limited liability companies	All	Some	None
Partnerships limited by shares	All	All	None
One-person companies	All	Some	None
Foreign companies (tax resident)	All	All <sup>11</sup>	None

117. Egypt's AML Law together with the Executive Regulations supporting it provide an important legal framework for the availability of beneficial ownership information in Egypt.

118. There is no specific requirement under Egyptian laws to always engage with an AML-obliged person, but all JSCs and PLSs require an Egyptian bank account at the point of incorporation. Further, many newly incorporated LLCs would also acquire a bank account in practice at the time of incorporation due to the one-stop-shop arrangement at GAFI (see paragraph 82). There is no legal obligation to maintain this bank account in Egypt, but the authorities are confident that this is the case in practice.

119. Article 9 of the AML Law requires the maintenance of customer data and beneficial ownership data by all financial institutions and non-financial businesses and professions.

11. Where a foreign company has a sufficient nexus, then the availability of beneficial ownership information is required to the extent the company has a relationship with an AML-obligated service provider that is relevant for the purposes of EOIR. (Terms of Reference A.1.1 Footnote 9).

## Definition of Beneficial Owner

120. The same definition of beneficial ownership applies in the AML framework and to companies when gathering information on their beneficial ownership and reporting it to the Commercial Register. The definition of beneficial owner is not provided in the AML Law but under the Executive Regulations to the AML Law (AML ER). Article 1 of the AML ER defines beneficial owner as follows:

The natural person for whom the customer's ownership or control is actually acquired, or the natural person on whose behalf the transaction is conducted; including persons who already exercise effective control over the customer whether the customer is a legal person or a legal arrangement.

121. Further, Article (22)bis(b) of the AML ER provides the methodology for identifying and verifying the beneficial owner(s) of legal persons and requires the identification and verification of each of the following:

- natural persons who have a controlling share by possession on the legal person (if any)
- natural persons who do not have a controlling share by possession on the legal person, and exercise control over it through any other means (if any)
- the natural person responsible for the actual management of the legal person, in the case of failing to reach persons to whom the provisions of items (a) and (b) of this article apply.

122. The definition of beneficial owners of companies captures the main elements of the standard but some details are missing.

123. The binding Customer Due Diligence (CDD) guidance issued by the CBE for banks and by the Egypt's Money Laundering and Terrorist Financing Combating Unit (EMLCU) for all other AML-obliged persons adopt a cascade approach for the identification of beneficial owners of companies. They require to first identify natural persons with a controlling share of possession above 25%. If no such natural person is identifiable, any other natural person exercising control through other means should be identified. If no natural persons are identifiable in these two steps, then the chairman of the board of directors or anyone holding an equivalent position in the company should be recorded.

124. There is some scope for improving the guidance in respect of the method of identification of beneficial owners insofar as it applies to companies. The guidance notes that "controlling share by possession" would mean ownership of more than 25% of the ownership of the entity. However, the reference to "direct or indirect ownership or through a chain of ownership"

is not mentioned in this guidance. Further, the guidance does not contemplate joint control or control through multiple interests that would separately fall below the threshold for identifying beneficial owners. This could lead to missing out on identification of some beneficial owners or failure to look through a legal person shareholder to identify natural persons indirectly holding more than the specified threshold. Further, the concept of control through other means is not explained in the guidance.

125. Banks do have more experience on these aspects and during the onsite visit were able to explain that there could be situations of control exercised through family or financial relations. Other AML-obliged persons did not reflect a similar level of understanding of the concept of beneficial ownership. In the absence of sufficient guidance, other AML-obliged persons might only identify beneficial owners based on a threshold of direct ownership and this could lead to missing out on identification of all beneficial owners.

126. Hence, **Egypt is recommended to provide clear guidance to AML-obliged persons as well as to companies themselves on the definition of beneficial owners as it applies to companies, such that all beneficial owners are always identified in line with the standard** (see also paragraph 142).

### **Customer Due Diligence Requirements and Implementation**

127. Article 9 of the AML Law requires all financial institutions and non-financial businesses and professions to maintain beneficial ownership information for a period of at least five years from the date of completion of a transaction or from the date of closing the account, unless the EMLCU or the relevant supervisory authority specifically requires maintaining the information for a longer duration. Article 35 of the AML ER requires that every AML obliged person (financial institutions as well as NFBPs) identify one senior official in-charge of all AML related matters to deal with the supervisory authorities. In addition, they must identify another senior official who can replace the above person in his/her absence. The names and designations of both such persons must be notified to the supervisory authorities. Further, in a situation where an AML-obliged person ceases to exist, or the AML-obliged person is a natural person and dies, the record retention requirements are to be fulfilled by the successor of such person. Egyptian authorities have explained that whoever takes on the client files of a deceased AML-obliged person would be expected to maintain the information. On many occasions, AML-obliged professionals are in the form of partnership firms, where one of the remaining partners continues to comply with the obligations.

128. AML-obliged persons are required to conduct CDD in accordance with the guidance and “supervisory controls” issued by their respective supervisory authorities. They are also required to comply with the controls already mentioned in the AML ER (Article 21 of AML ER). Article 22(bis) of AML ER requires AML-obliged persons to conduct CDD by identifying and verifying all customers when commencing a business relationship with a customer, carrying out a casual operation exceeding EGP 200 000 (EUR 6 250), carrying out a casual transaction of any value especially where the customer is not a previous client of the obliged person, or where there are doubts about the accuracy of the previously submitted information. In respect of operations and transactions, AML-obliged persons are, nevertheless, required to maintain the documentation required to identify and verify the customer regardless of the transaction amount.

129. Articles 22(bis)A to 22(bis)C of the AML ER deal with other aspects of customer due diligence requirements, including basic explanation on application of beneficial ownership. As part of the CDD measures, AML-obliged persons must ensure the accuracy and correctness of the information submitted by using documents, data or information from reliable and independent sources. Egyptian authorities explained that in the case of natural persons this would be national IDs, passports or reliable proofs of identification and proofs of address. These would be required where natural persons are identified as beneficial owners or are representing a legal person. In the case of legal persons, the certificate of incorporation, their ownership structure details and the certificate from the Commercial Registry would be required by all AML-obliged persons. In practice, banks do require all such documents to be submitted.

130. AML-obliged persons are expected to understand the nature of their customer’s business and maintain sufficient information to support the explanation provided. Where they have any doubts about the authenticity of the documents submitted by a customer, they are required to verify the authenticity by reaching out to the relevant authorities like GAFI, the Commercial Registry, the ETA and the Civil Registry.

131. AML-obliged persons must not enter into client relationships where they are unable to identify and verify a customer’s identity or complete the required CDD procedures. In practice, banks and non-bank financial institutions ensure that beneficial ownership information is provided to them before they commence a client relationship.

132. In respect of updating customer due diligence, including beneficial ownership information, Article 22(bis) of AML ER requires to conduct CDD where there are doubts about the accuracy of the previously submitted information. When no such doubt arises, Article 9 of the AML Law provides that AML-obliged persons must update such information periodically. A similar

requirement is provided through Article 22bis(c)(4) of the AML ER as well, which requires that AML-obliged persons periodically, continuously and appropriately update data, information and documents obtained upon identification and verification, especially with regard to high-risk customers and high-risk operations. While there is no specified frequency under the legal and regulatory framework that requires AML-obliged persons to update CDD information and documentation, Egyptian authorities indicate that banks update such information on all their customers at least once every five years. In respect of banks, the CDD Rules for banks issued by the EMLCU require that banks set higher frequency for CDD updates for higher risk customers. Further, banks require their legal person customers to submit their active status certification from the Commercial Registry every six months, failing which bank operations can be impeded (see next section).

133. For banks, the EMLCU's CDD guidance provides that categorisation of risks of customers must be based on a variety of factors. Private banking customers are considered high-risk, i.e. those that have close dealings with banks for management of their wealth. Non-resident clients are also considered high-risk in most situations. These would include natural persons, legal persons and legal arrangements that do not have a permanent address in Egypt. Legal persons with unusual or complex structures for the nature of the business, non-profit organisations and politically exposed persons must all be considered high risk customers by banks.

134. Enhanced due diligence procedures for financial institutions are provided under the CDD Guidance issued by the CBE. These include obtaining additional information on the customer through additional research, more frequent updating of Know Your Customer and beneficial ownership information (without indication of an acceptable period), obtaining more information on the source of funds, and establishing or continuing business relationship with the approvals of senior management.

135. In practice, banks follow the AML guidance closely and have strong CDD procedures. During the on-site interviews, representatives from banks reflected a good understanding of beneficial ownership of legal persons and were able to explain the measures that they take to ensure compliance. They noted close AML supervision from the Central Bank. Further, banking sector representatives from four banks during the on-site indicated that their internal bank procedures required updating the CDD of high-risk customers on an annual basis. For normal risk customers, CDD is updated at least once every three years and for low-risk customers this is done once every five years. Egyptian authorities have acknowledged that so far there is no specified frequency for updating CDD and AML-obliged persons, including banks, are expected to update it based on their risk assessment. However, there are plans to introduce a specified frequency in the updated regulations from the CBE. In the absence of a specific legal requirement to



update beneficial ownership information, there is a risk that the information for some customers remains outdated for prolonged periods if none of the situations warranting an update arises.

136. Further, in respect of non-bank AML-obliged persons, although the general guidance and provisions for them issued by the EMLCU are essentially the same, similar level of comfort with the concept of beneficial ownership was not evident from representatives of other AML-obliged persons interviewed during the on-site visit. Furthermore, there is no specified frequency in the legal framework applicable to such persons to update beneficial ownership information on their customers. During the on-site visit, representatives from AML-obliged non-bank business and professions did not reflect a clear understanding on the frequency or measures they would take to update such information. Thus, under the AML framework, there are concerns that the available beneficial ownership on companies would always be up to date.

137. Hence, **Egypt is recommended to ensure that up-to-date beneficial ownership information on all companies is available in line with the standard.**

### **Commercial Registry Law**

138. The legal framework for Commercial Registry has been amended to include the requirements for all legal entities and arrangements that are required to register with the Commercial Registry to maintain ultimate beneficial ownership information and to submit this information to the Commercial Registry. Ministerial Decree No. 41/2020 of 1 March 2020 introduced Articles 13bis-1 and 13bis-2 to the CRL ER with immediate effect.

139. Article 13bis-1 provides that every person registered with the Commercial Register must maintain a special record of Ultimate Beneficial Owners (UBO) encompassing the names and the data of the beneficial owners who ultimately own or exercise ultimate effective control over the business establishment, whether such owners are natural or legal persons. UBO Records should be updated when an event warranting such update occurs, and the Commercial Register should be kept informed of such changes. Judicial officers may have access to UBO Records whenever they so request.

140. Article 13bis-2 requires the names of the UBOs, their nationalities, and their national ID numbers/foreign passport numbers should be submitted to the Commercial Registry.

141. Article 13bis-1 essentially provides a definition of UBO. However, this definition is not in line with the standard because it permits even legal persons to be identified as UBO. No other definition of beneficial owner or any further clarification is provided under the legal framework for Commercial

Registry. However, Prime Minister Decree No. 457 of 2020 has added a new Article 21bis to the AML ER which provides that:

Anyone registered in the commercial register shall have records that include information related to the beneficial owners, in accordance with the definition available in the executive regulations for the anti-money laundering law.

142. Thus, the applicable definition of beneficial owners as provided under the AML ER should apply for the purposes of maintaining such information by the legal persons and submitting to the Commercial Registry as well, especially as no guidance was issued towards Egyptian companies. This definition under the AML framework is broadly in line with standard. However, the issues identified in paragraph 124 in relation to the guidance on the definition would be applicable in respect of the maintenance and submission of beneficial ownership information to the Commercial Registry as well under the Ministerial Decree. Hence, **the recommendation made at paragraph 126 is applicable for beneficial ownership information available through the requirements under the Decree.**

143. All persons registered with the Commercial Register must maintain UBO Records throughout the term of the business operations and for five years after cessation of business activity. Article 21bis to the AML ER requires that they update them, whenever a change occurs. They are to be available to the competent authorities through the legal representative.

144. The law does not provide for a mechanism for companies to become aware of a change in their beneficial ownership – there is no obligation on the beneficial owners to inform the company when they acquire such status, there is no requirement for the company to periodically contact the beneficial owners to confirm if they retain the status, and there are no actions that the company can take if a beneficial owner or any of the intermediate entities refuse or fail to provide the requisite information.

145. The data listed in the UBO Records must be provided in the Commercial Register at the time of registration or making a notation request (when a company requests for active status from the Commercial Registry). However, Egyptian authorities have not enforced the existing provisions and most of such information has either been provided for new registrations or due to voluntary compliance. Commercial Registry has not proactively enforced the requirements for existing entities. Egyptian authorities have indicated that a detailed law on Ultimate Beneficial Ownership is being drafted that will provide stronger sanctions for non-compliance. Pending this law, no measures are taken to enforce the requirement of submitting beneficial ownership information to the Commercial Registry or updating previously submitted information.

## *Beneficial ownership information – Enforcement measures and oversight*

### **Anti money-laundering framework**

146. The AML Law provides sanctions for non-compliance by the AML-obliged persons. Article 15 provides that any AML-obliged person who fails to comply with the requirements of Article 9 which stipulates the requirements of customer due diligence and maintenance of all records in respect of beneficial ownership is punishable with a fine ranging from EGP 100 000 (EUR 3 125) to EGP 500 000 (EUR 15 625). There is a provision for imprisonment as well, the term of the same is decided by the courts. Where the erring AML-obliged person is a legal person, Article 16 stipulates that the natural person responsible for the management of the legal person shall be penalised.

147. In terms of actual supervision of the AML requirements, the Central Bank has an oversight programme over banks and supervises their AML obligations (see Element A.3). Similarly, the FRA supervises the compliance with AML obligations of the non-bank financial entities as per its mandate. The details of its supervisory activities are noted in paragraph 97. Although these supervisory statistics are not specifically in respect of AML supervision over non-bank financial institutions, they are indicative of an established and on-going supervisory programme by the FRA. During the on-site interviews, FRA officials confirmed that during their on-site inspections at the supervised entities, compliance with AML obligations is monitored and where appropriate, recommendations for corrective measures are made and followed up with the entities concerned. FRA authorities have informed that following the issuance of Decree No. 2 of 2021 in January 2021, the authorities have enhanced their oversight over the supervised entities in respect of their AML obligations. The Decree requires all supervised non-bank financial AML-obliged persons to put in place suitable internal mechanisms for identifying high-risk customers and suspicious activities and maintain all customer documentation for at least five years. The Decree requires entities to designate an official in charge of overall compliance with the AML obligations. The Decree also requires all entities to train their employees on AML/CFT on an annual basis. FRA supervisors check compliance with the Decree during their supervisory actions.

148. Hence, there is some oversight by the respective supervisory authorities in charge of financial AML-obliged persons. However, AML obligations in respect of other AML-obliged non-financial businesses and professions has been inadequate. This is especially true in the context of accountants and lawyers for which there is no clear oversight and supervisory mechanism in place. The Syndicate for Commercial Professions and the Lawyers Association have no effective oversight over the level of awareness or compliance with CDD obligations on their clients. There is no information

on any systematic inspections of such non-bank AML-obliged persons. This issue assumes significance in the context of Egypt because during the review period, the AML legal framework was the key source of beneficial ownership information. However, bank secrecy prevented the Egyptian Competent Authority from obtaining and exchanging banking information (see Element B.1). Thus, even if banks would have had adequate, accurate and up-to-date banking information, the Egyptian Competent Authority could not access this source of information. Other AML-obliged persons were not sufficiently supervised, and it cannot be said that they had adequate, accurate and up-to-date beneficial ownership information on all their customers. In any case, there is no requirement under Egyptian laws to engage with AML-obliged persons on an on-going basis.

### **Commercial Registry framework**

149. During the on-site visit, it was learnt that the Commercial Registry had received beneficial ownership information from 173 631 businesses. However, of these, 158 234 were submissions from sole proprietorships. There were only 15 397 entities (companies and partnerships) that have submitted their beneficial ownership information to the Commercial Registry. This was primarily a result of voluntary compliance by these entities. However, considering the number of entities of different types that exist in Egypt (close to 600 000 considering that there are over 195 000 companies of different types and more than 400 000 general and limited partnerships), the compliance rate has been very low at approximately 2%.

150. There are no provisions for any sanctions for failure to comply with Decree No. 41/2020 of March 2020 on maintaining beneficial ownership information and submitting the same to the Commercial Registry. No specific measures have been taken to compel all legal entities and arrangements to submit their beneficial ownership information to the Commercial Registry.

151. No specific measures are in place to ensure that the information submitted is adequate, accurate and up to date. Further, no efforts have been made to ensure that the entities understand the meaning of beneficial ownership and are able to correctly identify beneficial owners and update this information.

152. Hence, **Egypt is recommended to effectively supervise and enforce the requirements pertaining to the maintenance of beneficial ownership information by all non-financial AML-obliged persons and all companies (including inactive companies) and oversee the submissions of beneficial ownership information into the Commercial Registry to ensure the availability of such information in line with the standard.**

153. In respect of commercially inactive companies, the deficiencies in supervision over non-compliant companies impact the availability of beneficial ownership information as well. **The recommendation in paragraph 114 therefore extends to beneficial ownership information.**

### **Availability of beneficial ownership information in EOIR practice**

154. The Egyptian authorities have indicated that they did not receive any request for beneficial ownership information during the review period. Peers who provided input have not specifically indicated that beneficial ownership information was requested. Nevertheless, the fact remains that if during the review period beneficial ownership information had been sought from Egypt, the most reliable source of beneficial ownership information on companies would have been banks. However, as discussed under Element B.1, the Egyptian Competent Authority did not have access to information held by banks. The other option would have been to obtain this information from the entities themselves or from the Commercial Registry. As noted in the discussions above, beneficial ownership information in the Commercial Registry is not available for all entities, is not sufficiently monitored and supervised for its accuracy and is not required to be kept up to date. Further, this source was not available all through the review period.

#### ***A.1.2. Bearer shares***

155. In Egypt, until 2018, JSCs and PLSs were permitted to issue shares in bearer form under the provisions of the Capital Market Law when they wished to offer shares to the public. However, since 2018, pursuant to Law 17/2018 amending the Capital Market Law, all such companies have been prohibited to issue securities in bearer form. All such previously issued bearer securities were required to be converted to registered securities with due identification of the shareholder.

156. In order to oversee and guide such conversions, in May 2018, the FRA adopted its Resolution No. 81/2018 on the “Rules and Procedures applicable to the Conversion of Bearer Shares into Registered Shares” which provided for a one-year period from its entry into force to do such conversions, i.e. by May 2019. In case the holder of a bearer share did not comply with the said procedure, the FRA was authorised to redistribute these bearer shares to the registered shareholders and register such redistributions.

157. In practice, Egyptian authorities have informed that they have ensured that all previously issued bearer shares are converted. Prior to the promulgation of the Law in 2018, any company that had issued bearer shares was required to hand over these shares to an entity licensed by GAFI

for depositing with MCDR. The FRA has confirmed that there was only one company that had issued bearer shares in the past. The total number of bearer shares was 1.4 million, corresponding to about 17.5% of the total capital of EGP 80 million (EUR 2.5 million) issued by the company. This company was directed by the FRA to register these shares. The company complied and cancelled all its bearer shares and converted them into nominal shares with disclosed names of shareholders in October 2018. Since the company complied with the directions of the FRA within the allowed time period, there was no need to impose any penalties. Egyptian authorities have confirmed that there are no longer any pre-existing bearer shares in circulation in Egypt.

### **A.1.3. Partnerships**

#### *Types of partnerships*

158. All commercial entities must register with the Commercial Registry under the provisions of the CRL. Partnerships are recognised under Egyptian law as commercial legal entities that possess a distinct legal personality and are hence, required to register with the Commercial Register. All commercial activities in Egypt are governed by the provisions of the Trade Law. Since 1999, the Trade Law of 1999 (also known as the Commercial Code No. 17/1999) has replaced the Trade Law of 1883 except for Chapter 1 of Part 2 dealing with partnerships. Thus, establishment of partnerships in Egypt continues to be governed by the provisions of Chapter 1 of Part 2 of the Trade Law of 1883, while the actual conduct of commercial activities and all associated obligations are governed by the Trade Law of 1999 in the context of partnerships.

159. There are primarily two types of partnerships that exist in Egypt:

- **General partnerships (or joint liability companies)** – Two or more persons (natural or legal) may form a general partnership for the purposes of carrying out commercial activities in Egypt. All partners are jointly and unlimitedly liable for the partnership's obligations and undertakings. A general partnership is typically named after one or more of the general partners and must have a distinct address. As of 30 June 2022, there were about 255 000 general partnerships registered with the Commercial Register.
- **Limited partnerships** – Two or more persons (natural or legal) may form a limited partnership. A limited partnership has two types of partners – limited partners and general partners. One or more limited partners may contribute capital to the partnership but do not participate in its management. One or more general partners (also called responsible and joint partners) may manage the day-to-day functioning of such partnerships. The sharing of responsibilities among the

general partners is governed by either the partnership deed or based on mutual understanding among them. Limited partnerships must have a name that includes the name of at least one general partner. As of 30 June 2022, there were close to 234 000 limited partnerships registered with the Commercial Register.

160. Joint ventures are also recognised and common in Egypt. They are formed through written contracts among partners who may be legal or natural persons who come together to jointly pursue a commercial enterprise for profits. Partners have unlimited liability towards third parties. Joint ventures are fiscally transparent for direct tax purposes and partners individually file their tax returns. However, joint ventures would still be registered with the ETA for VAT purposes. In addition, foreign partnerships may also carry out business activities in Egypt after duly registering with the Commercial Registry and with the ETA.

161. The process of establishing partnerships is different from the process applicable for companies, except that all partnerships must register with the Commercial Registry and the ETA. General and limited partnerships come into existence by way of a written contract among partners. Such contract should be signed by the authorised signatories (usually senior officials) of legal person partners and/or the natural person partners.

162. Egyptian authorities have confirmed that, in practice, there is almost always a written contract among the partners that stipulates their respective contributions and duties and their share in the profits. This agreement can be registered to establish the partnership in two ways. The mutual agreement may be signed by the partners at the Commercial Registry and then sent to the relevant syndicate for licensing the activity and for getting the tax identification number followed by entry into the Commercial Register. Alternatively, the mutual agreement between partners may be notarised, reviewed and approved by the Commercial Registry. The contract is then registered by the partners at a specialised court based on which, the court decides to incorporate a partnership. Once approved by the court, the contract is presented at the ETA to register for tax purposes. Subsequently, the partnerships must present the establishment documents to the Chamber of Commerce to get the licence to commence operations. Finally, all the documents are required to be submitted to the Commercial Registry within the Ministry of Internal Trade and Supply to register the partnership.

163. Some partnerships are also registered through GAFI. These would be partnerships that are covered by the Investment Law i.e. where partners are investing substantial capital in identified sectors of the economy. The amount of capital in such instances would be above EGP 3 million (EUR 93 750). In such situations, the procedures at GAFI are followed as for

companies. The articles of partnership agreement are notarised and then the partnership registered with the Commercial Registry.

### *Identity information*

164. The Trade Law stipulates that every partnership (general or limited) that is established in Egypt must deliver a summary of the partnership to the clerks of each of the courts of first instance within whose jurisdiction the partnership's headquarters or its branches are located. This summary document is signed by one or more of the partners and includes the names of the partners, their titles, their roles and responsibilities and their contact addresses. These details are required to be submitted in respect of general as well as limited partners. Details of the capital contributed by the different partners, a statement of commencement and expected date of end of partnership (if applicable) must also be included in this summary. Besides this, partnerships also submit the partnership agreement at the time of registration. The identity information on partners of general and limited partnerships is thus available through the partnership agreement that is submitted to the Court and then to the Commercial Registry as well as to the ETA for registration of partnerships. Such information is also available with the partners themselves. Any changes in partners require a change in the partnership agreement and must be re-submitted with these authorities, failing which such changes are considered void (Article 58 of the Chapter 1 of Part 2 of Trade Law of 1883). Where the partnership is registered through GAFI, the same information is available. GAFI requires the submission of copies of the personal identity (national identification cards) of the partners or the incorporation documents of legal entities that are partners. Where the partners are foreigners or foreign legal entities, the documents and additional checks noted in paragraph 84 apply.

165. Further, all partnerships must register with the ETA and obtain a TIC. The application for registration must be accompanied by copies of national identity card/passport and where partners are legal entities, certificate of incorporation; and TIC of each of the partners and the partnership agreement.

166. The requirements for updating information submitted to the Commercial Registry apply similarly to partnerships as for companies. In the case of partnerships, since the partnership deed is submitted, changes to the partnership deed to reflect change of partners, is submitted to the Commercial Registry. In addition, civil registry offices in Egypt must notify the Commercial Registry of the deaths of any merchants or joint partners on a monthly basis. Identity information submitted to the ETA and the Commercial Registry is maintained perpetually, even after the partnerships cease to exist.



167. Further, similar obligations apply for partnerships under the UTPL as applicable and discussed for companies. Since for registration with ETA, the partnership deed is to be submitted, changes to partners would be intimated to the ETA through submission of amended partnership deed on changes in partners. Under the UTPL, failure to update can be punished by a fine between EGP 20 000 (EUR 625) and EGP 100 000 (EUR 3 125) (UTPL, Article 71).

### *Beneficial ownership*

168. Beneficial ownership information on partnerships is available in Egypt through the obligations under the AML Law and AML ER together with the requirements introduced in March 2020 to maintain and submit beneficial ownership information to the Commercial Registry, in the same way as described for companies.

169. The definition of beneficial ownership under the AML ER as it applies to partnerships would be broadly in line with the standard as the definition applicable to legal persons would apply to general and limited partnerships as well and seems to propose a simultaneous approach of identifying beneficial owners through both – possession of a controlling interest as well as control exercised through other means. In the context of limited partnerships, this approach should allow general partners who have not contributed capital but exercise control over the management to also be identified as beneficial owners. However, the CDD guidance for AML-obliged persons limits itself to providing some guidance on identifying beneficial owners for companies, using a cascading approach which would not be appropriate for general partners. In the context of partnerships, where general partners might have control, even if they do not have capital contributions for ownership, the guidance does not provide explanation. Further, as noted under Element A.1.1, there is insufficient guidance on the controlling interest, direct and indirect ownership or through a chain of ownership and also on looking through a legal person that might be a partner of a partnership. Further, there are concerns that AML-obliged persons might stop at identifying beneficial owners based only on threshold and not consider control by other means systematically.

170. The Commercial Registry requirements of submitting beneficial ownership information faces similar issues for partnerships as the AML ER definition is to be relied upon by all entities and arrangements while maintaining and submitting the information to the Commercial Register. Hence, **Egypt is recommended to provide clear guidance to AML-obliged persons as well as to the partnerships themselves on the definition of beneficial owners as it applies to different types of partnerships, taking into account their specific form and structure, such that all beneficial owners are always identified in line with the standard.**

171. As discussed under Element A.1.1, there is no obligation to have a continuing relationship with an AML-obliged person. Furthermore, there is no specified frequency in the legal framework applicable to AML-obliged persons to update beneficial ownership information on their customers. Nevertheless, banks and non-bank financial institutions, being supervised by the CBE and FRA, are better placed in terms of having a fair understanding on beneficial ownership and frequently updating beneficial ownership information on their customers. Hence, where a partnership has an ongoing banking relationship in Egypt, such beneficial ownership information is more likely to be adequate, accurate and up to date. On-site discussions with representatives from banks reflected sufficient understanding of identification of beneficial owners for partnerships as opposed to companies. However, other AML-obliged persons are not similarly placed and may not be a very reliable source of up-to-date beneficial ownership information in Egypt.

172. As noted under discussion on Element A.1.1, the requirements arising from Decree N. 41/2020 also do not provide for any requirements for ensuring any periodic updating of the beneficial ownership information on partnerships submitted to the Commercial Registry. **Egypt is recommended to ensure that up-to-date beneficial ownership information on all partnerships is available in line with the standard.**

### *Oversight and enforcement*

173. The oversight and enforcement in respect of availability of identity and beneficial ownership information in respect of partnerships is similar to that discussed for companies. In respect of Commercial Registry, there is very limited oversight in this regard. The primary means for ensuring the availability of information is when partnerships require the Commercial Activity certificate from the Commercial Registry. This certificate is required in multiple situations and most often by banks.

174. Egyptian authorities have indicated that the ETA also takes measures to ensure registration of unregistered taxpayers for tax purposes. These may also include partnerships that have been carrying out commercial activities but have not registered with the ETA. Typically, such entities are small businesses operating in less developed and less populated parts of Egypt. ETA officials enforce registration with the ETA in such cases and in the process require the submission of identity information to the tax authorities by way of getting such taxpayers to fill the required forms and submit other registration documents as indicated under the discussion on companies. Egypt has provided the following statistics for the number of cases of businesses (including partnerships) that failed to register with the ETA.

### Legal measures to enforce registrations as reported by the ETA

	2019	2020	2021	2022	Total
Number of cases where legal measures were taken to enforce registration with ETA	1 245	3 548	3 191	1 214	9 198

175. While identity information on partnerships should be available due to the overall requirements and in-built incentives in the system to maintain such information, oversight in respect of beneficial ownership information needs to be strengthened. As noted in paragraphs 143 and 149, the requirement of maintaining up-to-date beneficial ownership information by entities themselves is not monitored and updated beneficial ownership information need not be submitted to the Commercial Registry. The overall enforcement of the new provisions in this regard is inadequate. Among AML-obliged persons, only the banks' compliance with AML-obligations is well supervised while most non-financial AML-obliged persons are neither well informed, nor supervised in this regard.

**176. Egypt is recommended to effectively supervise and enforce the requirements pertaining to the maintenance of beneficial ownership information by all non-financial AML-obliged persons and all partnerships and oversee the accuracy of submission of such information into the Commercial Registry, to ensure the availability of such information on partnerships in line with the standard.**

#### *Availability of partnership information in EOIR practice*

177. During the review period, Egypt did not receive a request for either identity or beneficial ownership on partnerships. Peers did not raise concerns on the availability of identity and beneficial ownership information on partnerships.

#### **A.1.4. Trusts**

178. Egyptian law does not provide for the establishment of trusts under its legal framework. Egypt is not a signatory of the Hague Convention on trusts. On the other hand, Egypt recognises the concept of a similar legal arrangement – waqfs.

#### *Trusts*

179. Even though the concept of trust does not exist in Egypt, there is nothing in Egypt's laws that would prevent a person from acting as a trustee or trust administrator of a trust formed under foreign law. Recognising this, there are provisions under the AML legal framework for identifying the

beneficial owners of trust funds. Egyptian authorities have explained that in the event that a trust fund established abroad engages in an activity, enters into a business relationship, or implements a process inside Egypt, the dealings would be done through financial institutions or non-financial businesses and professionals, and the identity of the beneficiaries and all relevant information would be identified through due diligence procedures. Where an Egyptian AML-obliged person has a business relationship with an Egyptian resident in its capacity as a trustee of a foreign trust, such identification would be carried out. Thus, the identification of beneficial owners of a trust is provided for through the AML obligations in most situations where any activity of the foreign trust is in Egypt. The only exception would be where the Egyptian resident trustee of a foreign trust has no activities or assets in Egypt such that the trustee has no business relationship with an AML-obliged person in Egypt and thus the AML legal framework would not be applicable for such a trustee. This last situation has never been encountered by any Egyptian authority involved in the present review.

180. The AML ER provide for the definition of beneficial owners in the context of trusts. For purposes of the general definition of beneficial owner provided under Article 1 of the AML ER, Article 22bis-B(3) of the AML ER requires the identification and verification of the identity of the beneficial owner(s) with regard to trust funds, which includes

all of the trust fund creator (settlor), the trustee(s), the protector, the beneficiaries, and any other natural person with effective control over the trust, as well as persons in equal or similar positions in relation to other types of legal arrangements.

181. While this definition is generally in line with the standard, there is no guidance to clarify that where the settlor, the trustee, the protector or the beneficiaries are legal persons, they should be looked through to identify a natural person as a beneficial owner. Although the definition does require the identification of any other natural person with ultimate effective control over the trust, in the absence of guidance to look through the parties to a trust that may be legal persons, some beneficial owners may not be identified in such a legal arrangement. **Egypt is recommended to provide clear guidance to AML-obliged persons on the definition of beneficial owners as it applies in respect of trusts, such that all beneficial owners are always identified in line with the standard.**

182. As noted under the discussion under Element A.1.1, Article 9 of the AML Law requires that AML-obliged persons keep sufficient records and documents on their due diligence procedures, and retain records, documents and data of clients and beneficial owners of natural persons, and legal persons for at least five years from the date of termination of dealing with them or from the date of closing the account. Financial institutions and

non-financial businesses and professionals are obligated to update these data periodically. The same article applies to trust funds and other legal arrangements.

183. Further, in respect of activities of a foreign trust in the capital markets, Article 359 of the Capital Markets Law ER provides that if the legal entity which is subject to disclosure requirements has the legal form of a trust fund, then it must disclose to the FRA the information on the purpose of the fund; the law regulating the fund; the fund's trustee(s), its licence number, his/her supervising entity, and the powers granted thereto in terms of management and disposal of the funds moneys and assets;<sup>12</sup> the fund's trustor(s) (settlor(s)); the fund's beneficiaries at the time of submittal of the disclosure (name, capacity, the degree of family relationship or other connections, beneficiary entities whether charity entities or other legal persons); the authorised entity to amend the fund's beneficiaries (if any).

184. As discussed in respect of companies under A.1.1, there is no specified frequency for updating beneficial ownership information under the AML legal framework. Decree No 41/2020 does not explicitly cover trusts and does not require either keeping beneficial ownership information on trusts updated or updating it with the Commercial Registry. Hence, as for companies and partnerships, there is a concern that in some situations the beneficial ownership information for a trust available with AML-obliged persons may not be up to date if none of the circumstances for updating CDD have arisen in respect of such a customer. **Egypt is recommended to ensure that up-to-date beneficial ownership information on all trusts is available in line with the standard.**

185. In practice, Egyptian authorities indicated that trusts and trust funds are uncommon in Egypt. Representatives from the private sector concurred with this view. Representatives from the banks noted that existence of trusts in the ownership structure of a customer invariably leads to enhanced due diligence as per the internal policies of most banks.

### *Waqfs*

186. While the concept of common law trusts is not recognised under Egypt's legislation, a similar concept of waqf originating from Islamic Law is recognised. In Egypt, waqfs are considered to be in the nature of endowments. All waqfs are under the direct control and management of the central

---

12. in case the Trust Fund is managed by a trustee who is licensed to practice such activity by a supervisory entity in the country concerned, disclosure of the above information shall be made in writing and signed by the fund's trustee (s) and certified by a certified notary in the country where it is established.

supervisory authority – the Egyptian Endowments Authority (Ministry of Awaqf) established under Law No. 80/1971. There are a total of 16 865 waqfs managed by the Egyptian Endowments Authority. The provisions of the endowment are regulated by the Endowment Provisions Law issued in 1946. The Egyptian Endowments Authority, in its capacity as the trustee of waqfs is obliged, as per Ministerial Decision No. 30 of 2020, to establish accurate records that include all the information related to the waqf, the endower, beneficiaries of the waqf as well as the authorities to which the waqf is granted, and to update such information on a periodic basis and make it available to the competent authorities (judicial or supervisory, including ETA), upon request. The Egyptian Endowments Authority undertakes the maintenance of all files, data and documents related to any endowment, as well as a survey application and an atlas containing locational information on all endowments (real-estate property endowed), in co-operation with the Ministry of Communications and Information Technology and the General Authority for Survey.

187. As a legal arrangement intended to serve charitable purposes, waqfs are not subject to Egyptian taxes. Considering that waqfs are irrevocable, are for charitable purposes and a government authority acts as the trustee for all waqfs, they are not found relevant for the purposes of EOIR.

### *Availability of trust information in EOIR practice*

188. During the review period, Egypt did not receive requests for information on trusts or waqfs. Peer input did not suggest issues in respect of availability of identity and beneficial ownership information on trusts.

#### **A.1.5. Foundations**

189. Foundations and civil associations can be established in Egypt and are typically non-profit and non-governmental organisations that perform social work. Civil associations are always for non-profit charitable purposes, exempt from tax, whose assets are not re-distributed to the members but become the property of the State upon dissolution. Civil associations are under the direct control and supervision of the Ministry of Social Solidarity. Thus civil associations are not relevant for EOIR purposes. The developments below focus on foundations but the same apply for both entities.

190. Foundations may be private and have commercial interests and the founders may benefit from the revenue of such private foundations. Law No. 149 of 2019 (Law on Regulating the Exercise of Civil Work) governs the legal framework for the establishment, registration, monitoring and dissolution of foundations.

191. All foundations must be registered in the Commercial Register. As per the Commercial Register, there were 961 foundations as of 30 September 2023.

192. Foundations can be established through founders' notification of the establishment to the Administrative Authority (the Ministry of Social Solidarity, which is concerned with the affairs of associations, civil work, the Fund for supporting the projects of Organisations and Civil Association, the Central Unit for Associations and Civil Work and its subsidiary units). In the notification, the founders must indicate the identity details of their members and the objectives of the foundation together with any beneficiaries (where identifiable). The Administrative Authority has 60 days to raise any objections in relation to the notification, including on the objectives of the foundation and the completeness of the submitted information. Any changes to the membership of a foundation must be notified to the Administrative Authority.

193. Article 10 of the Law requires the Administrative Authority to take measures to publish a summary of the foundation's articles of association on the official website of the Administrative Authority. It also requires the foundation, once its legal personality is established, to have a summary of its articles of association, as approved by the Administrative Authority.

194. Article 23 of the Law requires foundations to open account(s) with one of the banks supervised by the CBE and to receive funds only through these accounts. The law regulating the practice of civil work requires the Central Unit for Associations and Civil Work to establish a system for off-site and on-site monitoring of foundations, taking into account the risks identified (Article 81).

195. The Law provides for some measures and sanctions for violation of its provisions, through Articles 29, 45, 47 and 93. They range between lodging a warning, suspending the entity's activity, issuing a decision to restrain the board of directors until the issuance of a court judgment ordering dissolution or dismissal in the cases set out in the law, fines according to Article 93, dissolution and appointment of a liquidator for its funds.

196. The availability of beneficial ownership information on foundations is dependent on compliance by AML-obliged persons with the AML obligations under the AML Law while dealing with foundations as their clients as well as compliance by foundations with the requirement arising from the Ministerial Decree No. 41/2020. The AML Law or the Decree do not provide for specific definition or guidance in respect of identifying the beneficial owners of foundations. While there is a requirement under the CDD rules for banks to identify the beneficial owners of non-profit organisations and to validate the date of establishing such entity together with identifying the members of the

board of directors and signatories, there is no guidance on how beneficial owners of foundations are to be identified. Where the founder is another legal person, there is no guidance to look through such a person to identify natural persons as beneficial owners. Hence, it is not clear that all beneficial owners of foundations will be systematically identified. **Egypt is recommended to provide clear guidance to AML-obliged persons as well as to the foundations themselves on the definition of beneficial owners as it applies in respect of foundations, such that all their beneficial owners are always identified in line with the standard.**

197. As noted under the discussion on companies under A.1.1, there is no specified frequency for updating beneficial ownership information under the AML legal framework. Similarly, Decree No. 41/2020 also does not provide for any specific requirements for foundations to periodically update the beneficial ownership information submitted to the Commercial Registry although there is a general requirement to update the information in case of any change. Hence, **Egypt is recommended to ensure that up-to-date beneficial ownership information on all foundations is available in line with the standard.**

198. During the review period, Egypt did not receive any request seeking details of the founders or beneficial owners of any foundation in Egypt.

## A.2. Accounting records

Jurisdictions should ensure that reliable accounting records are kept for all relevant entities and arrangements.

199. Accounting information, in line with the standard, is generally available in Egypt through a combination of legal requirements under the Trade Law, the Companies Law and the Tax Law. All relevant entities and arrangements that carry out any commercial activities in Egypt are required to maintain accounting records. Where an entity has taxable income, requirements to ensure the availability of sufficient and accurate accounting information exists under the ITL and the UTPL.

200. While the legal and regulatory framework in respect of accounting information in Egypt is generally in place, there is a small legal gap. Egyptian residents can act as trustees of a foreign trust, even though this is not observed in practice. In such situations, the legal framework does not explicitly require all such resident trustees to maintain and retain accounts of the trust in line with the standard.

201. The supervision and oversight for ensuring the availability of accounting information of all relevant entities and arrangements is primarily



conducted by the tax authorities, which are experienced and have an established audit and inspection system. Nonetheless, the tax return filing rates remain low. There are potentially a significant number of non-compliant entities in Egypt. Oversight over these companies, especially to rule out any activities outside of Egypt, has not been undertaken. These aspects of Egypt's oversight, supervision and enforcement need to be strengthened.

202. Egypt reported having received nine requests for accounting information during the review period which were answered, although there were delays in providing the requested information due to reasons discussed under Element C.5.

203. The conclusions are as follows:

### Legal and Regulatory Framework: in place

Deficiencies identified/Underlying factor	Recommendations
<p>Although Egypt does not recognise the concept of trusts and ordinarily only waqfs overseen by the Egyptian Endowments Authority can exist under Egyptian laws, there is no bar on an Egyptian resident to act as a trustee of a foreign trust. The availability of accounting records for such trusts is not ensured in all cases in Egypt.</p> <p>The accounting records of the trust may be available if maintained in respect of commercial activities carried out in Egypt as required under the Trade Law, or where the trustee maintains such accounts to reflect the trust's income as distinct from his/her own income for tax purposes. Further, AML-obliged professionals (lawyers and accountants) also maintain some accounting and transactional information when they provide asset management services. These obligations do not cover all situations where an Egyptian resident acts as a trustee of a foreign trust. For instance, where no commercial activities or taxable income arise in Egypt, accounting records may not be maintained.</p>	<p>Egypt is recommended to ensure that all Egyptian residents acting as a trustee of a foreign trust maintain and retain accounting records on the trust in line with the standard.</p>

### Practical Implementation of the Standard: Largely Compliant

Deficiencies identified/Underlying factor	Recommendations
<p>The Egyptian Tax Administration undertakes regular oversight and enforcement measures towards compliance with accounting obligations of relevant entities and arrangements. However, the tax return filing rates are low and there is lack of clarity on the availability of accounting records of non-compliant entities. In July 2023, Egypt has introduced an electronic invoice monitoring system that is expected to assist the tax authorities in having better oversight over commercial activity of all business entities. However, this new system is yet to be tested in practice. In any case, this may not allow oversight over any activities carried out by such entities outside of Egypt.</p>	<p>Egypt is recommended to enhance its enforcement and supervisory measures to ensure that accounting records in line with the standard are available for at least five years for all relevant entities (including non-compliant entities that continue to retain their legal personality) and arrangements.</p>

#### A.2.1. General requirements

204. The standard is met by the implementation of a combination of requirements under the Trade Law, the Companies Law and the Tax Law, which are analysed below.

##### *Trade Law*

205. The Trade Law (or Commercial Code) is the governing law for all commercial activities in Egypt. It defines and governs all aspects of trade and commerce ranging from commercial activities, acting as a trader, contracting with third parties, sales of goods and services, acting as agents, transportation of goods, provision of warehousing services and all other aspects of compliance to conduct any commercial activity in Egypt.

206. The Trade Law requires all “traders” in Egypt to maintain accounts. The term “trader” is very broadly defined in Article 10 as i) anyone who exercises by way of profession, in his/her name or for his/her own account, a commercial activity; and ii) each firm assuming one of the forms prescribed in the laws concerning the companies, whatever the purpose for which the firm is established. Further, Article 19 provides that commercial activity can be inferred and presumed through conduct.<sup>13</sup> This provision seeks to

13. For instance Article 18 provides that anyone carrying out any commercial activity under a false or hidden name behind another person shall also be regarded as a trader in addition to the front-ending person.

capture any undisclosed commercial activity and bring such persons within the scope of the Trade Law.

207. Chapter 3 (Articles 21 to 29) of the Trade Law provides for requirements for all traders in Egypt to maintain commercial books. Article 21 of the Trade Law provides that traders whose capital invested in trade exceeds EGP 20 000 (EUR 625) must keep the books that are required by the nature and importance of their trade, in particular the journal and inventory books in a way that ensures a statement of their financial position, including their financial rights, and debts related to the trade. This threshold pertains to the invested capital in the trade and not to revenue from the commercial activity. Given the low threshold, this obligation should cover all relevant entities and arrangements in Egypt.

208. Article 22 requires that all commercial transactions (including personal withdrawals from the business) be duly recorded by way of suitable journal entries by every trader. Entries should be made on a daily basis, except that personal withdrawals may be recorded monthly. A trader may use an auxiliary journal to demonstrate details of the different types of business operations. In this case, it is sufficient to record the total of these operations in the journal at regular intervals.

209. Article 23 deals with maintenance of inventory books. Article 25 sets rules for the maintenance of commercial books, including prohibition of empty spaces, deletions, erasure, writing in the margins or between the lines. Prior to using hardcopy journal and inventory books, pages must be numbered and attested by the Commercial Registry together with indicating the number of book pages. Further, the journal and inventory books must be submitted to the Commercial Registry office for ratification of the number of pages used during the year. Additional books as well as closure of books must be duly attested by the Commercial Registry. In addition, Articles 45 and 46 of the Executive Regulation No. 286 of 2021 provide for specific legal framework and guidelines regarding the maintenance of electronic accounts and transitioning from paper-based accounts to electronic accounts.

210. Article 26 requires all traders (including their successors) to maintain commercial books and the documents supporting the entries recorded in these books for a period of five years from the date the books were closed.

211. Article 29 provides for a penalty of EGP 100 (EUR 3) to EGP 1 000 (EUR 31) for failure to comply with the obligations to maintain accounting records. The Trade Law provides that the commercial books maintained by a trader have evidentiary value and can be accepted in courts as evidence, unless specifically disproved as false (Article 70 of the Trade Law). During commercial disputes, each party can place reliance on their books and

show that they have been prepared in due compliance with the law. This emphasises the importance of ensuring the accuracy of these accounts by the traders themselves.

### *Companies Law*

212. The Companies Law complements the Trade Law with specific provisions to maintain accounting records by the different types of companies that it governs, concerning financial statements and external audit.

213. Article 39 of the Companies Law provides that the company shall have a financial year to be determined by the articles of association, and for which financial statements shall be drawn up according to the accounting standards set by the Minister of Economy. Accounts are required to be maintained according to the Egyptian Accounting Standards which are generally similar to the International Financial Reporting Standards on material aspects. The company's articles of association may provide for drawing up periodical financial statements for it, of which the period covered thereby shall not be less than three months, providing that the company whose purpose is to participate in the establishment of other companies or to participate in these companies in any aspect shall draw up consolidated financial statements for these companies.

214. The financial statements prepared by the board of directors are required to be approved by the ordinary general assembly of the shareholders of the company (Article 63 of the Companies Law).

215. All companies – JSCs, LLCs, OPCs and PLSs – are required to have auditors who fulfil the requirements provided for in the Law on Practicing of the Accounting and Audit Profession (Article 103 read with Article 128 of the Companies Law). At the time of incorporation, companies are required to declare the names of their auditors. Article 105 of the Companies Law provides that such auditor must have full access at all times to all the books, records and documents of the company and he/she may ask to be supplied with the data and clarifications which he/she deems necessary for the performance of his/her job. He/she may also verify the company's assets and liabilities. The board of directors of the company should enable the auditor to do all the above.

216. The financial statements of the company must include a statement of the company's debts owed by the partners and the partners' debts owed by the company. The financial statements must be deposited with the Commercial Register office and every interested party may ask to review them. Accounts are required to be maintained according to the Egyptian Accounting Standards which are generally similar to the International Financial Reporting Standards on material aspects.

217. Further, Article 156-bis of the Companies Law requires all companies in Egypt to submit a copy of their financial statements to GAFI on an annual basis once such statements have been approved by the general assembly.

218. In respect of branches of foreign companies, Article 169 makes a specific requirement for submission of financial statements to the Commercial Registry.

### *Tax Law*

219. The UTPL makes important provisions for the maintenance of accounting records by all taxpayers/taxable persons. Article 38 provides that “every taxpayer engaged in a commercial, industrial, craft, or professional activity, with an annual turnover above EGP 500 000 (EUR 15 625) must keep, in paper or electronic format, proper accounting records and books as provided for in the Trade Law”. All legal entities and arrangements must hold all records, books, and returns for a period of not less than five years following the taxable period covered in the return. Books include a general and subsidiary journal and ledger, inventory, item or exports book (Articles 45 and 46 of the UTPL Executive Regulation).

220. Further, the UTPL provides that every taxpayer or taxable person must keep electronic accounts showing the annual revenues and costs. Executive Regulation No. 286 of 2021 has been issued to regulate electronic record keeping.

221. Regarding the location of accounting information, Egyptian authorities have explained that Article 5 of the UTPL places a responsibility on all taxpayers to keep paper or electronic books and records and maintain the same for the statutory period. Egyptian authorities indicate that the entities and arrangements that are resident for tax purposes must keep the accounting information in Egypt where the taxpayer resides.

### *Partnerships, trusts, waqfs and foundations*

222. Partnerships and foundations carrying out commercial activities or having taxable income are subject to the obligations of the Trade Law and UTPL on accounting information described above, in line with the standard. This also includes foreign partnerships that have income, deductions or credits for tax purposes in Egypt.

223. All waqfs are administered by the Egyptian Endowments Authority that maintains accounts of the waqfs and even after a waqf has ceased to exist.

224. In contrast, trusts are not recognised under Egyptian law, as noted under section A.1.4. However, where a resident trustee of a foreign trust is in charge of the funds of the trust, to the extent the trust has commercial activities or taxable income in Egypt, Egyptian authorities indicate that the trustee would be considered as a “trader” and “taxpayer” and be expected to maintain accounts of the trust under the provisions of the Trade Law and the UTPL. Thus, such a trustee would need to maintain the accounts separately for the trust so that the income of the trust is not taxed in its hands. This interpretation has not been tested in practice, thus it is not clear if the tax authorities will accept the submission of a resident trustee that the income belongs to the trust and may not be taxed in his/her hands. Moreover, where the activities and income of a trust arise outside of Egypt, the Trade Law requirements may not apply. Hence, it is not always the case that a resident trustee will maintain accounts of the trust for compliance with tax obligations or Trade Law requirements in the absence of any specific legal provisions to this effect.

225. Incidentally, the AML ER do oblige professionals like lawyers and accountants, while providing certain asset management services to customers, to maintain some documents and details of transactions of their clients. However, this maintenance of documentation is transaction-specific and may not be sufficient in respect of maintaining accounting records in line with the standard for a trust managed by an Egyptian resident trustee.

226. In practice, Egyptian authorities note that trusts are uncommon, and they have never encountered a situation where an Egyptian resident is a trustee of a foreign trust. Therefore, although this may not be a very material gap, the provisions for ensuring that accounting records in line with the standard are maintained for trusts of which an Egyptian resident is a trustee are not sufficient. Hence, **Egypt is recommended to ensure that all Egyptian residents acting as a trustee of a foreign trust maintain and retain accounting records on the trust in line with the standard.**

### *Entities that ceased to exist and retention period*

227. Companies cease to exist in Egypt through liquidation, as noted under the discussion on companies that cease to exist under Element A.1. During liquidation, the liquidator is in charge of maintaining all accounting information on companies undergoing liquidation and of submitting financial statements on an annual basis to GAFI on the company’s behalf.

228. Upon liquidation, the entities are struck-off from the Commercial Registry. According to Article 153 of the Companies Law, the obligation to retain the records of a company is ten years from the date of cancelling the company from the commercial register. The local office of the Commercial Registry (where the company was registered) is tasked to maintain these

accounting records at its own office unless the general assembly or the partners' group designate another place for keeping the books and documents. Egyptian authorities indicate that in practice, the liquidator usually maintains the financial statements and accounting records for the statutory retention period from the date of cessation and the Commercial Registry informed about this. The liquidator is bound by Egyptian law regarding liquidations, following the decision to appoint him/her as liquidator, when carrying out the liquidation work, and ending the liquidation work after performing all the company's financial obligations, whether to the administrative authorities in the country, or obligations to others. Egyptian authorities have confirmed that so far, there has been no case where the decision was made to keep the records outside Egypt. In most cases, the liquidator is the company's auditor, and companies usually take the decision of maintaining records with such person in Egypt. Further, as noted in paragraph 68, the provisions of Article 154 necessitate the maintenance of such information for a period of five years after liquidation.

229. In respect of partnerships, the provisions of UTPL require that accounting records be available for a period of five years and this obligation applies to partners once the partnership ceases to exist. For waqfs that cease to exist, the records continue to be maintained by the Endowments Authority. For foundations, the provisions of UTPL would require availability of accounting records where such foundations have commercial activities.

### ***A.2.2. Underlying documentation***

230. Egyptian laws require the maintenance of sufficient underlying documentation as part of the accounting records that must be maintained.

231. Article 24 of the Trade Law requires that every trader keep a copy of the correspondence, cables and other documents as dispatched or received in respect of all matters connected with its trade (including everything related to sales and contracts). Such documents must be maintained in a regular manner to facilitate verification process.

232. The UTPL also contains specific provisions for maintaining underlying documentation. Article 38 of the UTPL and Articles 45 and 46 of the UTPL Executive Regulation specify that a taxpayer/taxable person must keep records, books and documents, including supporting documentation like contracts, invoices, receipts and correspondence from third parties, for five years following the taxable period. They may keep microfilm copies instead of the originals.

233. Article 37 governs the issuance of invoices. All taxable persons must issue invoices for all their sales of goods or services. Invoices/receipts must be produced in duplicate – one for the buyer and one to be retained by the seller. The invoices must be sequential and indicate the date of issue

and must not contain any deletions or overwriting. Every invoice must indicate the name, address and registration number of the taxpayer/taxable person, details of the purchaser, description of the commodity or service and the applicable VAT and the gross amount.

234. From 1 July 2023, Egypt has introduced an electronic invoicing system. All commercially active taxpayers are expected to register and only use electronic invoicing for their commercial purposes. All expenses claimed must have been incurred through the electronic invoicing system to be eligible for tax deductions. Egyptian authorities note that this system will allow oversight to the ETA on all commercial activities of all business taxpayers.

235. In respect of trusts, where an Egyptian resident acts as a trustee of a foreign trust, as noted under paragraphs 224 and 226, currently there are no explicit legal obligations for maintaining underlying records for accounts of such trust. and **the recommendation at paragraph 226 applies.**

### ***Oversight and enforcement of requirements to maintain accounting records***

#### *Commercial Registry and General Authority for Investments and Free Zones*

236. The provisions of the Trade Law and the Companies Law requiring maintenance of accounting records with underlying documentation and the submission of financial statements on an annual basis to GAFI and the Commercial Registry are monitored or overseen by either GAFI or the Commercial Registry primarily through the need for entities to seek the Commercial Registration Certificate from the Commercial Registry on a periodic basis. Egyptian authorities have indicated that this certificate may be denied if there are deficiencies in their compliance with their obligations. The same applies to companies, the status of which has been changed to “suspended”, which is an important impediment for commercial operations in Egypt. For companies that are in regular need for having this updated certificate from the Commercial Registry, this measure is an important driver to compel compliance. As noted earlier, banks require submission of such certification every six months from their customers that are legal persons. Further, the certificate is needed in various commercial transactions as well. However, at best this requirement may result in compliance with obligations to file annual statements by companies to the Commercial Registry and GAFI. The two authorities do not take any steps to ascertain their veracity or compliance with law. Moreover, the change of status to “suspended” is only in relation to companies by GAFI. For other types of entities and arrangements, like partnerships, no such change of status takes place, and this deterrent measure is not available.



237. Egyptian authorities have provided some information on the inspections carried out by GAFI on companies. GAFI issued 57 decrees authorising inspection of companies during 2021 and 2022 and identified various violations of the Companies Law provisions in 30 instances. Further, over the same period, GAFI called for convening 1 050 general meetings of the shareholders of companies and in 48 instances, decisions to dismiss the board of directors were taken in these meetings. However, the information provided by the Egyptian authorities does not sufficiently clarify if the violations noted by GAFI explicitly pertained to the availability of accounting records.

238. As discussed under Element A.1 in paragraphs 107 to 112 on non-compliant companies, these efforts are not sufficient to ensure that accounting records in line with the standard are available for all entities, especially where they are non-compliant and inactive in Egypt but nonetheless active abroad and do not require the certificate from the Commercial Registry. There is no active oversight by the Commercial Registry or GAFI in this regard and the sanctions provided under the Trade Law, non-dissuasive as they are, have never been imposed.

### *Tax Authorities*

239. The UTPL, being a recent law that came into effect from 2020, provides for some more dissuasive sanctions compared to the nominal sanctions provided under the Trade Law. For instance, Article 71 of UTPL provides that failure to comply with the requirements of UTPL in respect of maintaining all purchase and sale transaction records electronically in line with the regulation, issuance of invoices as required by law, and/or maintaining books of accounts as required by Article 38 of the UTPL, may be sanctioned with a fine ranging from EGP 20 000 (EUR 625) to EGP 100 000 (EUR 3 125). Further, failure to keep paper or electronic records and books for the five-year retention period may be sanctioned with a fine of EGP 50 000 (EUR 1 563).

240. In respect of requirements to file tax returns, dissuasive sanctions are in place under the UTPL. Article 69 provides for a fine ranging from EGP 3 000 (EUR 94) to EGP 50 000 (EUR 1 563) on any person who files the tax return and pays the tax beyond the deadlines in the law (if such late filing or payment does not exceed 60 days from the due date), or provides false data in the tax return, if the tax amount is higher than that recorded in the return. The minimum and maximum ranges can be tripled for recurrence of the violation. Where a taxpayer fails to file the tax return even beyond 60 days from the due date, the prescribed penalty ranges from EGP 50 000 (EUR 1 563) to EGP 2 million (EUR 62 500). Further, if there is a recurrence of non-filing in subsequent three annual returns, there is a provision for imprisonment ranging from six months to three years (Article 70 of UTPL).

241. Tax authorities do have important oversight and enforcement activities in respect of the requirements to maintain accounting records under the tax law. The ETA has 330 tax offices all over Egypt, with a staff strength of over 30 000 employees.

242. The ETA oversees compliance with the requirements on taxpayers to declare their annual income by way of tax returns and to pay the taxes due. The annual tax return filing rate in Egypt is seen from the table below.

#### Tax return filing rates

Year	Number of registered taxpayers	Tax returns filed	Tax return filing rate (overall)	Total number of legal entities (including companies and partnerships)	Tax returns filed by legal entities (including companies and partnerships)	Tax return filing rate for legal entities (including companies and partnerships)
2020	13 501 805	2 215 368	16.4%	920 263	203 850	22.2%
2021	14 271 364	2 318 288	16.2%	954 827	209 191	21.9%
2022	14 616 934	2 461 161	16.8%	987 231	217 902	22.1%

Source: ETA.

243. The overall tax return filing rate out of all the registered taxpayers is low at 16%. Even considering tax return filings only by legal entities, the rate of filings is low at about 22%. Egyptian authorities attribute the low compliance rates to the low levels of awareness among the general population and the presence of many entities that have discontinued commercial activities and have ceased to exist but remain in the tax database. The total number of legal entities (companies and partnerships) as per the Commercial Register is lower than the number of entities in the tax database.<sup>14</sup> This suggests that a number of entities in the tax database do not exist anymore. However, the Egyptian authorities have not carried out any exercise to clean up the tax database or compare it with the Commercial Registry database. Although there is a level of synchronisation for new incorporations,<sup>15</sup> removal of entities is not similarly synchronised. Egyptian authorities have informed that they are taking digitalisation efforts to enhance compliance. From 2023, tax filing has been moved to an electronic portal. The ETA database of registered

14. Based on the numbers indicated under Element A.1 paragraphs 54 and 155, all types of companies as per data from the Commercial Registry total 195 477 while all general and limited partnerships total 489 000, making the total number of companies and partnerships to 684 477. This is lower than the 987 231 legal entities reflected in the table above from the ETA.
15. Egyptian authorities have indicated that actions are being taken by ETA in respect of enhancing tax compliance. Egyptian authorities monitor the registration of commercial active taxable persons and focus on getting them registered.

taxpayers is in the process of being fully digitalised and entities that have ceased to exist will be removed from the tax database after due verification.

244. The low level of compliance is not only due to the presence in the database of companies that ceased to exist – compliance discipline is also low. The Egyptian authorities indicate that they have taken specific efforts to raise awareness among taxpayers in respect of their tax obligations. These include awareness raising campaigns, videos on social media, establishing a centre for tax guidance at the Chamber of Commerce, establishing a hotline for responding to tax questions, conducting workshops and seminars and forming technical support teams to assist taxpayers comply with their obligations. Egyptian authorities indicate that legal measures are taken where non-compliance is noted. As noted above, the amended UTPL provides for high levels of sanctions for non-filing of tax returns.

245. ETA has reported taking legal measures where non-compliance is noted. Legal measures include conducting investigations leading to either payment of taxes and fines by the taxpayer through reconciliation with the ETA or escalation of the case to the public prosecution for filing a criminal case in serious tax evasion matters.

#### Statistics on cases where the ETA has taken legal actions for non-compliance

Cases where legal measures were undertaken	
2020	3 548
2021	3 191
2022	1 214
Total	7 953

Source: ETA.

246. Further, the ETA takes up audit of tax cases on an annual basis based on an annual tax audit plan. Egypt has reported the following statistics on the number of audit actions carried out under its tax audit plans:

#### Statistics on Tax Audits under the Tax Audit Plan of ETA

Number of audit actions	
2019	2 812 453
2020	2 806 407
2021	2 503 537
2022	2 573 290

Note: Tax audits are conducted across all types of taxpayers and all types of taxes administered by ETA. Tax audits cover legal persons and individuals. These audits vary in scope from being limited to simple calculation verifications to in-depth audits.

Source: ETA.

247. The ETA has a dedicated Department for Inspections and Investigations and dedicated officials specialising in these actions. During 2022, a total of 8 775 tax assessment procedures (investigations and desk-based tax audits) were conducted. The ETA has imposed the following fines on taxpayers for non-compliance with the provisions of the tax law during tax audits conducted over the period 2019 to 2022.

#### Fines imposed on taxpayers for non-compliance

Year	Value of fines (EGP millions)	Value of fines (EUR millions)
2019	233.5	7.3
2020	249.5	7.8
2021	289.3	9.0
2022	146.5	4.6
Total	918.8	28.7

Source: ETA.

248. Further, with the recent implementation of the electronic invoicing system, and electronic filing of tax returns, Egyptian authorities have expressed confidence that the surveillance and monitoring capabilities of the ETA will improve significantly going forward.

249. Legal entities registered in Free Zones are not required to file tax returns as on date. As per information provided by GAFI, there are 1 139 projects (representing different types of companies and partnerships) operating in the Free Zones in Egypt. Such companies are required to submit their financial statements only to GAFI for review. GAFI conducts such reviews primarily from the perspective of ensuring the implementation of the Investment Law and to evaluate the effectiveness of the investment promotion measures in meeting their objectives of increased investment and employment. However, Egypt has not submitted details on the compliance rate of filing such financial statements or any specific controls carried out by GAFI for ensuring the accuracy of the accounting information maintained by these companies.

#### *Conclusion*

250. There is some oversight and enforcement measures by the tax authorities in respect of accounting records. However, where the entities are commercially inactive or are not filing their tax returns, concrete measures are yet to be taken.

251. The enforcement and supervision by the Commercial Registry and GAFI about maintenance of accounting records is limited. The primary

oversight mechanism for the Commercial Registry and GAFI is the requirement for registry certification that is often needed for commercial affairs in Egypt, including banking. However, this oversight would be limited to companies and not extended to other entities and arrangements. This is also the only oversight available on entities operating in the Free Zones. There is lack of clarity on the availability of accounting records of non-compliant companies.

252. In general, the ETA has an established tax audit programme with experienced tax officials and some strong and dissuasive sanctions provided to check non-compliance under the new UTPL. However, the tax return filing rates have been low potentially due to significant number of non-compliant entities (including legal entities that may be commercially inactive but are retaining their legal personality) or those that have ceased to exist but continue in the tax database. Although the tax authorities carry out desk-based and on-site inspections, due to the issues with the tax database, it is difficult to satisfactorily ascertain the effectiveness and adequacy of the enforcement and supervisory measures in ensuring the availability of accounting records in line with the standard. With the digitalisation of the tax authority database, electronic filing of tax returns and the newly introduced electronic invoicing systems in Egypt, the ETA will have better oversight and surveillance abilities. However, these changes are very recent and need to be monitored in practice.

**253. Egypt is recommended to enhance its enforcement and supervisory measures to ensure that accounting records in line with the standard are available for at least five years for all relevant entities (including non-compliant entities that continue to retain their legal personality) and arrangements.**

### ***Availability of accounting information in EOIR practice***

254. During the review period, Egypt received nine requests for accounting information which Egypt has indicated were answered in all cases. In one instance, a peer noted that only partial accounting information had been provided. However, after having received the related input, Egypt provided the pending accounting information, and the peer was satisfied.

255. Further, peer input suggests that there were cases where responses are pending from Egypt. Egypt is in consultation with some peers whose requests were not received by the Egyptian Competent Authority.

256. Peer input suggests that there were significant delays in providing the requested information. The delays in providing accounting information were not due to the lack of availability of such information but largely due to the issues discussed under Element C.5.

### A.3. Banking information

Banking information and beneficial ownership information should be available for all account holders.

257. The 2020 Banking Law<sup>16</sup> governs the establishment of banks in Egypt and their supervision by the Central Bank of Egypt (CBE).

258. The AML legal framework requires banks to gather and keep beneficial ownership information concerning bank accounts. The legal and regulatory framework is in place, but some improvement is needed to ensure consistent interpretation and application of the definition of beneficial ownership and that this information is up to date. The guidance available to banks does not clarify that ownership should be interpreted to mean direct and indirect ownership as well as through chain of ownership. It does not refer to joint control and does not elaborate on control by other means. Further, it does not explain how the definition of beneficial owners would apply in respect of partnerships and foundations and does not note that where parties to a trust are legal persons, they should also be looked through.

259. Unless a suspicion on the accuracy of the information triggers an update of the data, banks apply a risk-based approach for updating customer due diligence and beneficial ownership information. While banks have risk compliance programmes that provide for updating customer due diligence under certain conditions, there are variations across banks. There is no specified frequency for updating customer due diligence and beneficial ownership under the AML legal framework which requires banks to carry out such updates at least once over a specified period if no events that trigger updates were to take place. This could lead to situations where up-to-date beneficial ownership information might not be available on bank accounts. A recommendation is made in this regard.

260. Egypt received 13 requests for banking information during the review period but was unable to provide this information due to the existence of bank secrecy. After the lifting of bank secrecy for EOI purposes in Egypt, Egypt has been able to satisfactorily obtain and exchange banking information in twelve cases (nine of which pertained to the review period

16. Prior to this new banking law of 2020, the previous banking law was from 2003. The new banking law strengthened the financial, personal and operational autonomy of the Central Bank and gave it further supervisory authority, besides adding payment service providers, payment systems operators and credit guarantee companies to its supervisory and regulatory jurisdiction. In respect of availability of banking information and the requirements on banks to maintain sufficient ownership and transactional information on all accounts, there is a general continuity in the new law from the earlier law of 2003.

and three were new requests after the review period) and is currently processing two more requests. The availability of the information has not been at stake.

261. The conclusions are as follows:

**Legal and Regulatory Framework: in place, but certain aspects of the legal implementation of the element need improvement**

Deficiencies identified/Underlying factor	Recommendations
<p>The definition of beneficial ownership as provided under the AML Executive Regulations requires the identification of beneficial owners of bank accounts based on controlling ownership or control through other means simultaneously. However, the CDD guidance for banks adopts a cascade approach. While this would work for companies with shares, for other relevant entities and arrangements like partnerships and foundations, it might not always lead to the identification of all beneficial owners who might otherwise exercise control but do not own more than 25% of the entity. Further, the reference to “direct or indirect ownership or through a chain of ownership” is not explicitly mentioned in the guidance. The concept of “control through other means” is also not clarified in the guidance. Finally, in respect of trusts, where parties to a trust are other legal persons, the guidance does not provide for looking through such legal persons to identify the natural persons as beneficial owners.</p>	<p>Egypt is recommended to provide clear guidance on identification of beneficial owners of all relevant entities and arrangements, such that all beneficial owners of bank accounts are always identified in line with the standard.</p>
<p>There is an obligation to update customer due diligence in certain circumstances, and also based on the risk profile of the bank customer, but in this latter case there is no specified frequency of updating beneficial ownership information. This may lead to situations where the available beneficial ownership information is not up to date.</p>	<p>Egypt is recommended to ensure that up-to-date beneficial ownership information is available on all bank accounts, in line with the standard.</p>

**Practical Implementation of the Standard: Largely Compliant**

No issues have been identified in the implementation of the existing legal framework on the availability of banking information. However, once the recommendations on the legal framework are addressed, Egypt should ensure that they are applied and enforced in practice.

### **A.3.1. Record-keeping requirements**

262. The Egyptian banking sector is comprised of 37 conventional and Islamic banks: 4 state-owned banks; 28 commercial banks incorporated as JSCs (including subsidiaries of foreign banks); and 5 branches of foreign banks.

#### *Availability of banking information*

263. Banking information is available in Egypt through the provisions of the AML legal framework as well as the provisions of the Banking Law.

264. Article 9 of the AML Law requires banks to keep records on local and international financial transactions, identification data records for customers and beneficial owners of bank accounts for not less than five years from the date of completing the transaction with the financial institution, or from the date of closing the account. Article 34 of the AML ER specifies that the obligation applies to the records and documents related to accounts and transactions, including the applications for opening accounts, copies of personal identification documents and correspondences with customers, for at least five years from the date of the closing of the account or the end of the transaction.

265. Further, the Banking Law requires the maintenance and availability of all banking information. Banking information implies complete information on all accounts. This includes the identity of customers (bank account holder) as banks are not permitted to open or maintain accounts, link deposits or accept funds anonymously (Customer Due Diligence Guidelines for Banks). This also includes all transactional-level information on all accounts (with sufficient data to identify the details and data of each transaction). More specifically, banks must keep applications for opening an account, contracts, documents, copies of identification documents, data update forms, evidence for verifying customer data, and correspondence with them.

266. Banks are required to keep all records with regard to this information as long as they maintain the customer relationship. Once the relationship is terminated, banks are mandated to keep these records for at least a period of five years from the date of the termination of the relationship (Articles 144-148 and Article 196 of Banking Law). The same five-year retention period applies in respect of one-off transactions in respect of customers who do not have accounts or an on-going relationship with the bank.

267. The situation of closure of a bank or a bank ceasing to operate in Egypt would be handled either by way of merger of such a bank with another existing bank or through liquidation. A merger would be done under close supervision of the CBE, and all the records of banks would be transferred



to the new merged bank. In situations of closure of a bank through liquidation, the CBE has informed that the practical procedure would require that the bank publish its intention to exit the Egyptian market in two official gazettes. All customer accounts would be required to be settled within a specified time-period. Any unsettled accounts will be transferred to another bank under due notification to the CBE. Finally, all the data of the customers together with the account information will be transferred to the legal liquidator responsible for the entire operation. The CBE would work with the appointed liquidator to ensure that all records are duly maintained. All physical documents must be transferred to a document archiving company keeping the CBE informed. Egyptian authorities indicate that since banks in Egypt are companies, the provisions of the Companies Law for retention of records and documents for a period of 10 years after being de-registered from the Commercial Registry would apply. Article 172 of the Banking Law mandates that no bank may suspend its operations in whole or in part without the prior approval of the CBE's Board of Directors. Such approval, in case of total suspension or cessation of activities, will not be issued unless the CBE has ascertained to its satisfaction that the bank has provided sufficient guarantees or has been released from all legal obligations. Thus, for a bank ceasing to operate in Egypt, all banking records, including retention of customer account information as required under law, would need to be ensured. Since foreign banks are similarly licensed by the CBE, similar procedures and obligations would apply to them if they were to cease operations in Egypt.

### *Reliance on third-party for conducting CDD*

268. Banks are authorised to rely on third parties (institutions or agencies) to implement CDD procedures, adhering strictly to certain conditions. A bank may seek the assistance of a financial institution or an entity of non-financial businesses and professions, at home or abroad, to identify the customer and the beneficial owner and understand the nature of the business. However, the final responsibility in relation to the CDD implementation rests with the bank itself. This includes situations of introduced business. Where a bank relies on third party CDD, the bank is required to:

- Immediately obtain from the third-party the necessary information related to identifying the customer and beneficial owner and understanding the nature of the business.
- Take sufficient measures to be assured that the third party will, upon request, provide copies of the identification documents and other relevant documents related to CDD requirements without delay.

- Be reassured that the third party relied upon is subject to control and supervision and has appropriate procedures in line with the requirements of the Financial Action Tax Force for customer due diligence and record-keeping.
- If the third party is located in another country, the bank must take into account the available information on the risk level in that country.

269. For purposes of financial inclusion, Egyptian regulations permit banks, with prior approval from the CBE, to rely on the CDD measures carried out on customers by specific licensed mobile phone payment service providers, prepaid card services customers, post offices, and companies and non-profit organisations that have a licence to practice microfinance activities. All such service providers are licensed and regulated by designated public authorities.

270. The Egyptian authorities confirmed that in practice, this third-party reliance is placed only in respect of domestic natural person customers in remote and economically backward parts of the country. In all such cases, the bank is required to design the customer identification procedures while the service provider performs such identification on behalf of the bank. However, the bank is still ultimately responsible for the effectiveness and efficiency of these procedures.

### *Beneficial ownership information on account holders*

271. The standard requires that beneficial ownership information be available in respect of all bank accounts. This requirement in Egypt is met through the obligations of the AML Law, AML ER and the binding CDD guidance issued by the Central Bank. The definition of beneficial owner is provided under Article 1 of the AML ER and is further explained under Article 22(bis)(b) of the AML ER.

272. For the purposes of CDD, banks require the submission of following information/documents in respect of the beneficial owner of a customer that is not a natural person:

- Names, addresses and nationalities of the natural persons who own controlling stakes in the company, which represent 25% or more of the company's capital (if any)
- The names, addresses and nationalities of the natural persons who control the company through any other means (if any), in the event that no natural person owns the ownership share referred to in the clause above

- The name, address and nationality of the company's board chairman or whoever occupies the equivalent position, in the event that no persons were found to whom the provisions of the two clauses above apply
- The purpose of opening the account
- An undertaking to update the establishment or company's data immediately upon the occurrence of any changes therein or upon the bank's request for that.

273. As noted in paragraphs 122 and 124 under Element A.1, the CDD guidance for banks adopts a cascade approach for companies, but does not provide sufficient guidance in the context of partnerships and similar arrangements. Further, the deficiencies in the guidance discussed in these paragraphs apply in the context of beneficial ownership information on bank accounts held by different types of entities and arrangements. Hence, **Egypt is recommended to provide clear guidance on identification of beneficial owners of all relevant entities and arrangements, such that all beneficial owners of bank accounts are always identified in line with the standard.**

274. In general, CDD procedures include understanding the ownership structure and control on the client which is a legal person or legal arrangement, and identification of the beneficial owners thereof. Banks are required to identify the beneficial owner and take reasonable measures<sup>17</sup> to verify his/her identity using information, data or documents from other reliable and independent sources to ensure that the bank is convinced that it has adequately identified that beneficial owner. Banks are expected to rely on acceptable proofs of identity like national ID card, passport or driving licence. Where they have any doubt about the authenticity of the submitted documents, they must cross check the veracity by contacting the relevant public authorities. In the context of natural persons, the Civil Registry is often relied on by banks.

275. To ensure that a person identified as a beneficial owner is the accurate person, banks may request and obtain from the client any additional information or documents not included in the procedures. In any case, every customer is required to undertake to update its data immediately upon the occurrence of any changes therein or when requested by the entity.

---

17. For validating or verifying the submitted information, banks have the flexibility to rely on reliable sources of information like the commercial registry, customs authority or any other public sector authority. During its on-site supervisory actions, the CBE supervisors examine the adequacy of a bank's CDD measures including the measures that are taken for carrying out such verification of the submitted information.

276. In the event that the entity is unable to implement these procedures, it must not open the account, start or continue any business relationship with the client, or carry out any transactions in its favour, and consider sending a suspicious report regarding him to the EMLCU according to the reasons for not complying with these procedures.

277. Banks undertake different levels of CDD depending on the risk rating of the customers. As discussed under paragraphs 133 and 134, certain customers are higher risk and enhanced due diligence procedures are undertaken.

278. Banks are required to update the data, information and documents they obtained whenever they have a doubt on their accuracy, and on an ongoing basis and in an appropriate manner and at appropriate times, especially with regard to high-risk customer categories. The update period should be reduced whenever the degree of risk increases. During the on-site interviews, three representatives of the banks indicated that their respective banks' internal compliance policies required that besides updating CDD on an on-going basis in specific situations, at the minimum, CDD for high-risk customers be updated annually, once every three years for normal-risk customers and at least once in five years for low-risk customers. Egyptian authorities have indicated that although the CBE's current guidance does not provide any specified frequency in this regard, the CBE is working on a new guidance that requires that at the minimum, banks must update CDD on their low-risk customers at least once in five years and provide for a higher frequency for updating CDD on customers that are assessed to be of higher risk. This revised regulation is yet to be issued. In the absence of a specified frequency for updating customer due diligence and beneficial ownership information on all types of accounts, there is a risk that beneficial ownership information on some bank accounts may not be updated for an extended period and hence, may be outdated. Hence, **Egypt is recommended to ensure that up-to-date beneficial ownership information is available on all bank accounts, in line with the standard.**

### *Oversight and enforcement*

279. Banks are under the supervision of the Central Bank of Egypt in accordance with the provisions of the Banking Law and the AML Law. The CBE oversees their compliance with prudential and AML requirements.

280. As noted under Element A.1, the AML Law provides for sanctions for non-compliance with AML obligations imposed by the AML Law and the AML ER on AML-obliged persons which include all banks. Article 15 of the AML Law provides for a penalty between EGP 100 000 (EUR 3 125) to EGP 500 000 (EUR 15 625) on banks for non-compliance with their AML obligations. The responsible person from the bank may also face imprisonment.

281. In addition, the Banking Law provides for a range of supervisory sanctions to the CBE. Article 144 of the Banking Law provides that the CBE board of directors may decide on one or more sanctions on banks considering the nature and gravity of any violations with the Banking Law, AML Law or any guidelines issued by the Central Bank. The CBE may take certain softer measures to prompt the bank to correct the violations. For instance, the CBE may issue a warning, direct the bank to remove the violation and to take corrective measures during a specific period, depute its own representative to attend the meetings of the board of directors of the bank or its general assembly (without having the right to vote), or direct the chairman of the violating bank to call a meeting of the board of directors or of the general assembly of the shareholders of the bank to consider the violations attributable to the bank.

282. Further, the CBE is empowered to suspend or cancel the licence of a bank or restrict its operations for graver violations and impose significant financial penalties as per its assessment. Article 145 of the Banking Law permits the Central Bank to decide on an appropriate level of financial sanction considering the gravity and the harm caused by the violations noted in respect of a bank. The CBE is also empowered to remove key managerial persons of violating banks.

283. In terms of actual supervision, the CBE has a system of off-site and on-site supervision. The off-site supervision is carried out through an effective risk-based approach that continuously monitors different types and developments of risks facing banks. Each bank has a designated team of relationship managers at the CBE who are in charge of monitoring and controlling individual banks. These supervisory teams analyse and assess banks through data and information available with them and ensure that banks follow rules and regulations set by the CBE. The off-site managers are routinely in touch with their supervised banks to get any information that they need for their assessments. The off-site department helps identify the scope of the on-site inspection by detecting the most relevant and prioritised risk areas that should be examined based on reports from the off-site as well as several different departments. Upon the completion of the on-site inspection, the department receives and follows up with banks' corrective action plan that includes bank's remarks on the findings and issues raised by the inspection along with given time frames for their rectification.

284. The CBE adopts a risk-based approach for its on-site supervisory activities. The on-site supervision process is carried on in respect of the 37 banks as per an annual supervision plan which is based on the risk-assessment of the different banks. The CBE prepares a risk matrix for each bank including a quantitative risk assessment, risk volume (high, medium or low), risk trend (increase – steady – decrease) and the way of managing

risk (strong – weak) besides the ability of the bank to follow up these risks accurately. For high-risk banks, inspections are carried out every year, every 18 months for medium risk and every 24 months for low-risk banks. The CBE considers the bank’s conditions, surrounding risks, and the compliance of the bank in taking corrective action plans in the time defined by the CBE. The CBE carries out three types of on-site inspections: comprehensive inspections covering all banks’ activities, quantitative inspections covering areas where higher risks have been identified, and specific inspections seek to ensure that banks are complying with the regulations issued by the CBE.

285. During the review period, the CBE inspected 29 banks in 2021 (11 of which were specific inspections with regard to AML procedures) and 31 banks in 2022 (12 of them with regard to AML procedure). The CBE inspection resulted in issuing warnings to 2 banks in 2021 and 6 banks in 2022. The CBE did not apply any financial sanctions under the provisions of article 144 of the Banking Law in respect of AML violations as none of the violations noted were found to be serious enough to warrant a significant financial sanction. Issuance of warnings was accompanied by close follow-up and monitoring to rectify the identified gaps. Nevertheless, the CBE has indicated that if the violations are found to be significant, it can proceed to impose significant fines. For instance, in respect of some other non-AML violations, it applied financial penalties on 2 banks in 2020 (amounting to EGP 1.72 billion (EUR 53.75 million)) and 2 banks in 2022 (EGP 123 million (EUR 3.8 million)).

286. The CBE has provided the following statistics on its on-site inspections:

**On-site inspections on banks focusing on AML compliance  
as conducted by the CBE**

Years	No. of inspection missions on banks pertaining to AML compliance	CDD compliance examinations during inspections	Verification of beneficial ownership during inspections
2015	14	27	3
2016	10	15	1
2017	12	41	5
2018	12	32	3
2019	19	59	8
2020	3	15	3
2021	11	61	10

287. Egyptian authorities have explained that during on-site inspections, supervisors specifically examine the CDD compliance programme of banks. They examine the adherence to the internal policies by bank employees. Customer due diligence is checked on sample test check basis by calling for

customer files and examining the keeping of sufficient documentation in line with the legal requirements. The updating of CDD in respect of customers based on risk categorisation is also examined. Further, supervisors also check the availability of beneficial ownership information on a test-check basis.

288. The results of the on-site inspections are consolidated into supervision reports which are shared with the banks. Where corrective actions are needed, banks are directed to take suitable actions and report the corrective actions undertaken to the CBE.

289. During the on-site interviews, bank representatives confirmed the constant supervisory interactions with the CBE. They indicated that they are closely monitored by their supervisory relationship managers at the Central Bank and there is frequent communication with them. Further, they have on-site inspections on a regular basis. Prompt corrective actions are taken by the management on any deficiencies identified by the Central Bank supervisors. Overall, the level of supervision and oversight of the CBE over banks appears adequate.

290. The CBE noted that several trainings for bank employees are being delivered through the Egyptian Banking Institute. In terms of CDD, the CBE indicated that there are programmes to cover the concepts of money laundering and the financing of terrorism at basic and advanced levels. There is also a dedicated programme for senior management to sensitise them on AML and compliance aspects.

### *Availability of banking information in EOI practice*

291. While banking information should be available in Egypt in line with the standard, during the review period, banking information was not exchanged. Banking information was requested in 13 cases (5 individuals and 8 companies) and Egypt did not provide this information in any case during the review period. This was due to the existence of banking secrecy in Egypt during the review period, which prevented Egypt from accessing and exchanging banking information with treaty partners. This issue is examined further under Elements B.1, C.1 and C.5.

292. After the review period and following the amendments to the UTPL, Egyptian authorities informed that they checked with the treaty partners from whom they had received banking requests during the review period if they still needed the requested banking information. Egypt obtained and provided information in nine cases (from four partners) pertaining to the review period which had earlier been declined citing bank secrecy.





## Part B: Access to information

293. Sections B.1 and B.2 evaluate whether competent authorities have the power to obtain and provide information that is the subject of a request under an EOI arrangement from any person within their territorial jurisdiction who is in possession or control of such information, and whether rights and safeguards are compatible with effective EOI.

### B.1. Competent authority's ability to obtain and provide information

Competent authorities should have the power to obtain and provide information that is the subject of a request under an exchange of information arrangement from any person within their territorial jurisdiction who is in possession or control of such information (irrespective of any legal obligation on such person to maintain the secrecy of the information).

294. Egypt's Competent Authority access powers provided under its legal framework are in general sufficient for accessing all types of information. During the review period (from 1 July 2019 to 30 June 2022), bank secrecy was an important limitation to exchange of information. With an amendment to the Unified Tax Procedure Law (UTPL) in December 2022, bank secrecy has been lifted for EOI purposes. The implementation of this recent change must be monitored.

295. Besides this, although lawyers have not been a primary source of information for the Egyptian Competent Authority, the scope of legal professional privilege is broader than that under the standard and Egypt is recommended to suitably address this.

296. Egypt's delays in providing even non-banking information during the review period suggest delays in exercising access powers. Egypt is therefore recommended to exercise its access powers effectively and promptly.

297. The conclusions are as follows:

#### Legal and Regulatory Framework: in place

Deficiencies identified/Underlying factor	Recommendations
<p>Although the authorities have an interpretation of the legal provisions that conform to the standard, Egypt's legal professional privilege is broader than the scope specified in the standard, as it covers all information and communication obtained from the clients by a lawyer, rather than being restricted to communications produced for the purposes of seeking or providing legal advice or use in existing or contemplated proceedings. In practice, lawyers are not a routine source of information in Egypt, so the authorities' interpretation cannot be substantiated.</p>	<p>Egypt is recommended to ensure that the scope of legal professional privilege is in line with the standard.</p>

#### Practical Implementation of the Standard: Partially Compliant

Deficiencies identified/Underlying factor	Recommendations
<p>The existence of bank secrecy effectively obstructed the ability of the Egyptian Competent Authority to access and exchange banking information for all 13 requests for banking information received during the review period. Very recently, bank secrecy has been lifted for EOI purposes and the Competent Authority has been relying on the Central Bank to access banking information. These legal and procedural changes are very recent and have only been tested in a few instances.</p>	<p>Egypt is recommended to ensure in practice that the recent amendments in its legal framework allow the Competent Authority to adequately access banking information, including beneficial ownership information, held by banks and that the administrative procedures and arrangements that have been put in place allow timely access to such information.</p>

Deficiencies identified/Underlying factor	Recommendations
<p>During the review period, Egyptian Competent Authority did not exercise its access powers effectively in a timely manner. It could not be ascertained how quickly the Competent Authority exercised its access powers to obtain the requested information, whether it required the information holders to submit the information in a specific timeframe and whether it tracked the time information holders were taking to provide the requested information to impose sanctions where needed. This led to considerable delays in responding to even non-banking information requests that were not covered by secrecy.</p> <p>The new EOI manual introduced after the review period now provides guidance on timely actions and specific template notices indicating timeframes for submission of requested information. This should help in monitoring timely access to information.</p>	<p>Egypt is recommended to ensure that all access powers of the Competent Authority are exercised effectively to obtain information in a timely manner.</p>

### ***B.1.1. Ownership, identity and banking information***

#### ***Accessing information generally***

298. In Egypt, the Minister of Finance is the Competent Authority who has delegated the competent authority function to the Deputy Minister of Finance and the Head of the EOI Unit in the ETA.<sup>18</sup> For all practical purposes, the Head of the EOI unit performs all Competent Authority functions and is the designated Competent Authority on the Global Forum Competent Authority Database secure website.

299. The ETA and its employees have been vested with broad access powers to obtain all types of information from any person in Egypt (taxpayer, taxable person, public authorities and others). The EOI unit, being part of the International Treaties Department of the ETA, relies on the same powers that have been granted to the ETA's law enforcement officials.

18. As noted under "Recent Developments" section of the Overview of this report, Egypt is in the process of legislating a new EOI law based on which the EOI unit will be relocated to the Ministry of Finance from the ETA and will then have separate dedicated access powers.

300. Further, the ETA has entered into protocols with Egyptian Stock Exchange, GAFI and the Commercial Registrar. Accordingly, the EOI unit has full electronic access to the Stock Exchange's database and the Commercial Registrar's database besides the ETA's own database. The EOI unit does not have electronic access to the databases of other authorities like GAFI or the FRA but is able to obtain information from them by issuing letters to them.

301. In respect of the access powers of ETA's employees, as a general rule Article 5(d) of the UTPL requires all taxpayers, taxable persons and others to enable the ETA's employees to perform their duties regarding the procedures of documentation access, audit, completion, and supervision, with respect to the application of the UTPL and ITL. Hence, all persons in Egypt are required to co-operate with the ETA. Article 78 of the UTPL provides that the ETA may exchange information for tax purposes with other jurisdictions under international tax agreements. Therefore, the access powers provided under UTPL are available for EOI purposes. Being part of the ETA with tax officials drawn from ETA's own employees, the EOI unit has the same powers to access information under the UTPL as available to all ETA tax officials. Other than this general obligation on all persons to co-operate with the ETA (and therefore, with EOI unit officials) under Article 5(d) of the UTPL, the following provisions allow the Competent Authority access to information held by a range of information holders:

- Notice for records: Article 11 of the UTPL requires all establishments, institutions, entities and authorities, whether they are taxable, not taxable or tax exempt, to provide the ETA's law enforcement officers with their books of account and any other documentation as and when requested by the ETA. It is the power most frequently used for EOI purposes as well.
- Public authorities: Article 15 of the UTPL creates obligations on government entities, including the Illicit Gains Authority, the Central Agency for Public Mobilisation and Statistics, local administration units, public authorities, companies of the public sector and public business sector, syndicates and unions to enable the ETA's law enforcement officers to access any tax-related data and papers they may request, so long as such access is not in conflict with the national security requirements. This power is used for EOI purposes while calling for information from public authorities. This does not explicitly cover the Central Bank and the ETA was not able to use this provision to obtain banking information during the review period.
- Onsite inspections: Article 7 of the UTPL provides for the duty of all types of relevant persons to extend full co-operation to the ETA law enforcement officers during on-site inspections and granting access to all their records. Article 7 requires that persons in charge of managing

any funds, and companies, authorities, establishments, and commercial and non-commercial professions, and any other taxpayers or taxable persons, provide the ETA's law enforcement officials with the books (including all relevant instruments or documents in paper or electronic format) they are obliged to keep under the Trade Law or any other laws, when so requested by the ETA for ascertaining compliance with taxation laws. This power can also be used for EOI purposes, although it was not used to answer requests received during the review period.

302. In addition to these access powers, ETA's law enforcement officials have certain access powers under their tax audit procedure governed by Article 41 of the UTPL as well as the power to enter the premises of a taxpayer under Article 42 of the UTPL which can be relied upon by the EOI unit for collecting information through the local tax offices (see also paragraph 329).

303. In practice, the EOI unit seeks to obtain information from the databases to which it has full electronic access. These include the ETA database and the Commercial Registrar. These databases are often relied upon to obtain legal ownership information. Legal ownership information is also sought from GAFI, MCDR and in some instances from the FRA, by writing to these authorities, noting the access powers under Article 15 of the UTPL. Further, where needed, information can be obtained directly from the taxpayers or the entities themselves by issuing a notice under Article 11. It is notable that legal ownership information in respect of JSCs and PLSs is most up to date with the MCDR, where available. In respect of LLCs, the best source would be the entities themselves, although they are required to keep up-to-date information with GAFI. Hence, although the legal ownership information can be obtained from different sources, the most up-to-date and accurate information is available from a specific source depending on the type of the entity. Egypt should ensure that in order to provide accurate and up-to-date legal ownership information for answering EOI requests, access powers are used suitably for obtaining such information from the most appropriate source (see Annex 1).

304. During the review period, when the EOI unit issued a notice to the information holder, the notice indicated the relevant Article of the UTPL providing powers to the authorities to collect such information and noted the EOI purpose of the request and also mentioned the name of the EOI instrument, which included the name of the jurisdiction (see also discussion under Element B.2 and Element C.3).

305. It is not clear how quickly these notices were issued to gather information or how much time was granted in these notices to the information holder or to the local tax office or specialist office to provide the information sought by the Competent Authority. It is also not evident that specific timely follow-ups were made, or any sanctions applied where such information was not provided in a timely manner.

306. The new EOI manual (in place since December 2022) now provides a template letter for situations where the EOI unit may need to rely on the local tax office or a specialist tax office for obtaining information for EOI purposes (see paragraphs 328 and 329). This would typically be in situations where the requested information is not available from the databases at the disposal of the Competent Authority and such information is either available at the tax office or needs to be collected from the taxpayer by the tax office. This template letter now requires the tax office to respond to the Competent Authority within 30 days with the information or indicate how much longer is needed to collect the information. Similarly, for collecting information from third parties, taxpayers and government authorities, the new templates provide an option of specifying a deadline for submission of the information. Egyptian authorities indicate that they would typically grant two to four weeks to such persons to provide the information, although this may be extended upon the request of the information holder.

307. Thus, during the review period, the Egyptian Competent Authority did not exercise all its access powers in a timely manner and did not systematically track the time information holders were taking to provide the requested information. It could not be ascertained how quickly and effectively the Competent Authority exercised its access powers to obtain the requested information and whether it required the information holders to submit the information in a specific timeframe failing which available sanctions were imposed. This led to considerable delays in responding to even non-banking information requests that were not covered by secrecy. Hence, **Egypt is recommended to ensure that all access powers of the Competent Authority are exercised effectively to obtain information in a timely manner.**

### *Accessing beneficial ownership information*

308. As discussed under Element A.1, the primary source of beneficial ownership information during the review period was the AML-obliged persons in Egypt. After the review period, with the new requirements under the Commercial law, entities and arrangements are required to submit beneficial ownership information into the Commercial Register.

309. Egyptian authorities indicated that during the review period, while they did receive requests for legal ownership information, they had not received a request for beneficial ownership information. If they had received a request for beneficial ownership information, they would have sought this information from AML-obliged persons other than banks (due to bank secrecy), such as the external accountant of a company, or from the entities themselves using the access powers available to them. However, as noted under Element A.1, most of the AML-obliged persons other than banks have not been sufficiently supervised and there were no obligations on the entities

themselves to maintain such information. Accordingly, during the review period, access to beneficial ownership information was significantly limited.

310. Going forward, the Egyptian authorities have indicated that they will check the availability of beneficial ownership information from the Commercial Register. If the information is available, they will seek to ascertain its accuracy by obtaining the same information from an AML-obliged person (including banks as Article 78 of the UTPL has been amended to permit access to banking information) besides checking with the entities themselves (if the treaty partner has not requested to refrain from informing the taxpayer). If the information is not available yet with the Commercial Register, the information will be obtained by requesting the information from AML-obliged persons, especially banks through the Central Bank. This approach was confirmed and accepted by the Central Bank as well as representatives of the banking sector during the on-site interviews.

311. Egypt has reported having received three requests for beneficial ownership information after the review period. In one case, this information was obtained and exchanged by seeking it from the Commercial Registry. In the other two cases, this information was not available with the Commercial Registry and Egypt is still in the process of gathering the requested information (see also paragraph 327).

### *Accessing banking information*

312. Access to banking information before December 2022 was restricted due to the application of banking secrecy provisions of Articles 140, 141 and 142 of the Banking Law.

### **Bank secrecy**

313. Article 140 provides for complete secrecy of all banking information, including for law enforcement agencies and even after the customer relationship with a bank has ended. Article 142 provides for confidentiality duties for all banks' employees.

314. Article 141 provides for a special judicial procedure for seeking access to banking information by any person, including law enforcement agencies like the ETA. This involves a specific application to the Cairo Court of Appeal made by the Attorney General or at least a designated first public attorney to establish a fact of felony or misdemeanour. This would be a special situation where there is sufficient evidence indicating such acts. Further, the Attorney General or a designated first public attorney may directly order such lifting of bank secrecy in situations of certain crimes under the Penal Code or for crimes under the AML laws. Thus, if the ETA wanted to access banking information, the only way was to go through the procedure

prescribed under Article 141 of the Banking Law. However, this was cumbersome and required establishing sufficient evidence indicating misdemeanour or felony, which, in the context of EOI, was not possible for the ETA. Even for domestic tax investigations, the ETA has never used this procedure.

### **No access to bank information during the review period**

315. During the review period, the only way for the tax authorities to obtain banking information was to ask the taxpayers themselves or obtain their consent to gather information from the bank. This has been done during domestic tax audits on occasions, but never to answer EOI requests.

316. The Egyptian authorities have explained that the provisions of Article 140 of the Banking Law are quite broad and in the absence of an explicit provision permitting exchanging the obtained banking information for EOI purposes, banking information that came into the possession of the ETA was not exchangeable under Egypt's EOI instruments.

317. Beyond the peer input that generally pointed out the inability of Egypt to provide banking information, two peers reported important concerns they faced in respect of requesting banking information. One peer noted that when it sought banking information on a taxpayer, Egypt declined the request and, in its response, reproduced part of Article 140 of the Banking Law which read as follows:

All accounts, deposits, trusts, and safes of the customers at banks, as well as their related dealings, shall be kept secret. Having access to or giving particulars about these accounts directly or indirectly shall be prohibited, except by written permission from the owner of the account, deposit, trust, or safe, any of his/her heirs, or any legatee of all or part of these funds, or from the legal representative or the proxy delegated in this regard or on the basis of a judicial ruling or an arbitration award.

318. Considering that written permission of the taxpayer might assist the Egyptian Competent Authority to obtain and exchange banking information, the peer provided the Competent Authority with the consent from the taxpayer. In response, the Egyptian Competent Authority still declined the request, referring to Articles 140, 141 and 142 of the Banking Law and also referring to the relevant DTC EOI Article, which stipulates that the Contracting States need not provide information that is not obtainable under the normal course of the administration of the State.<sup>19</sup> Egypt informed the peer that it considered the case closed.

---

19. The DTCs of Egypt usually do not contain paragraph 5 of Article 26 of the OECD Model Tax Convention on banking information.



319. Another peer discussed its request for banking information bilaterally over email and offered to provide the written consent of the taxpayer to obtain banking information from Egypt. Egypt declined the request by responding that the “written consent” cannot be sent/submitted to the Exchange of Information Unit through an exchange of information request, because of the second paragraph of Article 140, which reads as follows:

The prohibition stipulated in the previous clause shall apply to all persons and parties, including those empowered by law to have access to or obtain the papers or data, divulging the secrecy of which is prohibited according to the provisions of this Law. This prohibition shall continue to exist even if the relation between the customer and the bank is terminated for any reason.

320. The Egyptian authorities have explained that the written consent from the taxpayer sent by the treaty partner was a consent to grant access to banking information for the treaty partner and not for the ETA or Egyptian Competent Authority. Since the written consent did not explicitly authorise the Egyptian Competent Authority, it could not have allowed the Competent Authority to access such information.

321. In any case, the interpretation of the Egyptian Competent Authority was that even if it came into possession of banking information, it was not permitted to exchange it under its international treaties, as noted above. This is essentially the same reason why the Egyptian EOI unit did not try to obtain and exchange banking information from the taxpayer itself as the Egyptian Competent Authority considered that bank secrecy provided under Article 140 inhibited any access to banking information. See also the discussions under Element C.1.3 and Element C.5.

### **Exception to bank secrecy since December 2022**

322. The amendment of the UTPL in December 2022 has introduced Article 78(2) that overrides the bank secrecy for the purposes of exchanging information in implementation of tax treaty provisions. Article 78(2) reads as follows:

Provisions of Articles (140) and (142) of the Central Bank and Banking Sector Law promulgated by Law No. 194 of the year 2020 may not prejudice the disclosure of bank information for purposes of exchanging information in implementation of provisions of international tax treaties in force within the Arab Republic of Egypt.

323. With this amendment, Egyptian authorities have confirmed that they are now able to use the access powers provided under the UTPL to obtain all banking information for the purposes of exchange of information.

Accessing banking information for domestic tax purposes directly from banks is still not permitted under Egypt's laws.

### **Access to banking information since December 2022**

324. In practice, after the review period, Egyptian authorities have provided banking information to four treaty partners in nine requests that had been received during the review period and had been declined at that time citing bank secrecy. After December 2022, Egypt reached out to its treaty partners to check if they still needed the information. Upon receiving confirmation from the treaty partners, Egypt obtained and provided the requested information. For one treaty partner, the request for banking information was received after the review period and after the amendment of the UTPL and was answered. Egypt has reached out to this same treaty partner regarding an earlier request and is awaiting confirmation on whether the requested information is still needed.

325. For accessing banking information, the ETA is now seeking the requested information from the Central Bank using a standardised template form. The template form indicates the relevant amended Article 78, references the EOI article of the DTC and provides indicia, as applicable and available, for identifying the account holder whose banking information is sought. The Egyptian authorities have confirmed that it is possible to obtain the requested banking information based only on an account number. The Central Bank can search the database of Egyptian accounts on the basis of account number as all account numbers are unique. However, the ETA has noted that more details would be beneficial in most cases to provide sufficient background to the Central Bank. Ordinarily, just the name of the taxpayer (especially where they are individuals) might not be enough as some names are extremely common in Egypt. Hence, supporting indicia, like the date of birth or some Egyptian ID number (like the tax identity number or national ID number) would help identify the correct person.

326. Once the relevant bank is identified, the Central Bank then obtains the requested information from it and provides it to the ETA as soon as possible. The letter from the Competent Authority to the Central Bank typically requests for banking information to be provided within 15 days. Further, the EOI manual requires a periodic follow-up where any request is unanswered for more than 30 days. However, as such, there is no specific agreed timeline for obtaining and providing banking information by the Central Bank, as this depends on the volume of requested information. All banking information is provided to the ETA in hard copy format.

## Conclusion

327. The existence of bank secrecy effectively obstructed the ability of the Egyptian Competent Authority to access and exchange banking information (including beneficial ownership of accounts) during the review period. Very recently, banking secrecy has been lifted for EOI purposes. Given these recent changes to the law, the significant deficiency of the legal framework has been corrected. Egypt has informed that it is working on a dedicated EOI law as well which will further strengthen the Competent Authority's power and position to access banking information. **Egypt is recommended to ensure in practice that the recent amendments in its legal framework allow the Competent Authority to adequately access banking information, including beneficial ownership information, held by banks and that the administrative procedures and arrangements that have been put in place allow timely access to such information.**

### ***B.1.2. Accounting records***

328. The ETA's access powers are sufficient to obtain all types of accounting information. Where the requested accounting information is already available with the tax authorities (for instance, where a taxpayer has been previously audited or has filed certain financial information as part of tax returns), such information can be accessed and obtained from the tax authorities' own databases or tax files. For the latter, the EOI unit sends letters to the relevant local tax office or specialist tax office. This may be information about the current status of tax examinations, financial statements submitted by the taxpayer during tax examination process, invoices or other relevant documents. The letter to be sent contains the EOI purpose and the international treaty under which the request has been received. The tax office is ordinarily given 30 days from receipt of the letter to collect and provide the requested information.

329. Where accounting information needs to be obtained from the taxpayers themselves, the EOI unit has two options which the EOI official decides based on the extent of accounting information needed and the location of the subject of the request. The EOI unit may issue information gathering notices under Article 11 of the UTPL to the taxpayer directly. This is done in cases where requested information is simpler to gather and also where the subject of the request is within Cairo region. Alternatively, the EOI unit may write to the local tax office or the specialist tax office to obtain and provide such information. This is often done where diverse information is needed or where the subject is located in a further location. The local tax office and specialist tax office have the powers to conduct tax audits to obtain all types of information from the taxpayers. Specifically, Article 41(3) of the UTPL provides that a taxpayer/taxable person must provide data

and copies of documents and instruments, including lists of customers and suppliers, as requested by the ETA in writing, within 15 days from the date of request. Besides calling for such information through a tax audit, the tax offices have search and seizure powers under Article 42 of the UTPL that can also be exercised.

330. During the review period, the EOI unit obtained accounting information from the taxpayers themselves directly in nine cases by issuing them a notice under Article 11 of the UTPL. In the notice to the taxpayers, a paragraph emphasising Egypt's commitment towards fulfilling its international obligations were mentioned, without specifically naming the requesting jurisdiction.

### ***B.1.3. Use of information gathering measures absent domestic tax interest***

331. The access powers of the Egyptian Competent Authority are not constrained by domestic tax interest and there is no requirement that such powers be used only in the context of a domestic audit. Where needed, the EOI unit directly issues notices to the information holder and obtains the requested information. While it may always seek the assistance of local tax offices or the specialist tax office and they have the option of conducting tax audits or a search and seizure operation, it is not necessary that there be a domestic tax interest to carry out either of these actions.

332. In practice, Egypt did not have a domestic tax interest in relation to any of the subjects of the requests that were received from treaty partners during the review period. Egypt was able to use its information gathering powers and provide the requested information (except for banking information). The delays and failures to provide information were due to issues identified under Element C.5.

### ***B.1.4. Effective enforcement provisions to compel the production of information***

333. Non-compliance by any person with the provisions that require all persons to comply with any request for information from the ETA or submission of false information to the ETA is a punishable criminal offence (Article 68 of the UTPL). Article 69 of the UTPL provides for a penalty ranging between EGP 3 000 (EUR 94) to EGP 50 000 (EUR 1 563) for such violation. In the event of recurrence or continued non-compliance, the minimum and maximum thresholds of the penalty are tripled to EGP 9 000 (EUR 281) to EGP 150 000 (EUR 4 688).

334. During the review period, Egyptian authorities never had to impose sanctions for enforcing their access powers while gathering information

for EOI purposes because in most cases information was readily available through databases to which the EOI unit has access and on other occasions, the information holders duly complied. For domestic purposes, these sanctions have been used to compel compliance on some occasions. During the on-site visit, it was ascertained that there is generally a high level of compliance with notices from the ETA as taxpayers are well aware of the powers of the tax authority. This is especially so in the more developed parts of the country, including in areas around Cairo. Compliance is lower in economically and educationally less advanced parts of the country and in those parts, awareness raising activities and on-site inspections to enforce tax registrations are being undertaken by the tax authorities. In practice, information subject to EOIR is rarely in such parts of the country.

### ***B.1.5. Secrecy provisions***

#### *Bank secrecy*

335. As noted under the discussion under paragraphs 312 to 325, bank secrecy provisions interfered with the access powers of the Egyptian Competent Authority to access banking information. There are stringent punishments for violation of bank secrecy that apply to all those who deal with banking information or come in its possession in the course of their work. While bank secrecy still exists and all banking information remains confidential, through an amendment to Article 78 of the UTPL, ETA's access powers have been permitted to be used to obtain banking information. Although the ETA now has the powers to obtain this information directly from banks, it has preferred to adopt an administrative procedure to obtain this information through the Central Bank. Given the recent changes, **the recommendation at paragraph 327 applies in respect of banking secrecy.**

#### *Professional secrecy*

336. There is no general overarching law requiring professional secrecy by all types of professionals in all situations. However, the Law Governing the Legal Profession does provide for professional secrecy for legal professionals and provides for protection of all communication between lawyers and their clients and does not permit such professionals from disclosing any information in their possession without the express permission of their clients. Certain documents/information in possession of a legal professional that is otherwise protected by legal professional privilege can be disclosed under a competent court's order, if the lawyer provides a prior written notice to the client about such disclosure. Further, Article 65 of the Law provides that a lawyer may be requested to testify about facts or information that he/she learned through his/her profession if the client mentioned it to him/her

with the intent of committing a felony or misdemeanour. Thus, where a legal professional becomes aware of a criminal act by his/her client, legal professional privilege may be lifted.

337. The Egyptian tax authorities consider that their access powers allow them to obtain all information from all types of professions, including lawyers. The only exception may be in respect of legal advice provided by legal professionals to their clients. This does not extend to any other type of information in the possession of such professional. Hence, Egyptian authorities believe that they would be able to obtain ownership and accounting information on any person, if held by a legal professional. During the on-site visit, the representative from the Bar Association representing lawyers agreed with this understanding and noted that the secrecy only extends to the provision of professional legal advice and if any other information is requested from them by the tax authority, they would provide it. In practice, the EOI unit never sought any information from a legal professional.

338. While Egyptian authorities and representative of the profession consider that only professional legal advice is covered by legal professional privilege, this is not clear from the law. The scope of professional secrecy in Egypt covers all communication between the legal professionals and their clients and restricts its disclosure to anyone without the permission of the client except in criminal matters. This is broader than that permitted under the standard. Where a legal professional is a reliable source of beneficial ownership information, or where such a legal professional is acting as a trustee of a foreign trust and maintains the accounts of the trust, it is not clear if the information in his/her possession can be readily accessed by the Competent Authority. No jurisprudence in Egypt has clarified the scope of legal professional privilege in this regard.

339. Hence, **Egypt is recommended to ensure that the scope of legal professional privilege is in line with the standard** (see also discussion under Element C.4).

## B.2. Notification requirements, rights and safeguards

The rights and safeguards (e.g. notification, appeal rights) that apply to persons in the requested jurisdiction should be compatible with effective exchange of information.

340. Egypt's law does not specifically require notifying the person who is the subject of a request for information (i.e. person whom the investigation or inquiry concerns in the requesting jurisdiction), neither before the information is exchanged (prior notification) nor after the information is exchanged (time-specific post-exchange notification). There is no right to appeal against

an EOI notice in relation to EOI requests or the processing of such requests although judicial review of the notices is possible.

341. During the review period, while seeking information from an information holder, the notice from the Competent Authority has mentioned the EOI purpose of the request (but not the details on the background of the tax investigation) and the relevant DTC including the name of the treaty partner. Where the notice is directed at the subject of the request, this would amount to notifying the relevant taxpayer of the request. For the requests received in the review period, Egypt was able to access and provide the requested information using these notices. While the notices used would have resulted in notifying the taxpayer of the request, this did not lead to any judicial challenge by the taxpayer or the information holder to the notices, that could have caused delays or failures in accessing information. The new templates for obtaining information have amended this and do not include information that can indirectly notify the taxpayer of the request.

342. The conclusions are as follows:

#### Legal and Regulatory Framework: in place

The rights and safeguards that apply to persons in Egypt are compatible with effective exchange of information.

#### Practical Implementation of the Standard: Compliant

Deficiencies identified/Underlying factor	Recommendations
<p>Although there are no notification requirements in Egypt, during the review period, the notice from the Competent Authority sent to information holders indicated the EOI purpose of the request to provide justification and legal basis for the notice. This did lead to indirectly notifying the information holder. Although there are no appeal rights, judicial review of the notices would have been possible, although such reviews did not take place.</p> <p>After the review period and putting in place a new EOI manual, the template notices do not mention the EOI purpose of the request. Further, the acknowledgement of the receipt of request includes a further indication that the taxpayer may be contacted to obtain some of the information, to keep the treaty partner informed about the information gathering procedures.</p>	<p>Egypt is recommended to monitor the use of the newly introduced template notices that disclose the minimum necessary information for gathering the requested information.</p>

### ***B.2.1. Rights and safeguards should not unduly prevent or delay effective exchange of information***

#### ***Notification of the information holder in practice during the review period***

343. The Egyptian law does not explicitly require notifying anyone about a request for exchange of information either prior to exchanging information or after exchanging information.

344. However, in practice, during the review period, where the EOI unit sent notices to the taxpayer or any third-party information holder to gather information, the notice included the legal basis for the notice, i.e. the relevant article of the UTPL together with the treaty on the basis of which the partner sent its request for information. The notice mentioned the EOI purpose of the requested information.

345. While the notification of the existence of an EOI request is not required by law, the Egyptian authorities considered that this was done mainly to provide sufficient justification and legal basis for the notice.

346. The Egyptian authorities have informed that if the requesting jurisdiction indicated in its request that the taxpayer should not be notified, they would not seek the information from the taxpayer and seek to obtain it from other sources (like available databases). If the information were to be only available with the taxpayer, the Egyptian Competent Authority would proceed to obtain it from the taxpayer concerned indicating only the relevant legal basis from the UTPL and indicating Egypt's commitment to fulfilling international obligations without mentioning the name of the requesting jurisdiction. Again, the law does not require the competent authority to indicate the EOI reason for the notice. In addition, the treaty partner can ask for an exception only if the existence of the disclosure of information in the gathering process would be known to the partner. In this regard, the EOI manual now provides that an acknowledgement of receipt of the incoming request must be sent to the treaty partner within seven days of receipt. Unless the requesting jurisdiction has already indicated that the taxpayer must not be notified, the acknowledgement shall include a sentence saying that if necessary, Egypt might need to obtain the information from the taxpayer concerned. This new template acknowledgement should allow the treaty partner to be aware of the possibility that the information may need to be obtained from the taxpayer itself.

347. There are no appeal rights against notices issued by the tax authority and the person in receipt of the notice must comply by providing the requested information or face sanctions. However, judicial review of the notices from the tax administration is not prohibited but has never taken



place in practice. Thus, even though there may have been unintended notification of the taxpayer, that did not translate into dilatory judicial proceedings in Egypt that could have delayed the provision of requested information. The delays and failures to provide timely information were mainly due to banking secrecy and other issues discussed under Element C.5.

348. Egyptian authorities have explained that even if third-party information holders were to learn about the treaty purpose of the request, there is a strong tradition of anti-tipping off among all AML-obliged persons due to the provisions of AML Law (Article 11 which pertains to anti-tipping off) and the ER of AML Law. This understanding was confirmed by professionals interviewed during the on-site who indicated that they would never inform their clients in respect of any information sought by law enforcement agencies, including the ETA.

### *Change after the review period*

349. After the review period, in its newly published EOI manual, the template letters/notices to the information holders do not contain the name of the treaty or the EOI purpose and only provides for specifying the legal basis under the tax law. This is a new template and implemented very recently after the review period.

350. Since the new template notices have been introduced recently, **Egypt is recommended to monitor the use of the newly introduced template notices that disclose the minimum necessary information for gathering the requested information.**



## Part C: Exchange of information

351. Sections C.1 to C.5 evaluate the effectiveness of Egypt's network of EOI mechanisms – whether these EOI mechanisms provide for exchange of the right scope of information, cover all Egypt's relevant partners, whether there were adequate provisions to ensure the confidentiality of information received, whether Egypt's network of EOI mechanisms respects the rights and safeguards of taxpayers and whether Egypt can provide the information requested in an effective manner.

### C.1. Exchange of information mechanisms

Exchange of information mechanisms should provide for effective exchange of information.

352. Egypt has a total of 68 signed bilateral DTCs<sup>20</sup> and 1 regional tax treaty (which covers DTC partners, except for Mauritania). Among these signed bilateral DTCs, seven DTCs signed more than ten years ago were never ratified by Egypt. Egypt does not intend to put these into force and has indicated that these should not be considered as part of its signed agreements. Out of these seven, five jurisdictions<sup>21</sup> also do not consider these DTCs in their list of EOI mechanisms. Thus, these five agreements are not included in the list of Egypt's signed DTCs in Annex 2 of this report.

20. Egypt also has a DTC with Switzerland but since the DTC does not contain an EOI provision, it is not counted as an EOI instrument. However, administrative assistance for carrying out the provisions of the treaty can take place between Egypt and Switzerland within the scope of the provisions themselves.

21. The old signed DTCs with Armenia, Sri Lanka, Senegal, Thailand and Viet Nam are not included in the list of Egypt's DTCs. Egypt has indicated preference to re-negotiate these treaties. Armenia and Viet Nam have indicated willingness to re-negotiate the treaty. Senegal and Thailand's EOIR Reports also do not include their DTC with Egypt in its list of DTCs. The status in respect of Sri Lanka could not be ascertained as it is not a member of the Global Forum.

There are two jurisdictions<sup>22</sup> that expect Egypt to ratify the old signed DTCs. Therefore, Egypt has an EOI relationship with 64 partners (63 through bilateral DTCs and one additional through the regional tax treaty) and can exchange information with 59 of them, pending the ratification and entry into force of the 3 most recent DTCs and 2 old unratified DTCs.

353. Egypt is not a signatory to the Multilateral Convention and has only recently commenced taking the first steps in this regard. Egypt is a member of the African Tax Administration Forum but is not a signatory of the African Tax Administration Forum Mutual Administrative Assistance Agreement (AMTAM).

354. Most of Egypt's DTCs are old and the oldest date back to the 1960s. Hence, most of them do not contain the latest EOI provision as stated in the 2012 OECD Model DTC. Some DTCs limit the exchange of information to information that is necessary to carry out the provisions of the Convention, do not contain exclusion to the applicability of Article 1 in respect of persons covered by EOIR or do not contain a provision on the exchange of banking information while the treaty partners so require. Egypt has indicated that it will interpret its treaties in line with the Model DTC and will exchange all foreseeably relevant information in respect of all persons and these deficiencies will not affect its ability to obtain and exchange information in practice. Egypt should nonetheless ensure that its relationship currently relying on four DTCs not in line with the standard allow for the exchange of all foreseeably relevant information.

355. In practice, Egypt's interpretation and application of the provisions in its EOI instruments during the review period have been in line with the standard for most of its components, despite the absence of any guidance to EOI officers.

356. Bank secrecy remained an impediment to effective exchange of banking information in respect of Egypt's EOI mechanisms during the review period. Concerns have been raised on Egypt's interpretation of its treaty provisions regarding the exchange of banking information that led to its refusal to use its access powers to access this information (see also the discussion under Element B.1).

---

22. DTCs with North Macedonia and Slovenia were signed in 1999 and 2009 respectively and were ratified by these jurisdictions (please refer to paragraph 395). However, these DTCs have not been ratified by Egypt. Egypt has reached out to North Macedonia requesting re-negotiation of this treaty. However, North Macedonia has indicated that it would prefer that the signed treaty be put into force first and has communicated this to Egypt. Egypt is yet to respond to North Macedonia on this. Slovenia has not had any communication with Egypt but is waiting for the signed agreement to enter into force.

357. While Egypt maintains that treaty provisions override domestic laws to the extent of any conflict, limited efforts were made to consider all provisions in totality while responding to requests for banking information even in cases where the treaty partner secured the consent of the bank account holder to access information.

358. Following the amendments to the UTPL in December 2022 to lift bank secrecy for EOI purposes (as discussed under Element B.1), Egypt considers that even in the absence of paragraph 5 of Article 26 of the OECD Model Tax Convention in its EOI articles of the relevant DTCs, going forward it will interpret its treaties to permit exchange of banking information. The legal change and change of position are very recent and Egypt has very limited experience in this regard. In addition, in relation to the four DTCs that contain paragraph 5 of Article 26 of the OECD Model Tax Convention, the paragraph is modified to reflect that this paragraph will come into force once the legal provisions in Egypt on bank secrecy are amended by Egypt to comply with the requirements of this paragraph. In order to ensure that the relevant treaty partners are aware of the changes in respect of access to banking information, Egypt should suitably notify its treaty partners of this change.

359. Egypt is recommended to ensure that banking information is exchanged in all cases regardless of the explicit presence of paragraph 5 of Article 26 of the OECD Model Tax Convention in the EOI articles of its DTCs.

360. The conclusions are as follows:

#### Legal and Regulatory Framework: in place

Deficiencies identified/Underlying factor	Recommendations
<p>Egypt's EOI mechanisms with Austria, Georgia, Germany, Kuwait, Saudi Arabia, Singapore and the United Kingdom contain some limitations to the exchange of information. Two do not require exchange of all foreseeably relevant information but only that which is necessary for carrying out the provisions of the agreement. Two require exchanging only information available with the Competent Authorities and not all foreseeably relevant information. Three do not allow for the exchange of banking information in the absence of paragraph 5 of Article 26 of the OECD Model Tax Convention. While Egypt notes that it will interpret the provisions broadly, the treaty partners do not all share the interpretation. In their Peer Review reports, these peers had indicated efforts to renegotiate their treaties with Egypt. While renegotiations with two treaty partners have been going on for a long time, action is yet to be taken in respect of others.</p>	<p>Egypt is recommended to ensure that where EOI articles of bilateral treaties have some limitations, necessary steps are taken to ensure that Egypt exchanges all foreseeably relevant information in line with the standard with such treaty partners.</p>

### Practical Implementation of the Standard: Partially Compliant

Deficiencies identified/Underlying factor	Recommendations
<p>No request for banking information was positively answered during the review period. In December 2022, Egypt has amended its laws to allow exchange of banking information under its EOI mechanisms but has not informed or notified its treaty partners of the change, thus potentially limiting the number of such requests.</p> <p>Egypt has reported having successfully exchanged banking information in a few cases where it had previously declined to provide it.</p>	<p>Egypt is recommended to ensure that its treaty partners are aware of the possibility to exchange banking information and to ensure that it exchanges all foreseeably relevant information (including banking information) under all its EOI instruments in line with the standard.</p>

#### *Other forms of exchange of information*

361. The recent EOIR manual indicates that Egypt can exchange information spontaneously, but it has not done so in any case so far, although it has received information from some treaty partners spontaneously. Egypt's DTCs do not provide for Tax Examinations abroad or simultaneous tax audits. Egypt has not yet committed to implement AEOI at a specified date.

#### **C.1.1. Standard of foreseeable relevance**

362. Exchange of information mechanisms should allow for exchange of information on request where it is foreseeably relevant to the administration and enforcement of the domestic tax laws of the requesting jurisdiction.

363. Egypt's DTCs with Croatia, Cyprus,<sup>23</sup> Ethiopia, Georgia, Ireland, Mauritius, Saudi Arabia and Uzbekistan contain the wording "foreseeably relevant". These agreements have been signed in or after 2010. The DTC with Czechia contains the wording "is relevant" while the DTC with the United Arab Emirates provides that the contracting states shall "exchange

23. Note by Türkiye: The information in this document with reference to "Cyprus" relates to the southern part of the Island. There is no single authority representing both Turkish and Greek Cypriot people on the Island. Türkiye recognises the Turkish Republic of Northern Cyprus (TRNC). Until a lasting and equitable solution is found within the context of the United Nations, Türkiye shall preserve its position concerning the "Cyprus issue".

Note by all the European Union Member States of the OECD and the European Union: The Republic of Cyprus is recognised by all members of the United Nations with the exception of Türkiye. The information in this document relates to the area under the effective control of the Government of the Republic of Cyprus.

relevant information necessary”. The DTC with Kuwait provides that the two contracting states “shall exchange information relating to the implementation of the provisions of this agreement or the internal laws of the two states”. The other DTCs and the Regional tax treaty contain the wording “is necessary”, “relevant” or “related to”. Egyptian authorities have confirmed that regardless of the choice of the term used in the treaties, they always interpret their treaties in line with the term foreseeably relevant as used in the Article 26 of the OECD Model DTC. This includes the interpretation of the wording in the DTC with Kuwait.

364. Across the DTCs, there is variation in the scope of information that is considered foreseeably relevant as not all the DTCs provide for exchanging information that is relevant for the administration and enforcement of the domestic tax laws of the contracting parties. Two of Egypt’s DTCs i.e. those with Germany and Singapore restrict the exchange of information necessary for carrying out the provisions of the Convention and do not envisage exchange of all foreseeably relevant information for the implementation of domestic tax laws of the Contracting States. In their respective reports, agreements with Egypt have been found to not be in line with the standard. In its report, Singapore had indicated writing to Egypt in 2017 to renegotiate the DTC. However, it had not received a response at that time. With Germany, renegotiations have been going on but are yet to be finalised.

365. Egypt’s DTCs with Austria and the United Kingdom restrict the scope of the information to be exchanged to information which is at the disposal of the Competent Authorities under their respective taxation laws in the normal course of administration. In Austria’s report of 2018, it had been noted that although the DTC has been under renegotiation since 2009, no agreement has been reached yet. In 2013, the last round of negotiations had been conducted but was not concluded. Egypt has informed that it is now pursuing the negotiations with Austria. In its report, Austria had indicated that it would find it most efficient that treaty partners that have issues in their bilateral treaties with Austria were to sign and ratify the Multilateral Convention, but Egypt has not done it. In the 2018 Report of the United Kingdom, it was indicated that the United Kingdom had reached out to Egypt to renegotiate the DTC and was awaiting a response from Egypt. Egypt has informed that in January 2023, it had initiated negotiations with the United Kingdom in this regard. Egypt has indicated that its interpretation of the paragraph aligns with the standard. After the review period it received a request from the United Kingdom, and it has made use of all its access powers to obtain and provide the requested information as such information was not available with the tax authority. However, depending on how the treaty partners interpret the treaty provisions, exchange of information could be to only information available with the tax authorities in the normal course of administration and not extend to all foreseeably relevant information available in Egypt.

366. Given the limitations in Egypt's treaties with Austria, Germany, Singapore and the United Kingdom, **Egypt is recommended that where EOI articles of bilateral treaties have some limitations, necessary steps are taken to ensure that Egypt exchanges all foreseeably relevant information in line with the standard with such treaty partners.**

*Clarifications and foreseeable relevance in practice*

367. The EOI unit examines the foreseeable relevance of all incoming requests before processing them. During the review period, the examination of requests for foreseeable relevance was done on an ad hoc basis. During the on-site interviews with the EOI staff, they reflected a sufficient understanding of the concept based on experience. However, it was acknowledged that during the review period, there was no specific internal guidance available in this regard.

368. In December 2022, after the review period, for the first time, an EOI manual was put in place. The EOI manual provides guidance to the EOI unit in determining the relevance of an incoming request and uses the same criteria of the OECD template for an EOI request. The EOI manual explains that it is important to establish the foreseeable relevance of incoming requests to guard against fishing expeditions. For establishing foreseeable relevance of the request, the EOI manual guides the EOI manager to examine if the incoming request provides sufficient identity details on the taxpayer or subject of the request. The request is to be examined to see if there is sufficient background information provided explaining the purpose of the request, the nature of the requested information, the general reasons for making the request in respect of the tax investigation, and the reasons for believing that the information would be available in Egypt or is in the possession or control of, or is obtainable by, a person in Egypt. The request should specify the tax period covered, the legal basis of the request and should contain the appropriate statements confirming that the request conforms to the treaty partner's own domestic laws and administrative practices and the exhaustion of domestic means in the partner's jurisdictions to obtain the requested information.

369. In practice, in order to establish the foreseeable relevance, Egypt sought clarifications in about 5% of the requests that it received during the review period. Clarifications were generally sought for getting more information for identifying the subject of the request and additional information to fulfil the request.

370. The Egyptian authorities have informed that one request was declined on grounds of foreseeable relevance. It was a fishing expedition as the request did not establish any link or justification on why the treaty partner believed that the information was likely to be available in Egypt. Before declining it, Egypt nevertheless reached out to the treaty partner to seek further background



information in this regard. As the partner was unable to provide satisfactory reasons for believing why the information would be available in Egypt, the request was declined on grounds of not being foreseeably relevant.

### *Group requests*

371. The Egyptian authorities have indicated that they would interpret their treaties to cover group requests and would answer foreseeably relevant group requests.

372. Although in practice, Egypt did not receive any group requests during the review period, the new EOI manual provides guidance on handling group requests especially in the context of ascertaining the foreseeable relevance of such requests. The guidance provides that a group request would ordinarily comprise questions on a group of individuals that cannot be identified individually and the requesting jurisdiction may not be able to point to an ongoing investigation into the affairs of a particular taxpayer in such requests. For establishing foreseeable relevance, the guidance provides that the request should have a detailed description of the group and the specific facts and circumstances that have led to the request, an explanation of the applicable law of the requesting jurisdiction with which the group has been found or is suspected to be non-compliant, any available details of the third party that might have facilitated such non-compliance, tax periods covered by the investigation, the legal basis of the request, the reasons for believing that the information would be available in Egypt, and if available, any details of the potential information holder.

373. During the on-site visit, the EOI unit officials explained that they understood the concept but had never encountered a group request in practice and had also not made one. However, they would examine the foreseeable relevance based on the guidance provided in the EOI manual.

### ***C.1.2. Provide for exchange of information in respect of all persons***

374. The majority of Egypt's DTCs (46) provide that information will be exchanged notwithstanding the provisions of Article 1 (which limits the scope of the persons to which the convention applies to residents of the contracting states). However, 16 of Egypt's DTCs<sup>24</sup> and the Regional tax treaty do not provide that the provision of information will be irrespective of Article 1 of the DTC. Most of these treaty partners are members of the Global Forum and almost all have undergone at least a Phase 1 review in Round 2. In their reviews, all

24. with Austria, Finland, Germany, India, Iraq, Japan, Lebanon, Malaysia, Morocco, Norway, Romania, Singapore, Sudan, Türkiye, Ukraine, and the United Kingdom.

of them have indicated that they would interpret the EOI article broadly and the absence of a specific reference to Article 1 would not be interpreted to imply that information can only be exchanged in respect of residents of either contracting state, especially where exchange of information applies to domestic tax laws. Egypt has indicated that under the principle of reciprocity, it will interpret these treaties broadly as well and even where there is no specific exclusion to Article 1, Egypt will be able to exchange information in respect of all persons, including persons that are not residents of either Contracting State.

375. In practice, during the review period, none of the peers sought information on non-residents. Egypt should monitor that in respect of the treaties where a specific exclusion of the application of Article 1 provisions is not mentioned, Egypt exchanges information in respect of all persons and not just residents of either contracting state (see Annex 1).

### ***C.1.3. Obligation to exchange all types of information***

#### ***Treaty provisions***

376. The OECD Model Tax Convention Article 26(5), which is an authoritative source of the standard, stipulates that bank secrecy cannot form the basis for declining a request to provide information and that a request for information cannot be declined solely because the information is held by nominees or persons acting in an agency or fiduciary capacity or because the information relates to an ownership interest.

377. None of Egypt's EOI instruments contain paragraph 5 of Article 26 of the Model Tax Convention as until recently Egypt was not able to access banking information for exchange of information purposes. The introduction of this clause (as requested by some partners) would have been contrary to domestic legislation.

378. Only the four DTCs signed with Cyprus, Ireland, Mauritius and Saudi Arabia contain a protocol in respect of paragraph 5. The protocols of the DTCs with Mauritius and Cyprus indicate that Egypt shall notify these treaty partners through diplomatic channels once the necessary domestic legal amendments have been made. The protocol with Mauritius further indicates that the EOI article would need to be amended. Despite amending its domestic legislation in respect of banking secrecy in December 2022, such communication has not been made to the two treaty partners. In respect of the protocols to the DTCs with Ireland and Saudi Arabia, no explicit need to communicate the changes to bank secrecy laws in Egypt have been laid down and the provisions of paragraph 5 permit exchange of information once the domestic laws of the contracting states so allow. It remains that without being notified of the change in domestic laws of Egypt enabling the Competent Authority to access and exchange banking information, the

partners might refrain sending request for banking information. **Egypt is recommended to ensure that its treaty partners are aware of the possibility to exchange banking information.**

379. For the other treaties, the absence of paragraph 5 of Article 26 of the OECD Model Tax Convention does not automatically create restrictions on exchange of banking information. The commentary to Article 26(5) indicates that the absence of paragraph 5 of Article 26 of the OECD Model Tax Convention should not be interpreted as suggesting that the exchange of banking information is not authorised. In this situation, information can still be exchanged based on reciprocity, provided that access to banking information is possible in both parties to the DTC. This is now the case in Egypt, but this is not the case in all its partners, like Georgia, Kuwait, Austria and Saudi Arabia.<sup>25</sup> **Egypt is recommended that where EOI instruments have some limitations, necessary steps are taken to ensure that Egypt exchanges all foreseeably relevant information in line with the standard with such treaty partners.** Further, the position of some partners is unknown as they have not (yet) been reviewed, because either they are not Global Forum members,<sup>26</sup> or they joined the Global Forum recently.<sup>27</sup> Egypt should also monitor that in the absence of paragraph 5 of Article 26 of the OECD Model Tax Convention in its treaties, Egypt remains able to exchange banking information based on reciprocity (see Annex 1).

### *Treaty application*

380. During the review period, Egypt declined all requests for banking information. Peers in their input, specifically noted Egypt's refusal to provide banking information in the absence of access to this type of information and also noted that Egypt had indicated the existence of banking secrecy for its inability to obtain and exchange banking information. As noted in the discussion under Element B.1 (paragraphs 317 to 321), Egypt interpreted its domestic law provisions to suggest that even where written permission of the taxpayer or the holder of the bank account was available to the ETA, it would not be able to exchange such information with the treaty partners.

381. Egypt has declined providing banking information not only on the ground of limitations in domestic laws, but also based on the wording of the EOI articles in its DTCs, because all its treaties provide that the contracting states

25. Kuwaiti tax authorities do not have access to information held by persons subject to bank secrecy and thus cannot grant reciprocity on this aspect; Austria, Georgia and Saudi Arabia requires the presence of paragraph 5 (Round 2 peer review reports, paragraphs 304, 353 and 247 respectively).

26. Ethiopia, Iraq, Libya, Palestine, Sudan, Syria and Yemen.

27. Algeria, Belarus, Jordan, Montenegro, Uzbekistan.

do not need to exchange information that is not obtainable under the laws or in the normal course of administration of the contracting states. However, it is not completely accurate to say that banking information could not be obtained, in cases where the written consent of the taxpayer was available. This was never attempted. Once obtained, the question would arise on whether the Competent Authority can exchange it. One view could have been that all information in the possession of the Competent Authority can be exchanged under the treaty provisions. Given the overarching precedence of international treaties over domestic laws, the view could have been that the prohibition under Article 140 of the Banking Law does not impede exchange. However, the view taken by the Egyptian Competent Authority on its exchangeability impeded any efforts to exchange such information. Egyptian Authorities did not undertake any efforts to examine the issue in totality in consultation with either internal stakeholders (any legal opinion, Central Bank, the taxpayer or the banks) or with the treaty partner to find a way forward. The position of the Egyptian Competent Authority on this issue during the review period resulted in lack of effective exchange of banking information during the review period.

382. After the amendment in December 2022, Egypt has informed that it reached out to three of its treaty partners whose requests for banking information had been declined during the review period and offered to obtain and provide the requested information. In two of such instances, this information was obtained and provided. In one instance the treaty partner indicated that it no longer needed the information as the case had been closed. Egypt has indicated that after the review period it has received and answered three more requests for banking information.

383. Given that banking secrecy was a material deficiency that had a significantly affected EOIR in practice during the review period, **Egypt is recommended to ensure that it exchanges all foreseeably relevant information (including banking information) under all its EOI instruments in line with the standard.**

#### ***C.1.4. Absence of domestic tax interest***

384. An EOI mechanism is considered to enable effective exchange of information when it allows exchange of information without regard to whether the requested jurisdiction needs the information for its own tax purposes.

385. A provision similar to paragraph 4 of Article 26 of the OECD Model Tax Convention exists only in the more recent DTCs with Bahrain, Croatia, Cyprus, Ethiopia, Georgia, Ireland, Kuwait, Mauritius, Oman, Qatar, Saudi Arabia, the United Arab Emirates and Uzbekistan.

386. Other DTCs and the Regional tax treaty do not contain paragraph 4. However, none of Egypt's EOI instruments require that Egypt can only

exchange such information that is needed for its own domestic tax purposes. Egypt does not interpret its treaties to require domestic tax interest. Egypt has informed that during the review period, it had received 12 requests where there was no domestic tax interest for Egypt. Nevertheless, Egypt exchanged information in 9 cases. In two cases, the information requested pertained to banking and could not be exchanged due to bank secrecy. In one instance, the request was considered a fishing expedition and hence, information was not provided.

### ***C.1.5 and C.1.6. Civil and criminal tax matters***

387. The standard requires that exchange of information mechanisms should provide for exchange of information in both civil and criminal tax matters and not apply dual criminality principles to restrict exchange of information. None of the EOI instruments of Egypt restricts the scope of exchange of information to either civil or criminal tax matters or applies the dual criminality principle to restrict the exchange of information. In practice, Egypt has not distinguished between civil and criminal tax matters while exchanging information.

388. In practice, there were no instances during the review period where information was sought from Egypt on a criminal tax matter. However, Egyptian authorities have advised that they would be able to provide information in both civil and criminal tax matters under their treaties and would not apply a dual criminality condition.

### ***C.1.7. Provide information in specific form requested***

389. There are no restrictions in the EOI instruments signed by Egypt on the provision of information in any specific form requested. The DTC with the United States provides in this regard in its Article 28(4) that “if specifically requested by the competent authority of a contracting state, the competent authority of the other contracting states shall provide information under this article in the form of depositions of witnesses and copies of unedited original documents (including books, papers, statements, records accounts, or writing), to the same extent such depositions and documents can be obtained under the laws and administrative practices of each contracting state with respect to its own taxes.” Further, Article 28(5) notes that “depositions and evidence which may be furnished in accordance with the article shall not be withheld by reason of any doctrine of law under which international judicial assistance is not accorded in tax matters.”

390. Egyptian authorities indicate that notwithstanding this specific provision in the DTC with the United States, Egypt interprets all its EOI instruments without similar provisions to permit the exchange of all foreseeably relevant information in the form requested by the treaty partners as long as its domestic legal and administrative procedures permit such form of information.

391. During the peer review period, Egypt was not asked to provide information in any specific form. Egyptian authorities have informed that in any case, when requested they provide translations of all the information sought by the requesting treaty partner. No peer raised any concerns in this regard.

***C.1.8 and C.1.9. Signed agreements should be in force and be given effect through domestic law***

392. Most of Egypt's signed DTCs are in force. Three recent agreements are yet to enter into force. The DTC with Oman was signed in June 2022 and the DTC with Croatia was signed in September 2022. Both are currently undergoing the ratification process. The DTC with Qatar was signed in February 2023 and was ratified on 19 October 2023. Egypt is awaiting the notification of ratification by Qatar.

393. Egypt's domestic legal framework provides for giving effect to signed treaties. In Egypt, all signed tax agreements enter into force upon ratification of the agreements by the Egyptian Parliament and their publication into the Official Gazette. Article 197 of "the Egyptian Parliament Rules of procedure" lays down the procedure for ratification of all international treaties in Egypt, including DTCs. The process commences with the President of Egypt notifying the Speaker of the Parliament about the concluded treaty. The Speaker refers such notification to the Constitutional and Legislative Affairs Committee for the preparation of a report on the method for their approval in accordance with Article 151 of the Constitution. The Speaker presents the treaty and report to the House at its next sitting. In the case of tax treaties, the Parliament is required to approve or reject them, or to postpone consideration thereof, for a period not exceeding 60 days. If the Parliament rejects a treaty, the Speaker transmits a statement on the provisions of the treaty that led to its rejection or postponement to the President. If the Parliament decides to approve the treaty, the Speaker transmits the approval to the President of the Republic for the completion of its ratification. Upon ratification, the agreement is published in the official gazette and enters into force in Egypt. Egypt communicates such ratification to the treaty partner through diplomatic channels to give effect to the treaties.

394. The time taken to ratify signed agreements has not been inordinately long for the agreements that have entered into force. Most agreements have been ratified within 18 months of signing, while others have entered into force within two years. However, there are six DTCs with Armenia, Sri Lanka, Senegal, Thailand, Viet Nam and North Macedonia that were signed but have not been ratified. Egypt has indicated that these agreements are very old (from more than 15 years ago) and it does not intend to ratify them (they would need to be renegotiated afresh). In their Peer Review Reports, Senegal and Thailand have not indicated the DTC with Egypt in their lists of

signed DTCs. Sri Lanka is not a member of the Global Forum and its position cannot be ascertained. Armenia and Viet Nam have noted that they would negotiate new agreements with Egypt and would not continue the administrative processes to put into force the old signed agreements.

395. The DTCs with North Macedonia and Slovenia were signed in 1999 and 2009 respectively and were ratified by the partners. Since early 2023, Egypt has been in discussions with North Macedonia to renegotiate the earlier signed agreement which Egypt has not ratified. North Macedonia has indicated a preference for having the existing DTC in force before it is renegotiated. Egypt is yet to respond with its position to North Macedonia. Hence, this agreement, although old, is considered signed and not yet in force. Egypt has not communicated with Slovenia to indicate that it does not intend to ratify and put this treaty into force. Hence, the agreements with North Macedonia and Slovenia are included in Annex 2, but the DTCs with Armenia, Senegal, Sri Lanka, Thailand and Viet Nam are not. Egypt should communicate with North Macedonia and Slovenia to find a mutually agreeable solution in respect of the old signed agreements that have not yet been ratified by Egypt, such that EOI mechanisms exist with all of Egypt's relevant partners (see Annex 1).

### EOI mechanisms

<b>Total EOI relationships, including bilateral and multilateral or regional mechanisms</b>	<b>64</b>
In force	59
In line with the standard	52
Not in line with the standard	7*
Signed but not in force	5**
In line with the standard	5
Not in line with the standard	0
<b>Total bilateral EOI relationships not supplemented with multilateral or regional mechanisms</b>	<b>52</b>
In force	47
In line with the standard	42
Not in line with the standard	5
Signed but not in force	5**
In line with the standard	5
Not in line with the standard	0

\* Austria, Georgia, Germany, Kuwait, Saudi Arabia, Singapore and United Kingdom.

\*\* Croatia, North Macedonia, Oman, Qatar and Slovenia.

## C.2. Exchange of information mechanisms with all relevant partners

The jurisdiction's network of information exchange should cover all relevant partners, meaning those jurisdictions who are interested in entering into an information exchange arrangement.

396. Egypt has a network of 64 EOI partners through bilateral DTCs and a regional DTC, the agreement of the Arab Economic Unity. Egypt is not a signatory of the Multilateral Convention and is not a signatory of the African Tax Administration Forum Multilateral Agreement on mutual administrative assistance for tax matters.

397. Egypt declined requests from some Global Forum members to enter a Tax information exchange agreement (TIEA). Egypt has explained that prior to the amendment of Article 78 of the UTPL and the removal of bank secrecy, Egypt considered that it was not possible for it to enter into TIEAs with interested members. This was because international treaties would prevail over its domestic laws and the domestic legal framework prior to December 2022 provided for bank secrecy. Such agreements would necessitate exchange of banking information which was not permitted under the domestic legal framework. Egypt anticipated difficulties in ratification of such agreements by the parliament and hence, hesitated on entering TIEAs with interested relevant partners. Prior to the review period, in 2014, one member had approached Egypt with a request to have a memorandum, which was followed by a request for TIEA. Egypt declined this request and indicated that it had a preference to conclude a DTC with the member. Egypt did not receive any further response from the member. Egypt received one request for a TIEA from a Global Forum member in 2021. Egypt declined the request for a TIEA and offered to enter into a DTC with the member. However, the member did not respond positively to the request for DTC with Egypt and considered Egypt to be a “non-co-operative jurisdiction”. Egypt has indicated to the member that it has started the process for signing the Multilateral Convention.

398. The same reasoning was applied on inclusion of paragraph 5 into negotiated DTCs. The absence of paragraph 5 of Article 26 of the OECD Model Tax Convention in Egypt's EOI mechanisms, combined with restrictive access power to banking information until December 2022, was an impediment to effective exchange of information in line with the standard.

399. At least two EOI partners reached out to Egypt to renegotiate the EOI article of the existing DTC. First, one treaty partner had reached out to Egypt to re-negotiate Article 26 of the DTC in 2018. Egypt accepted the proposals from the treaty partner except for the insertion of paragraph 5 of Article 26 of the OECD Model Tax Convention, due to existence of bank



secrecy in Egypt and insertion of another paragraph (not in the Article 26 of the OECD Model Tax Convention) about which Egypt had reservations.

400. Egyptian authorities indicate that after the finalisation of the renegotiated article, some further changes were sought by the partner and hence, the negotiations are yet to conclude.

401. In 2021, Egypt was also approached by another treaty partner to renegotiate the EOI article of the treaty. Egypt has indicated that the renegotiations of the DTC with this partner had been going on since 2012 and Egypt had a preference to renegotiate on all pending aspects of the DTC. Egypt communicated this to the treaty partner in early 2022. In its request for renegotiating the EOI article, this partner had primarily requested Egypt to add paragraph 5 to the EOI article. Egypt has informed that given the amendment to Article 78 of the UTPL, now it has no objections to the inclusion of paragraph 5 and will be able to amend the EOI article in this treaty in this regard. Egypt is yet to communicate this changed position to the treaty partner. Similarly, Egypt is now in a position to favourably respond to requests for TIEAs.

402. Egypt has also informed that it is considering joining the Multilateral Convention. However, so far Egypt has only just begun the process of signing the Multilateral Convention. It is not yet clear by when Egypt will be a party to the Multilateral Convention.

403. Egypt's legal framework posed a major impediment to entering into effective EOI mechanisms with all relevant partners until recently. It is only in December 2022 that Egypt has amended its laws to permit Competent Authority's access to banking information for purpose of exchange of information. While this amendment permits Egypt to have a legal framework for having effective EOI mechanisms in place, it is yet to be effectively implemented. Since amending its law, Egypt has not reached out to either of the two Global Forum members offering to accept their requests for TIEAs. Egypt is also yet to respond to the two treaty partners on their requests for inclusion of paragraph 5 into their DTCs. The efforts on signing the Multilateral Convention have also just begun and no concrete steps have yet been reported. These issues have significantly prevented Egypt's ability to have effective EOI mechanisms with all relevant partners i.e. those partners that have an interest in having an EOI relationship with Egypt. Therefore, **Egypt is recommended to ensure that its exchange of information network cover all relevant partners, meaning those jurisdictions who are interested in entering into an information exchange arrangement with Egypt.**

404. The conclusions are as follows:

**Legal and Regulatory Framework: in place, but certain aspects of the legal implementation of the element need improvement**

Deficiencies identified/Underlying factor	Recommendations
<p>Egypt's legal framework, due to existence of bank secrecy, posed a major impediment to entering into effective EOI mechanisms with all relevant partners until December 2022. Hence, Egypt had declined requests for TIEAs from at least two Global Forum members and had also refused to include paragraph 5 of Article 26 of the OECD Model Tax Convention in the EOI article in treaty re-negotiations with two other Global Forum members. Since amending its law, Egypt has not reached out to any of the interested partners to sign or amend EOI instruments that meet the standard. The process of signing the Multilateral Convention has also just begun and no concrete steps have yet been reported. Egypt's network of information exchange does not cover all relevant partners and has been largely ineffective until recently.</p>	<p>Egypt is recommended to ensure that its exchange of information network cover all relevant partners, meaning those jurisdictions who are interested in entering into an information exchange arrangement with Egypt.</p>

**Practical Implementation of the Standard: Partially Compliant**

### C.3. Confidentiality

The jurisdiction's information exchange mechanisms should have adequate provisions to ensure the confidentiality of information received.

405. The legal and regulatory framework for ensuring confidentiality of all exchanged information is generally in place in Egypt. Domestic laws provide for confidentiality of all tax information, with dissuasive penal provisions and administrative measures. All of Egypt's DTCs provide for secrecy of exchanged information. Barring one, no DTC permits the use of exchanged information for any non-tax purpose. Certain domestic law provisions permit the sharing of tax information with non-tax authorities and Egypt is recommended to ensure that such sharing is only in accordance with the provisions of the relevant treaty under which such information is received.

406. Further, for gathering information in practice, Egypt should only include the minimum needed information in its notices to collect the requested information. The physical and technological measures in place are sufficient to protect the confidentiality of all exchanged information. No breach of confidentiality of information received from an EOI partner took place during the period under review.

407. The conclusions are as follows:

**Legal and Regulatory Framework: in place, but certain aspects of the legal implementation of the element need improvement**

Deficiencies identified/Underlying factor	Recommendations
<p>Certain provisions of the domestic legal framework could require the Egyptian Tax Authority to share information in its possession with non-tax authorities in certain situations. Although Egyptian authorities maintain that under the hierarchy of laws, treaty provisions will prevail over domestic law provisions in a situation of conflict, there is no explicit legal provision or case law in this regard. There is a risk that such exchanged information is shared with non-tax authorities outside of the treaty provisions.</p>	<p>Egypt is recommended to ensure that information exchanged under its EOI mechanisms is used for non-tax purposes only in accordance with the provisions of the EOI mechanisms notwithstanding anything to the contrary in any domestic laws.</p>

**Practical Implementation of the Standard: Largely Compliant**

Deficiencies identified/Underlying factor	Recommendations
<p>There is no specific legal requirement under Egyptian laws that requires the disclosure of the name of the relevant DTC or the name of the EOI partner while gathering information from information holders. Until recently, the notices calling for information from information holders mentioned the name of the relevant EOI mechanism, including the name of the EOI partner, and noted the EOI purpose of the request. This goes beyond the minimum information that is necessary to be disclosed to information holders to obtain information. Further, the Egyptian Competent Authority never informed the requesting jurisdictions that when gathering the sought information, it would disclose the EOI purpose of the request and the name of the jurisdiction.</p> <p>After the review period, in its recent EOI manual, Egypt has introduced new templates for notices that are sent to different information holders. In these new template notices, reference to the EOI purpose and the name of the EOI mechanism (including the name of the treaty partner) have been omitted.</p>	<p>Egypt is recommended to monitor the use of the new template notices to ensure that while collecting information to answer incoming requests from treaty partners, only the minimum information necessary for collecting the requested information be disclosed to ensure confidentiality in line with the standard.</p>

### ***C.3.1. Information received: disclosure, use and safeguards***

408. The confidentiality of all exchanged information is requested in line with the standard through the EOI article of all of Egypt's DTCs and the provisions of the UTPL.

#### *Treaty provisions*

409. All of the EOI instruments signed by Egypt provide for confidentiality of the exchanged information in line with the standard. They all require that the contracting states treat all exchanged information as secret.

410. The Terms of Reference, as amended in 2016, clarified that although it remains the rule that information exchanged cannot be used for purposes other than tax purposes, an exception applies where the EOI agreement provides that the information may be used for such other purposes under the laws of both contracting parties and the competent authority supplying the information authorises the use of information for purposes other than tax purposes. There is an explicit statement in each DTC to the effect that the exchanged information is to be treated as secret in the same manner as information obtained under the domestic laws of the State and shall only be shared with persons or authorities (including courts and administrative bodies) concerned with assessment, collection, enforcement or prosecution in respect of taxes covered by the agreement or for determination of appeals. Only the DTC with Cyprus permits use of the exchanged information for non-tax purposes with the prior permission of the contracting state that has provided the information and if such non-tax use is permitted under the laws of the states. In the period under review Egypt reported that there were no requests where in the requesting partner sought Egypt's consent to utilise the information for non-tax purposes and similarly Egypt did not request its partners to use information received for non-tax purposes.

#### *Domestic provisions*

411. In terms of the confidentiality of tax information under the domestic law, Article 6 of UTPL provides that

any person who, by virtue of his position, competence, or job, is involved in the assessment or collection of the tax provided for in the Taxation Law, or in adjudication of tax-related disputes, shall be required to maintain professional secrecy. None of the employees of the Authority whose jobs are not related to the assessment or collection of the tax may provide any data or allow third party access to any paper, statement, file and the like, except in those cases permitted by law. No tax files data may

be provided, unless a request is submitted by the taxpayer or the taxable person in writing, or unless a provision of any other law so states. Providing data to an assignee on the relevant establishment, or exchanging information and data among the Ministry of Finance's revenue authorities, as per the regulation to be decreed by the Minister, shall not be deemed a breach of confidentiality.

412. The Egyptian authorities noted that the obligation applies in respect of all current employees of the ETA as well as to past employees after cessation of their employment for any reason in respect of information that they dealt with or came in possession of, during the course of their employment with the tax administration.

413. Article 6 sets the obligation of confidentiality but also provides for some exceptions. The Ministry of Finance's revenue authorities include, in addition to the ETA, the Customs Authority and the Property Tax Authority. Egyptian authorities have explained that while Article 6 provides that disclosure of tax information to other public authorities does not constitute a breach, it does not oblige tax authorities to share such information. The Customs Authority and the Property Tax Authority have sent information to the ETA but have never sought any information from ETA. Notwithstanding the exception provided under Article 6 of the UTPL to share tax information with other public authorities, the Egyptian authorities consider that the exception does not cover information received under tax treaties. Egyptian authorities indicate that tax treaty obligations prevail over any contrary provisions of the domestic law. Since none but one DTC permits the use of exchanged information for non-tax purpose, such information will not be shared with other public authorities. In the limited situation where it can be shared, it will be in accordance with the treaty.

414. The provisions of the AML ER oblige all law enforcement agencies (which would include the ETA) to provide any information in their possession to the EMLCU (Article 12 of AML ER). However, executive regulations (as AML ER) are lower in hierarchy than tax treaties and other domestic laws passed by the Parliament. Hence, even though there is no specific exception provided for in the domestic laws for the ETA to share exchanged information with the EMLCU, the Egyptian authorities again explained that the provisions of the relevant DTC would prevail over the requirement under the AML ER.

415. While the explanation of the Egyptian authorities in respect of sharing of information with AML authorities under the provisions of AML ER is acceptable given the hierarchy of laws, there remains a risk that exchanged information is shared with another public authority like Customs Authority or the Property Tax Authority. Although Egyptian authorities consider that

the tax treaty provisions override contrary domestic law provisions, under the Constitution, treaties and domestic laws are at par. In the absence of a specific provision that clarifies that exchanged information shall not be shared with any public authority except as provided under the relevant EOI mechanism regardless of anything to the contrary under any domestic law, the position remains ambivalent. Even if the Competent Authority understands that exchanged information must not be shared with any other public authority, where such information is with the relevant local tax offices, there is a risk that such information is shared outside of the tax authorities with other public authorities (like Customs Authority, Property Tax Authority or EMLCU) under domestic legal provisions. In such a situation, it might be difficult to consider such sharing as a breach of confidentiality and apply sanctions. Hence, **Egypt is recommended to ensure that information exchanged under its EOI mechanisms is used for non-tax purposes only in accordance with the provisions of the EOI mechanisms notwithstanding anything to the contrary in any other domestic laws.**

416. Egypt does not have a general legislation governing the freedom of information. However, taxpayers do have the right to inspect their own tax files (Article 3 of the UTPL and Article 6 of the Executive Regulations of the UTPL). This includes access to tax registration data, tax audit and discussion reports, reports of tax proceedings, audit note, notices and forms related to tax assessment and collection, including payment reminder notices and seizure reports. Such inspection is permissible upon the submission of a written application in this regard by the taxpayer to the relevant tax office where such taxpayer is assessed to tax. The Egyptian authorities maintain that such inspection does not extend to EOI files or information received under EOI, again due to the prevalence of treaty provisions over the domestic law provisions. In practice, they have never faced a situation where the taxpayer sought to inspect the EOI file. Further, EOI information communicated to the local tax offices are always treaty stamped indicating that the information is confidential and has been exchanged under an international treaty and its use is governed by the treaty. The information is required to be stored separately by the tax officer concerned. The Competent Authority letters or correspondence is never communicated to the local tax offices and is available only in the Competent Authority office at the ETA. Since taxpayers usually deal only with the local tax office, they would not ordinarily seek access to the correspondence between the Competent Authorities.

417. The ETA does not hire external contractors for most functions. All tax officials (including EOI staff), security staff and cleaning staff are full-time public officials. Being civil servants, all of ETA's employees are also covered by the provisions of the Civil Services Law. Under Article 61 of the Civil Services Law, each civil servant who violates her/his service duties is subject to an

administrative punishment which may include among others: warning, deductions from salaries, suspension from work, downgrading, service termination, and discharge. Further, Criminal Law provisions may also apply in more serious situations, where a civil servant may face prosecution. A civil servant found guilty of such violations can be sanctioned by either a fine not exceeding EGP 500 (EUR 16) or imprisonment for a term subject to a judge's discretion or both if it is established that the employee committed a mistake due to negligence while performing the assigned duties and this mistake resulted in a grave damage to the funds or interests of an authority or a third party. If the civil servant's mistake due to negligence damages the Egyptian economy or a national interest, the imprisonment term can be between one year to six years. Egyptian authorities have informed that the disclosure of "secret information" would qualify as damaging the Egyptian economy or a national interest based on the judge's discretion. Since all EOI data is considered part of the "secret information", such a violation would likely result in imprisonment.

418. In practice, there has been no instance where an ETA employee has been criminally prosecuted for violations pertaining to breach of confidentiality.

### ***C.3.2. Confidentiality of other information***

419. Egypt's DTCs extend confidentiality to "any information" received or exchanged between the contracting states. Egyptian authorities have informed that all the other information received from a treaty partner's competent authority is considered to be sensitive and confidential and is protected from disclosure by the secrecy provisions protecting tax information. This would include the EOI letter and any communications (including documents) between the competent authorities.

### ***Confidentiality in practice***

#### ***Elements disclosed in notices to gather information***

420. As noted under Elements B.1 and B.2, where information needs to be collected from any information holder in Egypt, the EOI unit sends an official letter or an email highlighting the requested information. In the past and also during the review period, the notice seeking information mentioned the relevant double tax treaty. The notice included details regarding the requesting jurisdiction, and a description of the needed information was added to the letter/email (without adding the reason why the other jurisdiction requested the information). The wording that was used to refer to the relevant double tax treaty is as follows: "according to the article on Exchange of Information of the DTC between Egypt and [the requesting jurisdiction], this information is required for tax purposes".

421. Egypt's legal framework does not require the disclosure of the name of the relevant DTC or the name of the EOI partner. The powers of the Egyptian Competent Authority to obtain information are broad and the same provisions apply for domestic and EOI purposes. Further, the Egyptian Competent Authority has never informed the requesting jurisdictions that it would disclose the EOI purpose of its notices to information holders and also the name of the jurisdiction. The inclusion of the name of the treaty partner and the EOI purpose of seeking the requested information went beyond the minimum information that is necessary to be disclosed to information holders to obtain such information. Egypt's recent EOI manual has introduced new templates for notices that are sent to different information holders. In these new template notices, reference to the EOI purpose and the name of the EOI mechanism (including the name of the treaty partner) have been omitted. Since these templates have been introduced recently, **Egypt is recommended to monitor the use of the new template notices to ensure that while collecting information to answer incoming requests from treaty partners, only the minimum information necessary for collecting the requested information be disclosed to ensure confidentiality in line with the standard.**

### *Security*

422. The EOI unit experienced multiple relocation over the recent years. This did not affect the general security of the office, as Egypt has put in place sufficient physical security measures at ETA's premises in general. However, this led to non-receipt of requests transmitted by post mail, which could not be traced later.

423. The premises of the ETA are secure and are under continuous surveillance. The Competent Authority office and the EOI unit are currently housed in one of the ETA buildings. Access to this building is secured with the presence of security guards and thorough identification checks at the entrance and all visitors are logged. All entrances and each floor of the building is under CCTV surveillance. The ETA unit has a dedicated office, which has a separate access card granted only to specifically authorised personnel. The office is at a high floor in a standalone building. The Competent Authority office is expected to be relocated to a new premises in the New Capital in due course. Egyptian authorities have informed that the physical security measures at the new premises will be at par with what currently exists at the ETA buildings.

424. Nevertheless, as noted under the discussion on Element C.5, there has been a challenge in reconciling requests received from some treaty partners. These requests were sent by post during the period of the COVID-19 pandemic.



425. After having received the peer input in the framework of the peer review, Egypt consulted several treaty partners to ascertain the pendency of their requests and invited the partner to re-submit their requests by email. In one case, while communication has resumed electronically with the treaty partner, the technical difficulties in electronic communication with the treaty partner have been resolved and the re-sent requests have been recently received by Egypt.

### *Storage*

426. All information received in the EOI unit is confidential and stored securely. Files containing taxpayers' information are stored in secure storage units and are retrieved by the EOI unit manager or the EOI officer when they need to work on them. Hard copies of incoming information can only be made by the EOI unit.

427. The EOI unit officers have their dedicated computers and their own e-mails with secured passwords. All requests (incoming and outgoing) are scanned and saved through password-protected computers of the EOI team to a special secure cloud for the EOI unit. This cloud storage is secured by the IT team of the ETA.

428. When documents are forwarded to other units/branches of ETA, the same level of security measures is applied to the hard copies as to the original documents.

### *Human resources and training*

429. Specific procedures are in place to manage human resources at the ETA and these procedures consider confidentiality aspects. Hiring at the ETA is a centralised process based on tests and interviews, and the process involves background checks on selected candidates. For posting to the central department of international tax treaties, where the EOI unit is currently housed, staff undergo an extra level of testing and interviews with sufficient background checks on all their work profile during their career at ETA.

430. The staff are put through trainings from time to time. There is a centralised system of training for new recruits and training and reminder of confidentiality provisions is part of the curriculum. The EOI staff have undergone a training on Information Systems Management and Confidentiality delivered through the Capacity Building and Outreach activities of the Global Forum Secretariat.

431. The Egyptian authorities have indicated that an exit procedure for departing or transferring employees exists, although not formally documented. Prior to the departure or transfer of an EOI officer, all the files that

are in his/her disposal would require to be given to the EOI manager. The lockers and computers will be checked, and it will be ensured that the EOI officer has handed over all the confidential information.

432. Egypt's EOI manual contains a dedicated section on confidentiality for the purposes of exchange of information. The manual quotes Article 6 of the UTPL, reminding the EOI officials of the confidentiality obligations provided under the domestic legislation. The EOI manual also reflects the last version of Article 26(2) of the Model Tax Convention, including the last update on non-tax use, and reminds the user to use the exchanged information only in accordance with the stipulations of this paragraph. However, it is notable that most of Egypt's DTCs do not provide for the use of exchanged information for non-tax purposes. In the absence of explicit wording permitting the use of exchanged information for non-tax purposes, Egypt should clarify in its EOI manual, for the guidance of the EOI staff concerned, Egypt's position in respect of the use of information for non-tax purposes considering such use is not permitted under all but one of Egypt's DTCs (see Annex 1).

### *Data breach*

433. Egypt does not have a formal breach management policy in relation to exchanged information. During the on-site, Egyptian authorities indicated that they would conduct internal enquiries and internal administrative procedures, should there be a confidentiality breach. However, they had not had such a breach in the context of EOI. The procedures and administrative steps to be taken (including the procedures for managing communication with all relevant stakeholders, including the treaty partner(s) concerned and the Global Forum Secretariat) in case there is a breach around any exchanged information are not documented or clearly understood within the EOI unit. In situations of an actual breach, in the absence of a laid down policy and given staff turnaround, there are risks of missing out on suitable actions. Egypt should consider having a documented and well-understood breach management policy in the context of exchange of information (see Annex 1).

## **C.4. Rights and safeguards of taxpayers and third parties**

The information exchange mechanisms should respect the rights and safeguards of taxpayers and third parties.

434. Egypt's EOI mechanisms provide for the rights and safeguards of taxpayers and third parties in line with the standard. The Regional tax treaty and almost all of the DTCs signed by Egypt contain the equivalent of Article 26(3)

(c) of the OECD Model DTC. The contracting states are not under an obligation to exchange information “which would disclose trade, business, industrial, commercial or professional secrets or trade processes, or information the disclosure of which would be contrary to public policy”.

435. There are only two DTCs which do not contain this wording explicitly. The DTC with the United States explicitly excludes only information which “would be contrary to public policy”. The Egyptian authorities indicate that in their understanding disclosure of trade, business, industrial, commercial or professional secrets or trade processes would be contrary to public policy in both contracting states and consider that this provision is in line with the standard.

436. The DTC with the Netherlands does not have this specific provision. The Egyptian authorities believe that the domestic laws of the contracting states would nonetheless prevail and under Egyptian domestic law, such rights and safeguards for taxpayers and third parties exist. This is because Article 78 of the UTPL that governs exchange of information under Egypt’s treaties specifically provides that the ETA may enter into protocols or agreements with government bodies, public authorities, syndicates and associations, and with any other legal persons, allowing information sharing among them for the purposes of application of the Law, and to the extent that does not prejudice commercial, industrial or professional secrets of the taxpayer/taxable person. Thus, even within the domestic law of Egypt there is a general protection for commercial, industrial or professional secrets of the taxpayer/taxable person.

437. In practice, the Egyptian competent authority has never been confronted with a situation where the requested information pertained to trade, business, industrial, commercial or professional secret or trade process, or information the disclosure of which would be contrary to public policy.

438. Hence, the legal framework of Egypt and the understanding of Egyptian authorities on this issue provides for sufficient rights and safeguards for taxpayers and third parties.

439. However, as noted in the discussion under Element B.1, the scope of professional legal privilege as provided in the law goes beyond the standard, although it did not impact exchange of information as legal professionals were never requested for information during the review period and they are not a primary source of information. This is, nevertheless, a small legal gap.

440. The conclusions are as follows:

**Legal and Regulatory Framework: in place**

Deficiencies identified/Underlying factor	Recommendations
Although the authorities have an interpretation of the legal provisions that conform to the standard, Egypt's legal professional privilege is broader than the scope specified in the standard, as it covers all information and communication obtained from the clients by a lawyer, rather than being restricted to communications produced for the purposes of seeking or providing legal advice or use in existing or contemplated proceedings. In practice, lawyers are not a routine source of information in Egypt, so the authorities interpretation cannot be substantiated.	Egypt is recommended to ensure that the scope of legal professional privilege is in line with the standard.

**Practical Implementation of the Standard: Compliant**

No material deficiencies have been identified in respect of the rights and safeguards of taxpayers and third parties.

***C.4.1. Exceptions to the requirement to provide information***

441. Egypt's Evidence Law provides for professional secrecy of all professionals (lawyers, agents, doctors or others by his/her profession) and considers that such professionals shall not disclose any information on their clients. During the on-site visit, one representative of the lawyers indicated that they would provide the information sought by the tax authorities except that which pertains to professional advice as a legal counsel although there was no practical experience in this regard in respect of EOI. However, as discussed under Element B.1 (see paragraphs 338 and 339), the scope of professional privilege as provided under the law appears to exceed the scope of the standard. Except in criminal matters, legal professionals are not required to provide any information or communication with their clients that is in their possession. It is hence not clear if information held by such professionals can be exchanged under EOI instruments. Hence, **Egypt is recommended to ensure that the scope of legal professional privilege is in line with the standard** (see also discussion under Element B.1)

## C.5. Requesting and providing information in an effective manner

The jurisdiction should request and provide information under its network of agreements in an effective manner.

442. Egypt's performance in responding to incoming requests was fundamentally affected due to the impossibility to exchange banking information. In addition, there were important organisational challenges that resulted in ineffective exchange of information. There was turnover of EOI staff and lack of smooth transition that led to significant delays in responding to requests. Further, the office of the EOI unit moved on at least two occasions during the review period, resulting in some difficulties in maintaining a constant physical address. This resulted in some requests not reaching the Egyptian Competent Authority.

443. During the review period, of the 28 EOI requests received by Egypt, while one was declined for valid reasons within 90 days, none was responded with complete requested information within 180 days and only 5 could be answered within one year. Status updates were not provided systematically. Further, in two instances, insufficient communication left the peers unsure about the reasons for not being provided the requested information.

444. Moreover, three peers reported an additional 12 requests which were not counted in Egypt's inventory for the review period. After being alerted of the discrepancy, Egypt has answered 3 and is working on another 4 requests re-submitted by the peer recently. The remaining requests have since been closed by the treaty partner concerned.

445. During the review period, Egypt sent out 34 requests for information to its treaty partners. While most peers noted that the requests met the condition of foreseeable relevance, two peers noted insufficient details provided in the request to be able to identify the information holder and process the request.

446. Most of the deficiencies that affected timeliness and effective exchange of information began to be corrected towards the end and after the review period. However, these efforts came very late. Overall, Egypt was not effective in exchange information in line with the standard during the review period but has made some important progress to improve the various issues that affected its performance.

447. The conclusions are as follows:

### Legal and Regulatory Framework

This element involves issues of practice. Accordingly, no determination has been made.

### Practical Implementation of the Standard: Non-Compliant

Deficiencies identified/Underlying factor	Recommendations
<p>During the review period, Egypt took extremely long to respond to requests. Peers noted that several cases had been closed by the time the information was received.</p> <p>After the review period, Egypt has reported that timeliness of answering has improved. However, the efforts have come in very late and are required to be maintained.</p>	<p>Egypt is recommended to take all necessary steps to ensure the timeliness of responding to EOIR requests.</p>
<p>During the review period, at least four peers faced difficulties in communicating with the Egyptian Competent Authority. There were changes in the physical premises of the EOI unit and treaty partners may have remained unaware of the updated contact details of the Competent Authority during the review period. The contact details on the Competent Authority database were updated with delay, towards the end of the review period. Based on the peer input, some of the requests have not been accounted for by the Egyptian Competent Authority.</p> <p>Further, at least two peers considered that Egypt closed their requests on banking information without clearly explaining the domestic legal provisions. The peers were left unclear about Egypt's position on their offer to provide consent from the taxpayer for obtaining banking information.</p> <p>Status updates were seldom provided where responses could not be provided within 90 days.</p>	<p>Egypt is recommended to ensure that up-to-date Competent Authority contact information is always available to treaty partners, that there is sufficient and clear communication with the treaty partners in situations where the requested information cannot be provided and that status updates are provided systematically where the requested information cannot be provided within 90 days.</p>
<p>Egypt's EOI unit faced organisational issues. There are concerns that the move of offices from one location to another more than once during the review period disrupted the functioning of the unit.</p> <p>Further, there were staff changes without smooth transitional arrangements to ensure continuity. Most of the staff at the EOI unit joined the unit in the last year of the peer review period. Although the staff made efforts to answer all requests, including those from before the peer review period, and also put in place an Excel-based database to track requests, these efforts were at a very late stage and mostly, after the peer review period.</p>	<p>Egypt is recommended to ensure that adequate and appropriate resources are always maintained for the EOI unit, and that the organisational processes ensure continuity in its function so that organisational issues do not result in delays in responding to requests for information.</p>

### **C.5.1. Timeliness of responses to requests for information**

448. Egypt reported receiving 28 requests<sup>28</sup> for information during the review period. All types of information were sought in these requests: legal ownership information (8 requests), accounting information (9 requests), banking information (13 requests) and other types of information (13 requests; generally for contact details and address of the taxpayers and confirming the residency status of taxpayers). Of the 28 requests, 8 pertained to companies and 20 to individuals. No requests were received on partnerships, waqfs or foundations.

449. Egypt's most significant EOI partners during the review period for incoming requests were Belgium, Greece, Tunisia, the Netherlands, the United States and France. Requests received from Belgium were mainly contact information of taxpayers for collection of tax dues. The requests from Greece were sent before the review period by Greece. However, due to communication problems, these requests were received by Egypt during the review period only upon restoration of communication.

450. For outgoing requests, Egypt's significant EOI partners were Ireland, Saudi Arabia, France, India, the United States and Canada.

451. The following table relates to the requests received during the period under review and gives an overview of response times of Egypt in providing a final response to these requests, together with a summary of other relevant factors affecting the effectiveness of Egypt's practice during the period reviewed.

---

28. While Egypt has recorded 28 requests received during the review period, there was some difference in the numbers reported by some peers. For one peer, while the peer reported 8 requests, Egypt had recorded receiving only 3. For another, 4 requests sent by the peer by post were not received by the Egyptian Competent Authority. Further, 3 requests sent by a third peer by email were not received by the Egyptian Competent Authority. These requests are not counted in the statistics in the table. However, these requests are covered in the discussion.

### Statistics on response time and other relevant factors

	1 Jul 2019 to 31 Dec 2019		2020		2021		1 Jan 2022 to 30 Jun 2022		Total	
	Num.	%	Num.	%	Num.	%	Num	%	Num.	%
Total number of requests received [A+B+C+D+E]	3	10.7	6	21.4	14	50	5	17.9	28	100
Final response: ≤90 days	0	0	0	0	1	7.1	0	0	1	3.6
≤180 days (cumulative)	0	0	0	0	1	7.1	0	0	1	3.6
≤1 year (cumulative) [A]	0	0	1	16.7	1	7.1	3	60	5	17.9
> 1 year [B]	3	100	5	83.3	9	64.3	2	40	19	67.8
Requests withdrawn by requesting jurisdiction [C]	0	0	0	0	0	0	0	0	0	0
Failure to obtain and provide information requested [D]	0	0	0	0	4	28.6	0	0	4*	14.3
Requests still pending at date of review [E]	0	0	0	0	0	0	0	0	0	0
Declined for valid reasons	0	0	2	33.3	1	7.1	0	0	3	10.7
Outstanding cases after 90 days	3		6		13		5		27	
Of these, status update provided within 90 days	0	0	0	0	0	0	3	60	3	11

*Notes:* Egypt counts each request with multiple taxpayers as one request, i.e. if a partner jurisdiction is requesting information about 4 persons in one request, Egypt would count that as 1 request. If Egypt received a further request for information that relates to a previous request, with the original request still active, Egypt will append the additional request to the original and continue to count it as the same request.

The time periods in this table are counted from the date of receipt of the request to the date on which the final and complete response was issued.

\*Banking information could not be provided due to bank secrecy.

452. Timeliness of responding to requests was very poor during the review period. Egypt did not respond with information to any of the requests received during the review period within 180 days, although one request was declined within 90 days. Within one year, 5 requests were answered out of the 28 received requests. The remaining requests were answered after one year. Requests that were not responded within 180 days did not have any specific characteristics. The primary reason for the delays were largely organisational as important staff changes within the EOI unit took place and smooth transitions were not ensured (see C.5.2). No internal timelines were in place to track the time taken to answer requests. Only towards the end of the review period, the situation improved and Egypt started responding to the requests more proactively. After the review period, Egypt has reported improvement in timeliness of responding to requests. Egypt has reported providing full responses to more than half of the requests received within 90 days and about two-thirds within 180 days. This statement is not confirmed by EOI partners since their input is confined to the requests



they have sent during the review period. These efforts are encouraging but have come very late and the efforts need to be maintained. **Egypt is recommended to take all necessary steps to ensure the timeliness of responding to EOIR requests.**

453. Requests for banking information were not answered in general. They represent the 4 **failures** to obtain and provide the requested banking information. Due to bank secrecy provisions, this information could not be obtained and exchanged. After the entry into force of amendments on access to banking information, Egypt checked with the treaty partners if they still needed the banking information. In all these cases reported as failures, either the treaty partner had closed the case by this time or did not respond. There were four cases where banking information was provided as the treaty partners indicated that they still needed the information, and the requests were fully answered.

454. Egypt sought **clarifications** in about 5% of the requests, to obtain more background information to better understand the context of the request or to identify the person concerned. The Egyptian Competent Authority was at times unable to identify the information holder with only a name, as some names are extremely common in Egypt. Where a treaty partner wishes to seek information on an individual, it is very difficult to identify the relevant person if some further details are not provided. Ideally, a searchable national identification number or passport number or tax identification number (TIC number) would be most beneficial. However, if that is not available, further information like father's or mother's name together with date of birth and any available information on the address of the individual would invariably be needed.

455. Three cases were **declined** for valid reasons, one within 90 days, one within a year and one after more than a year. One of them was a fishing expedition. Indeed, in this case the treaty partner had sought voluminous information without providing sufficient reasons to believe that the information was available in Egypt. After evaluating the request and seeking further clarifications from the treaty partner (which were not satisfactorily provided by the treaty partner), Egypt rightly declined this request. In the second case, the background information provided was not sufficient to identify the relevant taxpayer due to multiple persons with the same name and no further indicia available for identification. Egypt declined this request within 90 days and the treaty partner did not follow up with further information. Finally, the third case was declined due to missing documentation in the request. However, in this case Egypt declined this request after more than one year from receiving the request. The treaty partner resent the request and the requested information was obtained and provided. However, the treaty partner had closed the request by the time this request could be satisfactorily answered.

### *Status updates and communication with partners*

456. During the review period, status updates were rarely provided to treaty partners where requests could not be answered within 90 days. In fact, status updates were provided only in three instances, for requests sent during the last six months of the period. For the requests received earlier, status updates were seldom provided and with delay. One peer noted that the status update on the case was received after a significant delay of 19 months. The Egyptian authorities have explained that the delay in providing status update in this case was due to the organisational changes that took place. Only in the last year of the review period, status updates started being provided but not systematically. After the review period, status updates are being provided more systematically.

457. Majority of the peers that provided peer input were generally satisfied with the ease of contacting the Egyptian Competent Authority. However, three peers noted difficulties in communication.

458. One peer had sent four requests to Egypt through postal mail. Egyptian Competent Authority did not receive them and explained that their preferred mode of communication has been by way of email. During the review period, the EOI unit's physical address changed at least twice. Further, during the time of the Covid-19 pandemic, the Competent Authority moved almost completely to electronic means of communication. After the review period and after being informed of the non-receipt of the postal requests, Egypt and the peer have worked to find an electronic solution for easier communication. There were some technical IT issues faced on both sides that initially prevented exchange of emails from official email accounts. Ultimately, in November 2023, the four requests were successfully transmitted to the Egyptian Competent Authority. The Egyptian Competent Authority has processed these four requests and has provided the requested information to the treaty partner in all these four cases. The treaty partner has confirmed the receipt of the requested information in all four requests and has reported close co-operation from the Egyptian Competent Authority.

459. In another instance, one peer used electronic means of communication and yet faced some problems. The peer sent three requests for information (not counted in the 28 requests reported by Egypt) on an available email address in the earlier part of the peer review period, without knowing that the employee whose email address the emails were sent had left the EOI unit. Egypt did not receive any of these requests. Upon being alerted about this, Egypt reached out to the treaty partner and obtained and responded to all the three requests as the peer still needed the information. The Competent Authority contact details were updated on the Global Forum Competent Authority database in December 2022. Egypt has not indicated any other measures that were taken to keep the treaty partners informed about the contact details of the Competent Authority.

It is important that treaty partners are kept aware of any changes to the contact details of the Competent Authority in a timely and effective manner so that communication is not impacted.

460. Two peers reported important concerns they faced in respect of requesting banking information as discussed under paragraphs 317 to 320 under Element B.1. The cases pertained to situation where written consent of the taxpayer was or could have been provided to the ETA. Besides the issues of access to banking information and exchange of such information, the peer input highlighted that Egypt sought to close the case unilaterally without fully explaining the situation and the position of the law (or the way the Egyptian Competent Authority interpreted the law), leaving the treaty partner unsure of the next steps. The situation presented an important communication gap with the treaty partner.

461. In view of these various issues pertaining to communication, **Egypt is recommended to ensure that up-to-date Competent Authority contact information is always available to treaty partners, that there is sufficient and clear communication with the treaty partners in situations where the requested information cannot be provided, and that status updates are provided systematically where the requested information cannot be provided within 90 days.**

### ***C.5.2. Organisational processes and resources***

#### *Organisation of the competent authority*

462. The Minister of Finance is the Competent Authority in Egypt. Since 2015, the Competent Authority function has been delegated to the Deputy Minister of Finance and to the EOI Manager of the EOI Unit. The EOI unit is housed within the International Treaties Department of the ETA. It currently comprises the EOI Manager (who is listed as the Competent Authority on the Global Forum Competent Authority Database) and three EOI Officers.

463. During the review period, the EOI unit existed but was not sufficiently equipped. There were changes in the physical premises of the EOI unit during the review period. There are concerns that the move of offices from one location to another more than once during the review period disrupted the functioning of the unit. Further, none of the current EOI staff were part of the EOI unit all through the review period. In fact, the current EOI Manager joined the EOI unit in late 2021, i.e. towards the end of the review period. The other EOI officers joined the EOI unit only in 2022. Staff turnover in the unit was high and only one staff of the EOI unit continued for the first two years of the review period. There is evidence that the process of handing over to the new staff of the unit was not smooth. In addition, the premises of the EOI unit were changed at least on two occasions during the

review period. The new staff did not have a clear inventory of cases and had to start putting records in place when they took over. Records that were available through emails or electronically were easier to track, but physical records were harder to track.

464. The EOI unit started working on all the requests, including the requests that had been received before the review period when the current EOI manager took charge in 2021. Some of these requests were pending for more than three years. The current staff of the EOI unit reached out to the relevant treaty partners and re-established communication to work on old requests, and the inventory was cleared.

465. The Egyptian authorities have explained that although the EOI unit was set up in 2015, due to the political unrest that the country witnessed from 2011 all the way until 2017, the functioning of various authorities within the government was affected. The EOI unit's functioning has gradually been normalised and all efforts have been made to recruit competent officials to handle the work. This can explain some of the issues faced by EOI partners, but not all of them.

466. The organisational disruptions, lack of continuity of staff, lack of smooth transitional measures resulted in significant issues for the functioning of the EOI unit during the review period and this resulted in significant delays in answering requests and affecting the timeliness of responses. Requests answered with such delay often resulted in the information being useless for the treaty partner as the investigations were closed.

### *Resources and training*

467. The difficulties and issues faced during the review period have been tackled to a significant extent from the last year of the review period with significant and important improvements made by Egypt. Sufficient resources have been provided for the functioning of the EOI unit.

468. The current staff of the EOI unit is well-qualified. Each of the four officials has an advanced degree in economics, commerce or law. Further, each one has had extensive experience in tax administration, tax audits and tax investigations. The EOI Manager has been an employee of the ETA for more than 15 years. All the employees are fluent in Arabic and English. The EOI unit has a dedicated separate workplace. Although the EOI unit is expected to move again, to a new premises in the New Capital, the Egyptian authorities have indicated that dedicated physical infrastructure will always be ensured for the EOI unit.

469. Under the current EOI manager, since 2022, the EOI unit has been maintaining an excel spreadsheet for the inventory and status of incoming and outgoing requests. Regular monitoring of the workload has been introduced

within the EOI unit. The EOI Manager reviews the monthly performance of the EOI officers considering the number of requests they are working on, the progress made in each request and the time taken so far. Where partial information has been obtained, such information is now shared with the treaty partner. Further, status updates are being provided where requests have not been fully responded within 90 days. Monthly stock-taking was not conducted during the review period and is a practice recently adopted by the EOI unit.

470. In terms of training on EOI, although the EOI unit had been set up in 2015, the first trainings could only be provided to the staff from 2019. All the current staff have been trained in EOI at least once and have completed Global Forum courses on EOI on OECD's Knowledge Sharing platform. One EOI official has actively participated in the Women Leaders in Tax Transparency Programme of the Global Forum. The official has noted that this has helped her build a helpful and supportive network for easier communication and seeking solutions from other participants. Further, all staff have undergone training on confidentiality and on Information systems.

471. In December 2022, the EOI unit has put in place a dedicated EOI manual for the guidance of all staff.

472. Overall, considering the organisational difficulties faced by the EOI unit and the corresponding changes made by Egypt to address these issues towards the end of the review period, **Egypt is recommended to ensure that adequate and appropriate resources are always maintained for the EOI unit, and that the organisational processes ensure continuity in its function so that organisational issues do not result in delays in responding to requests for information.**

### *Incoming requests*

473. Since December 2022, Egypt has put in place a dedicated EOI manual for handling incoming requests. This guidance was not available during the review period and hence the timelines and procedures described in the manual were not followed. The EOI manual builds on the practical experience gained by the EOI unit in the process of handling requests and relies on the Global Forum's Model Manual for Exchange of Information.

### **Competent authority's handling of the request pursuant to the new Manual**

474. During the review period, the processes and procedures for handling incoming requests were ad hoc and not formalised. The EOI officials relied on their own understanding and experience while seeking to answer requests. The EOI official would examine an incoming request based on his/her understanding of the foreseeable relevance. As noted earlier, due to

significant staff turnover, a lot of experience was lost whenever the incumbent moved. Moreover, several requests were left unprocessed for a long time. There was no oversight on the time taken to answer requests and no follow-up where information had not been obtained.

475. Things started to change with the current EOI unit, which started putting in place procedures for handling requests. Since late 2021, the EOI unit put in place a system for examining incoming requests, checking of background information and foreseeable relevance, and more actively working on them. The EOI manual has been put in place after the review period, documenting these procedures and also drawing from the Global Forum's draft EOI manual.

476. The procedure for handling incoming requests has been comprehensively discussed in Egypt's EOI manual and Egyptian authorities have confirmed that after the review period, they are following this process.

477. The EOI manual explicitly notes the preference of the Egyptian Competent Authority to receive incoming requests from treaty partners by email, especially given the changes in location of office of the EOI unit, and the upcoming movement of the capital of Egypt from Cairo to the New Capital. The email address has been provided on the Global Forum Competent Authority database, as updated in December 2022. Egyptian authorities have explained that if a treaty partner sends requests to the postal address of the ETA, the letter will still be communicated to the EOI unit, although this would take longer.

478. Upon receipt of a request in the email address of the Competent Authority, only a designated Competent Authority is permitted to open the email. In practice, this would be the EOI Manager of the EOI unit. This request will be duly registered in the EOIR database of the unit after giving it an internal reference number, adding the treaty partner's name and reference number, the date of receipt and expected date to respond, and some further details about the request. The request is assigned to one of the EOI officers in the unit and this is also recorded in the database. The request is filed, and the email is deleted from the inbox.

479. Any physical request received is expected to be forwarded unopened to the EOI unit on the same day by the receiving office. All inbound requests are then opened and treaty stamped to indicate that the information is confidential and protected by the provisions of Egypt's international agreement.

480. The EOI manual provides that an acknowledgement of receipt of the incoming request must be sent to the treaty partner within seven days of receipt. Unless the requesting jurisdiction has indicated that the taxpayer must not be notified, the acknowledgement shall include a sentence saying that if necessary, Egypt might need to obtain the information from the taxpayer concerned.

481. The manual provides that incoming requests must be in English or Arabic. Where they are in another language, the requesting jurisdiction will be asked to submit the request in English.

482. The EOI unit commences processing the request by examining its validity: the request has come from the correct Competent Authority and Egypt is indeed the intended recipient. Foreseeable relevance is examined as explained under the discussion on C.1.1. Where the request is found to be deficient in any way, the EOI manual provides for a maximum of 45 days to the EOI unit to write back to the requesting treaty partner seeking clarifications or more information. Upon sending the request for clarification, the EOI unit is expected to wait for 90 days to get a response on the clarification sought. If no response is received within 90 days to the clarification, Egypt shall proceed to inform the treaty partner that it cannot process the request.

483. For declining to process the request, the EOI manual prescribes that the Competent Authority must always consult the requesting treaty partner. If more information is needed, the same can be requested by way of clarification and if after receiving a response, it is ascertained that the request cannot be processed, the requesting jurisdiction should be informed within 14 days.

484. If a request is to be processed, information is required to be gathered in a timely manner. The EOI manual guides the EOI officials to use all available databases and all available access powers to gather the requested information. Specific templates for sending letters and notices to information holders have been provided in the EOI manual. In general, a 30-day period is prescribed for gathering information and EOI officers are required to follow-up within 14 days whenever a stipulated deadline has elapsed. For information available with public authorities, a response is expected within 15 days and where no response is received within 30 days, the EOI officials must follow-up with the public authority.

485. The EOI manual provides for regular communication and status updates with the treaty partner. The Competent Authority should provide a status update if information has not been provided within 90 days on the actions that are being taken. If partial information has been gathered, the same should be sent. Finally, where a complete and final response is to be sent, the same should be indicated in the communication. All correspondence with the treaty partner should be signed by the Competent Authority. All dates of communication are to be recorded in the excel spreadsheet maintained by the EOI unit.

**Verification of the information gathered**

486. Prior to sending out the requested information, the EOI manual provides that the Competent Authority must examine that all the information requested by the treaty partner has been gathered and is being provided. If any information is pending or cannot be provided, it should be indicated to the treaty partner. While sending a response with the requested information, the Egyptian Competent Authority indicates in the cover email or the cover letter that the information is being provided under the terms of the relevant EOI mechanism which governs the use and confidentiality of the exchanged information.

487. During the review period, generally banking information could not be provided and the treaty partner was informed in this regard. In one instance, partial accounting information was provided and it was not clarified to the treaty partner that the remaining information will be provided as it was still being gathered. This information was subsequently provided to the treaty partner.

488. The process described in the EOI Manual, if applied, would allow effective exchange of information.

**Practical difficulties experienced in obtaining the requested information**

489. The key practical difficulties experienced in obtaining the requested information were related to banking requests. Nevertheless, delays were also experienced when information was held by third parties. Egypt has now commenced the practice of monitoring the status of all requests, following up promptly where responses from information holders is pending, and providing status updates to treaty partners.

*Outgoing requests*

490. During the review period, Egypt sent out 34 requests for information and did not receive many requests for clarifications. Most peers have noted that the requests provided sufficient information, were supported by sufficient relevant elements, met the condition of foreseeable relevance and were effectively communicated. In general, peers did not face difficulties with the quality of Egypt's requests. However, two peers have noted that in one request each, there was insufficient information to process the request. One peer noted that the request was complex and when further clarification was sought, no response was received for quite some time. This was probably attributable to the change in office of the EOI unit. Subsequently, Egypt withdrew this request. The other peer noted that the request did not provide



sufficient details for it to identify the subject of the request sufficiently. The peer sought clarification from Egypt. Although Egypt provided some further details, that was insufficient to identify the information holder and the request could not be processed.

491. Egypt has put in place measures to facilitate outgoing requests and to ensure that they are foreseeably relevant. The EOI manual provides guidance on outgoing requests and is available to the officials of the EOI unit. It provides details on how to draft an appropriate, foreseeably relevant request. It also lists down the various aspects including the key statements about exhaustion of domestic means, appropriate reference to the legal basis and details on the type of taxpayer involved and the type of information that is needed. Further, one of the EOI staff has participated in Train the Trainer programme of the Global Forum in 2021, and in turn trained tax auditors on EOI. During 2022, the EOI unit has conducted three trainings for tax auditors in Egypt. The ETA Training Academy has included EOI in its internal training plans. This will provide yearly training to tax auditors. Egypt intends to encourage the use of EOI by its tax auditors and investigators.

492. All outbound requests are to be prepared by the staff of the EOI unit based on the requests made by the tax auditors and investigators. This is done to ensure translations into English and to ensure the quality of the outgoing requests. The Competent Authority signs the requests letters. All requests are ordinarily sent by encrypted emails. In an exceptional circumstance, where email is not possible and an outgoing request must be sent by physical post, it is required that such post is registered post. All request letters and all information received in response to an outbound request is duly treaty stamped and stored safely. Once information is received, it is communicated to the tax auditor/investigator concerned, with a clear indication of the confidential and treaty nature of the information. The cover letter includes a mention of the legal basis on which the information has been received. The tax auditor is also reminded not to make copies of the information provided without the permission of the Competent Authority. A request for providing feedback on the received information is also included while communicating with the tax auditor.

### ***C.5.3. Unreasonable, disproportionate or unduly restrictive conditions for EOI***

493. There are no unreasonable, disproportionate or unduly restrictive conditions for EOI in Egypt.



## Annex 1. List of in-text recommendations

The Global Forum may identify issues that have not had and are unlikely in the current circumstances to have more than a negligible impact on EOIR in practice. Nevertheless, the circumstances may change, and the relevance of the issue may increase. In these cases, a recommendation may be made; however, it should not be placed in the same box as more substantive recommendations. Rather, these recommendations can be stated in the text of the report. A list of such recommendations is reproduced below for convenience.

- **Element B.1:** Egypt should ensure that in order to provide accurate and up-to-date legal ownership information for answering an EOI request, access powers are used suitably for obtaining such information from the most appropriate source (see paragraph 303).
- **Element C.1.2:** Egypt should monitor that in respect of the treaties where a specific exclusion of Article 1 provisions is not mentioned, Egypt exchanges information in respect of all persons and not just residents of either contracting state (see paragraph 375).
- **Element C.1.3:** Egypt should monitor that in the absence of paragraph 5 of Article 26 of the OECD Model Tax Convention in its treaties, Egypt remains able to exchange banking information based on reciprocity (see paragraph 379).
- **Element C.1.8:** Egypt should communicate with North Macedonia and Slovenia to find a mutually agreeable solution in respect of the old signed agreements that have not yet been ratified by Egypt, such that EOI mechanisms exist with all of Egypt's relevant partners (see paragraph 395).
- **Element C.3:** In the absence of explicit wording permitting the use of exchanged information for non-tax purposes, Egypt should clarify in its EOI manual, for the guidance of the EOI staff concerned, Egypt's position in respect of the use of information for non-tax purposes, considering such use is not permitted under all but one of Egypt's DTCs (see paragraph 432).

- **Element C.3:** Egypt should consider having a documented and well-understood breach management policy in the context of exchange of information (see paragraph 433).

## Annex 2. List of Egypt’s EOI mechanisms

### Bilateral international agreements for the exchange of information

	EOI partner	Type of agreement	Signature	Entry into force
1	Albania	DTC	27.02.2005	14.12.2005
2	Algeria	DTC	17.02.2001	17.05.2003
3	Austria	DTC	16.10.1962	28.10.1963
4	Bahrain	DTC	08.04.2016	01.08.2018
5	Belarus	DTC	16.06.1998	27.05.1999
6	Belgium	DTC	03.01.1991	03.03.1997
7	Bulgaria	DTC	05.06.2003	11.05.2004
8	Canada	DTC	30.05.1983	02.10.1984
9	China (People’s Republic of)	DTC	13.08.1997	24.03.1999
10	Croatia	DTC	30.09.2022	Not in force
11	Cyprus	DTC	18.10.2019	01.01.2021
12	Czechia	DTC	19.01.1995	04.10.1995
13	Denmark	DTC	09.02.1989	12.04.1990
14	Ethiopia	DTC	17.09.2011	26.11.2012
15	Finland	DTC	01.04.1965	03.04.1966
16	France	DTC	19.06.1980	01.10.1982
17	Georgia	DTC	25.05.2010	20.12.2012
18	Germany	DTC	08.12.1987	22.09.1991
19	Greece	DTC	27.11.2004	23.08.2006
20	Hungary	DTC	05.11.1991	20.05.1994
21	India	DTC	20.02.1969	30.09.1969
22	Indonesia	DTC	13.05.1998	26.02.2002
23	Iraq	DTC	31.03.1968	02.12.1968
24	Ireland	DTC	09.04.2012	24.04.2013

	EOI partner	Type of agreement	Signature	Entry into force
25	Italy	DTC	07.05.1979	28.04.1982
26	Japan	DTC	03.09.1968	06.08.1969
27	Jordan	DTC	08.05.1996	23.10.1997
28	Korea	DTC	09.12.1992	06.01.1994
29	Kuwait	DTC	16.12.2014	23.11.2016
30	Lebanon	DTC	17.03.1996	22.03.1998
31	Libya	DTC	03.12.1990	04.07.1991
32	Malaysia	DTC	15.04.1997	09.07.2002
33	Malta	DTC	20.02.1999	07.04.2001
34	Mauritius	DTC	22.12.2012	10.03.2014
35	Montenegro	DTC	31.07.2005	05.04.2006
36	Morocco	DTC	22.03.1989	21.09.1993
37	Netherlands	DTC	21.04.1999	20.05.2000
38	North Macedonia	DTC	22.11.1999	Not in force
39	Norway	DTC	20.10.1964	29.07.1965
40	Oman	DTC	19.06.2022	Not in force
41	Pakistan	DTC	16.12.1995	01.09.1998
42	Palestinian Authority	DTC	28.04.1998	28.12.1999
43	Poland	DTC	24.06.1996	16.07.2001
44	Qatar	DTC	27.02.2023	Not in force
45	Romania	DTC	13.07.1979	05.01.1981
46	Russia	DTC	23.09.1997	06.12.2000
47	Saudi Arabia	DTC	08.04.2016	01.07.2017
48	Serbia	DTC	31.07.2005	05.04.2006
49	Singapore	DTC	22.05.1996	27.01.2004
50	Slovenia	DTC	05.12.2009	Not in force
51	South Africa	DTC	26.08.1997	16.12.1998
52	Spain	DTC	10.06.2005	28.05.2006
53	Sudan	DTC	29.07.2002	30.08.2005
54	Sweden	DTC	25.12.1994	15.02.1996
55	Syria	DTC	19.07.1991	01.12.1991
56	Tunisia	DTC	08.12.1989	02.01.1991
57	Türkiye	DTC	25.12.1993	31.12.1996
58	Ukraine	DTC	29.03.1997	27.02.2002

	<b>EOI partner</b>	<b>Type of agreement</b>	<b>Signature</b>	<b>Entry into force</b>
59	United Arab Emirates	DTC	14.11.2019	01.01.2021
60	United Kingdom	DTC	25.04.1977	23.08.1980
61	United States	DTC	24.08.1980	31.12.1981
62	Uzbekistan	DTC	05.09.2018	25.03.2019
63	Yemen	DTC	12.12.1997	02.08.2000

## Regional instrument

Egypt is a signatory of the Arab Economic Unity Council DTC. This instrument was signed on 3 December 1997 by Egypt and entered into force on 24 February 1999. Besides Egypt, the 12 other members of this regional instrument are Iraq, Jordan, Kuwait, Libya, Mauritania, Palestinian Authority, Saudi Arabia, Sudan, Tunisia, Syria, United Arab Emirates and Yemen.

## Annex 3. Methodology for the review

The reviews are based on the 2016 Terms of Reference and conducted in accordance with the 2016 Methodology for peer reviews and non-member reviews, as approved by the Global Forum in October 2015 and amended in December 2020, and the Schedule of Reviews.

The evaluation is based on information available to the assessment team including the exchange of information arrangements signed, laws and regulations in force or effective on 19 December 2023, Egypt's EOIR practice in respect of EOI requests made and received during the three year period from 1 July 2019 to 30 June 2022, Egypt's responses to the EOIR questionnaire, inputs from partner jurisdictions, as well as information provided by Egypt's authorities during the on-site visit that took place between 21 May 2023 to 25 May 2023 in Cairo, Egypt.

### Summary of reviews

Review	Assessment team	Period under review	Legal Framework as of	Date of adoption by Global Forum
Round 2	Mr Grigori Davtyan (replaced towards the end by Ms Narine Mikichyan) (Armenia), Mr Joseph Balikuddembe (Uganda) and Mr Puneet Gulati (Global Forum Secretariat)	1 July 2019 to 30 June 2022	19 December 2023	27 March 2024

### Relevant laws, regulations and other materials

AML Law No. 80/2002, as amended from time to time, notably by Laws No. 78/2003, No. 181/2008, No. 36/2014, and No. 17/2020

Executive Regulations of the Anti-Money Laundering Law issued by Prime Minister Decree No. 951/2003 as amended from time to time

Banking Law No. 194/2020

Capital Market Law No. 95/1992 as amended by Law No. 17/2018 (relevant provisions)



Central Deposit and Registry of Securities Law No. 93 of 2000

Central Deposit and Registry of Securities Law Executive Regulations  
Decree 906 of 2001

Civil Services Law

Constitution of Egypt (relevant provisions)

Commercial Registry Law (CRL) or Law No. 34 of 1976 regarding the  
Commercial Registry, related Executive Regulations and Ministerial  
Decree No. 41/2020 of March 2020

Companies Law No. 159/1981 and related Executive Regulations

Customer Due Diligence Guidance issued by CBE and by EMLCU

Evidence law (relevant provisions)

Exchange of Information Manual (2022)

Financial Regulatory Authority Law No. 10/2009

Income Tax Law No. 91/2005 and related Executive Regulations

Investment Law No. 72/2017 Law 17/2018 amending the Capital Market  
Law

Law on Civil Associations and Foundations No. 149 of 2019

Law establishing the Endowments Authority No. 80/1971 and Ministerial  
Decision No. 30 of 2020, together with the Endowment Provisions  
Law issued in 1946

Law Governing the Legal Profession

Law on Practicing of the Accounting and Audit Profession

Law on Value Added Tax No. 67/2016

Parliament Rules of procedure

Prime Minister Decree No. 457 of 2020

Unified Tax Procedure Law No. 206/2020 and related Executive  
Regulations (including No. 286 of 2021)

Real Estate Tax Law No. 196/2008

Resolution No. 81/2018 by the FRA on

Trade Law No. 17/1999 (Commercial Code No. 17/1999 together with  
Trade Law of 1883) and Executive Regulation No. 286 of 2021

## Authorities interviewed during on-site visit

Central Bank of Egypt

Commercial Registry

Egypt Money Laundering and Terrorism Financing Combating Unit  
(EMLCU)

Egyptian Tax Authority

Financial Regulatory Authority

General Authority for Free Zones and Investments (GAFI)

Ministry of Finance

Misr for Central Clearing, Depository and Registry (MCDR)

## Annex 4. Egypt’s response to the review report<sup>29</sup>

Egypt expresses heartfelt thanks to the Assessment Team and Secretariat for their dedicated efforts and invaluable support during the Exchange of Information on Request Peer Review. Their expertise and commitment have been essential in guiding Egypt through the evaluation process. Egypt is deeply appreciative of their contributions, which have propelled progress towards our shared goals. Egypt extends sincere gratitude to the dedicated Egyptian authorities tirelessly working to maintain and enhance information exchange procedures within the country.

During the peer review period, Egypt demonstrated a commendable commitment to understanding and embracing global standards for the exchange of information. Through diligent analysis and collaboration with international counterparts, Egypt gained invaluable insights into the intricacies of these standards and their implications for its own exchange of information practices. Egypt has demonstrated its unwavering dedication to the peer review process and is currently discussing new legislation aimed at strengthening transparency and accountability. One significant stride is the ongoing dialogue surrounding regulations mandating companies to disclose their beneficial owners, a crucial step in combating money laundering, tax evasion, and other illicit activities. Additionally, Egypt is currently discussing fresh legislation to facilitate the exchange of information, aligning its practices with international standards and enhancing collaboration with other jurisdictions. These proactive measures underscore Egypt’s commitment to upholding the highest standards of integrity and co-operation, laying a solid foundation for a more robust exchange of information framework and bolstering its credibility on the global stage. On December 24, 2023, the Central Bank of Egypt introduced new Anti-Money Laundering (AML) Regulations for banks, aimed at enhancing the AML Framework within the banking sector. These regulations mandate all banks to update customer due diligence at specific intervals based on the customer’s risk profile. Low-risk customers must have their due diligence updated every five years, with

---

29. This Annex presents the Jurisdiction’s response to the review report and shall not be deemed to represent the Global Forum’s views.

banks required to reduce this period for higher-risk customers. The objective is to enforce a risk-based approach, ensuring banks always maintain updated records of customer information and beneficial ownership details.

Egypt is firmly dedicated to expanding its exchange of information network with peers. Recognizing the importance of international co-operation and transparency, Egypt continues to prioritize the establishment and enhancement of communication channels with its counterparts worldwide.

GLOBAL FORUM ON TRANSPARENCY AND EXCHANGE  
OF INFORMATION FOR TAX PURPOSES

**Peer Review Report on the Exchange of Information  
on Request EGYPT 2024 (Second Round)**

The Global Forum on Transparency and Exchange of Information for Tax Purposes is a multilateral framework for tax transparency and information sharing, within which over 160 jurisdictions participate on an equal footing.

The Global Forum monitors and peer reviews the implementation of international standard of exchange of information on request (EOIR) and automatic exchange of information. The EOIR provides for international exchange on request of foreseeably relevant information for the administration or enforcement of the domestic tax laws of a requesting party. All Global Forum members have agreed to have their implementation of the EOIR standard be assessed by peer review. In addition, non-members that are relevant to the Global Forum's work are also subject to review. The legal and regulatory framework of each jurisdiction is assessed as is the implementation of the EOIR framework in practice. The final result is a rating for each of the essential elements and an overall rating.

The first round of reviews was conducted from 2010 to 2016. The Global Forum has agreed that all members and relevant non-members should be subject to a second round of review starting in 2016, to ensure continued compliance with and implementation of the EOIR standard. Whereas the first round of reviews was generally conducted as separate reviews for Phase 1 (review of the legal framework) and Phase 2 (review of EOIR in practice), the EOIR reviews commencing in 2016 combine both Phase 1 and Phase 2 aspects into one review. Final review reports are published and reviewed jurisdictions are expected to follow up on any recommendations made. The ultimate goal is to help jurisdictions to effectively implement the international standards of transparency and exchange of information for tax purposes.

This peer review report analyses the practical implementation of the standard of transparency and exchange of information on request in Egypt, as part of the second round of reviews conducted by the Global Forum on Transparency and Exchange of Information for Tax Purposes since 2016.



PRINT ISBN 978-92-64-34193-7  
PDF ISBN 978-92-64-38046-2

