

Law no. 196 for the year 2008

Of issuing building tax

In the name of people

President of the Republic

The People's Assembly has decided the following law text, and we issued it:

(Article 1)

Concerning building tax, the attached law should be applied.

(Article 2)

With taking into consideration article 9 of this law; the following are to be nullified:

- Decree of law no. 61 for the year 1931 regarding the collection of guards 'fees.
- Law no. 56 for the year 1954 of building tax.
- Presidential decree no. 46 for the year 1968 to collect building tax that is imposed by law no. 56 for the year 1954, as an exception from the referred to rules of law no. 169 for the year 1961.
- Article no. 51 (items 1, 2, 3) and Article 69 (items 1, 2) of the law of local administration system issued per law no. 43 for the year 1979.
- Law no. 154 for the year 2002 regarding the continuation of work with the last public estimation of buildings' rental value taken as a base for tax calculation up till 31/12/2010.
- Articles no. 38, 40, 43 and 44 of income tax law issued per law no. 91 for the year 2005.

Every term that violates the rules of this law is to be nullified.

(Article 3)

- Items no. 37, 39, 45 and 46 of income tax law issued by law no. 91 for the year 2005 are to be replaced by the following articles:

Article (37):

- The revenues that submit to the tax include the following:
 - Revenues of the buildings rented according to the rules of the civil law.
 - Revenues of furnished units.

Article (39):

The taxable revenues of the rented buildings - or part of them - are estimated according to the civil law based on the actual rent, discounting 50% in return of all costs and expenses.

Article (45):

The sum paid by the taxpayer is to be discounted from the due tax according to the rules of the fifth chapter of the second division of this law. The sum discounted should not exceed this tax.

Article (46):

Article no. 39 of this law is applied to the buildings that are among the assets of the organization or firm.

(Article 4)

Every tax payer is exempted from paying all the sums of tax due on all his/her buildings for the periods prior to the date of effecting this law, in addition to any additional fines or taxes related to this tax, provided that the payer should previously be registered in the records of real estate tax bodies, and that he should present a declaration according to article 14 of the attached law within a year as from the date of effecting this law.

(Article 5)

Litigation is terminated for all the lawsuits between RTA and taxpayers that have not been settled yet or those that are registered or brought before all courts with their different levels before 1st of January, 2008, regarding the litigation of estimating the rental value that is taken as a base to assess the building tax, if the annual rental value in dispute does not exceed 2000 pounds. No claims are allowed for the unpaid taxes related to these lawsuits.

In all cases; terminating the litigation does not mean that the taxpayer has the right to get back what he has paid to settle the account of the tax due on the rental value in dispute.

The mentioned above is implemented unless the taxpayer submits an application to the concerned court, demanding the continuation of the lawsuit within six month as from the date of effecting this law.

(Article 6)

In lawsuits- other than what is mentioned in the previous article –taxpayers; who have litigations with RTA registered or brought to before different levels of courts before 1st of January 2008; have the right to ask for settling these litigations within a year as from the date of effecting this law in return of paying a proportion of the tax and the other sums due on the annual rental value in dispute according to the following categories:

1- 10% of the buildings' tax and the other sums of money which are due on the annual rental value in dispute unless the rental value does not exceed 20000 pounds.

2- 20% of the tax and other due sums on the annual rental value in dispute if the rental value exceeds 20000 pounds, after paying the proportion mentioned in item 1.

If the taxpayer paid the stipulated proportions of the tax according to the two previous items; this should mean that he is discharged of the tax and the other due sums in dispute. The lawsuit is settled if the taxpayer submits to the court the documents that prove the payment of the tax.

In all cases; terminating the litigation does not mean that the tax payer has a right to get back what he has paid to settle the account of the tax due on the rental value in dispute.

(Article 7)

Taxpayers – who are supposed to pay the tax within the appeals submitted before 1st of January 2008 to the revision committees stated in article 16 of law no. 56 for the year 1954 of the decisions of estimation committees – have the right to ask for retaining their appeals upon paying a proportion of the tax and the other sums of money due on the annual rental value; which is appealed against; according to the following categories:

1. 10% of the building tax value and the other due sums on the annual rental value if it does not exceed 20,000 pounds.

2. 20% of the building tax value and the other due sums on the annual rental value if it exceeds 20,000 pounds, after paying the proportion stated in item 1.

Retaining the appeal does not mean that the taxpayer has the right to get back what he has already paid according to the estimation appealed.

The previously mentioned appeals are retained per law if submitted by the government.

(Article 8)

Minister of Finance is to issue the executive regulation of the attached law within six months as from the date of its publication in the gazette. The current regulations and decisions remain applicable until the previously mentioned regulation is issued; as long as they do not conflict with the rules of this law and the attached law.

(Article 9)

This law is to be published in the gazette, and to be activated the day next to the date of its publication; with taking into consideration the following:

- 1- The tax being assessed according to the attached law is to become payable starting from 1st of January of the year following the year in which the assessment procedures start.
- 2- Articles no. 2 and 3 of this law are to be activated starting from the date in which the assessed tax becomes payable according to the attached law, as stated in the previous item.

This law is to be imprinted by the state's seal, and to be executed as one of its laws.

Issued by the Republic Presidency on 19th of Gomada Alakher 1429 Hegri (23rd of June 2008)

Hosni Mubarak

Law of Building Tax

First Section

General Rules

Article 1:

To implement the rules of this law; the following words and statements are intended to signify the meaning shown in front of each of them;

- Tax: building tax
- Minister: Minister of Finance
- RTA: Real-Estate Taxation Authority
- The governor: the concerned governor in whose governorate the building exists.

Article 2:

The tax payer is the owner of the building or the beneficiary; whether he/she is a normal person or legal person. The legal representative - of the legal person or the normal person (who is not legally competent) – is to pay the tax on behalf of the one he/she represents.

Article 3:

The tax becomes payable on the 1st of January every year.

Article 4:

The annual rental value of buildings is estimated according to this law. The estimation remains valid for five years. Once the five years are over, the estimation should immediately be redone. The procedures of tax re-estimation should start one to three years at most before the period of the five years is over. The executive regulation determines the re-estimation procedures.

The rental value and the exemptions determined for the buildings that submit to the rules of rent fixing - according to laws no. 49 for the year 1977 of renting and selling the places, regulating the relation between the lessor and the lessee, as well as the laws of renting the places that were issued before these two laws - become applicable. The rental value of these buildings is to be re-estimated once the rental relation is terminated with any legal way.

Article 5:

The redoing of the five-year-estimation should not result in increasing the rental value of buildings that are used for residence more than 30% of the previous five-year-estimation, and no more than 45% of the previous five-year-estimation concerning the buildings used in purposes other than residence.

Article 6:

The tax is to be paid – according to this law – at RT directorates in the governorates and their branch offices.

Article 7:

Only administrative judiciary has the right to settle the disputes concerning the execution of this law.

"Second Section"

Tax price and tax validity range

Article 8:

An annual tax is imposed on buildings; regardless their construction material or the purpose for which they are used; whether they are built on or under the ground or on water; also whether they are occupied for or without fee. The tax is also imposed whether the building is wholly built and occupied or incomplete and not occupied or incomplete but occupied. The executive regulation states the procedures of surveying buildings.

The tax is imposed on all the buildings – and what are classified as buildings- all around the country.

Article 9:

The following are classified as "buildings":

- 1- Buildings specified for managing and using public utilities which are managed through obligation, utilization licensing or usufruct; whether the building is constructed on a piece of land owned by the state or obligors, utilizers or beneficiaries; whether it is stated or not in their contracts that the building's ownership goes eventually to the state at the end of the contracting or licensing.
- 2- Utilized empty lands whether or not they are annexed to the buildings; fenced in or not.
- 3- Constructions built on the roofs or frontages of buildings; whether they are rented or the construction is in return for a utility or a fee.

Article 10:

Building tax is imposed on the buildings that are constructed on agricultural lands; provided that the tax on agricultural land is to be imposed on these lands as well - without violating agriculture law no. 56 for the year 1966 and its amendments.

The executive regulation states the required procedures.

Article 11:

The following is not submitted to the tax:

- 1- Buildings owned by the state and allocated for public benefit.

Buildings owned privately by the state on condition that they submit to the tax starting from the beginning of the month following the date of passing their disposal to individuals or legal persons.

2- Buildings allocated for practicing religious rituals or teaching religion.

3- Buildings being expropriated for public benefit; starting from the date of their actual expropriation.

Article 12:

Tax price is 10% of the annual rental value of buildings submitting to the tax; after excluding 30% of this value as for the places used for residence, and 32% concerning the places used for purposes other than residence: in return for all the expenses paid by the taxpayer including the maintenance costs.

The indicators mentioned in the two tables attached to this law are to be used as a guide for determining the tax.

"Section three"

Tax survey; estimation and appeals

"Chapter one"

Survey and Estimation

Article 13:

In each governorate "survey and estimation committees" are to be formed to enumerate and estimate the buildings 'annual rental value. The rental value is to be categorized according to the building standard, the geographical location and the annexed utilities; as regulated by the executive regulation. The Minister issues the decision of forming the committees in accordance with the Minister of Housing.

These committees are headed by RTA envoy and the membership of two envoys of Ministry of Finance and Ministry of Housing, as well as two taxpayers that follow each committee chosen by the governor upon the nomination of the local public council of the governorate. The executive regulation states the way and procedures of the work of these committees and their specialization.

Article 14:

Each taxpayer has to submit a declaration to RTA branch office – which the building is located within its jurisdiction- in the following dates:

- 1- In the case of the five-year-survey the declaration is to be presented in the second half of the year right before the survey. The declaration should include all the buildings which the taxpayer owns or utilizes.
- 2- As for the annual survey; the declaration should be presented maximamly by the end of December every year. The declaration should include the following:
 - The new buildings
 - Parts added to the previously surveyed buildings.
 - Buildings that are partially or totally modified which causes an alteration of their shape or way of utilization; which in turn affects their rental value considerably.
 - Buildings and the unattached empty lands that should be included in the declaration.

Article 15:

The estimated rental values - determined by the committees mentioned in article 13 of this law – are to be announced in the places stated in the executive regulation after being authorized by the Minister or his deputy; and to be published in the gazette.

Every taxpayer should be informed of the previously mentioned estimations via a registered letter to the address entered at RTA branch offices or which is written in the declaration submitted by the taxpayer.

(Chapter Two)

Appeals against rental value estimations

Article 16:

Taxpayer has the right to appeal against the estimated rental value of the whole building or part of it within the 60 days that follow the date of announcement according to article 15 of this law. The appeal is submitted on an application to RTA directorate which the building is located within its jurisdiction; or one of RT branch offices. The appellant should pay 50 pounds as an insurance that is paid back to him once his appeal is accepted.

RTA directorates in governorates have the right to appeal against these estimations at the date stated in the previous paragraph if they find out that the estimated rental value; or part of it is less than the real value. The appeal is to be submitted on a memo to the Minister or his deputy by the manager of the RTA directorate.

Article 17:

The appeal is settled by one committee or more which are called "appeal committees". These committees are formed in each governorate per the Minister's decision and headed by one of the current or former experienced employees in RTA, and the membership of one of the employees of the body responsible for tax assessment and collection. Also the members should include a representative of Ministry of Housing; two consultative engineers in construction field or those who have experience in the field of buildings' estimation which are chosen by the governor upon the nomination of the local public council of the governorate.

The member should not combine the membership of survey and estimation committees with that of appeal committees.

The committees' session is not held valid unless at least four members are present; among them is the chief. The decisions of the committee are issued according to the

majority of those who are present. In the case of equal votes the preference is to the side of the chief. The committee should issue its decision within 30 days starting from the date of submitting the appeal, and the decision should be final.

The executive regulation states the working procedures of appeal committees.

(Chapter Four)

Tax Exemptions

Article 18:

The following is to be exempted of tax:

- 1- Buildings owned by associations that are registered according to the law. Also labor organizations which those buildings are allocated for the management offices of these organizations, or for the purposes for which they were established.
- 2- Educational institutions, hospitals, clinics, orphanages and charitable institutions
- 3- Headquarters owned by political parties and vocational syndicates provided that the building is used for the purposes for which it was constructed.
- 4- Every unit in a building used for inhabiting and its annual rental value is less than 6000 pounds, provided that any other sum that exceeds that amount should submit to the tax
- 5- Yards and cemeteries
- 6- Youth and sport centers built according to their regulating laws
- 7- Buildings owned by foreign governmental bodies provided that there should not be any taxes similar to this tax in these foreign countries, if so; the Minister, after consulting the Minister of Foreign Affairs, may exempt those buildings from tax
- 8- Buildings allocated for the benefit of the surrounding agricultural lands
- 9- Buildings allocated to be used in social occasions without aiming at any profit

If any of these tax exemption ceases does not exist; the taxpayer has to present a declaration to RTA branch office - which the building is located within its jurisdiction- within 60 days starting from the date at which the reason of exemption has ceased to exist; in order to re-impose the tax on that building

starting from the 1st of January of the year that follows the date at which the reason of exemption ceased to be valid.

The executive regulation states the procedures of applying the rules of this article.

Article 19:

The tax is lifted in the following cases:

- 1- If the building has become exempted according to article 18 of this law
- 2- If the building collapses entirely or partially to the extent that it is no longer utilized wholly or partially
- 3- If the empty land that is separate from the buildings has become unused. In this case; it depends on whether the whole building or part of it, is going to be exempted.

Article 20:

The tax is lifted in the cases mentioned in article 19 upon taxpayer's request, as from the first of the month in which he submits the request application until the date at which the reason of exemption ceases to exist. The request is not accepted unless the taxpayer pays 50 pounds as well as presents a proof that he/she has paid the last due installment of tax by the time he presents his request. The insurance sum is to be paid back to him if the request has been accepted.

The executive regulation states the procedures of lifting the tax.

Article 21:

Committees of tax survey and estimation are responsible for considering and settling tax lifting requests.

Taxpayer has the right to appeal against the committees 'decision within 30 days as from the date he is informed of the decision. The appeal is submitted to the appeal committee as stated in article 17 of this law. The committee has to issue its decision within 30 days starting from the date at which the appeal has been submitted.

Article 22:

If any exemption ceases to exist; taxpayer has to inform the concerned RTA branch office within 60 days starting from the date at which the reason of exemption has ceased to exist; in order to re-impose the tax on that building starting from the

beginning of the year in which the reason of exemption has ceased to exist until the end of the estimation period.

(Chapter Five)

Tax Collection

Article 23:

Per this law, the due tax is collected in two installments. The first installment is to be paid up till the end of June, and the other one up till the end of December of the same year. The tax payer may pay the whole tax at the date of paying the first installment. The tax whose assessment has for any reason been delayed to a date next to its due date is to be paid in installments within a period equal to that of the delay.

Article 24:

The tenants are responsible for paying the tax- jointly with the taxpayers- within the limits of the due rent which they should pay, and after informing them with a registered letter. The bills of collecting the tax and its attachments delivered to the lessees are considered to be a receipt from the taxpayer of what is collected, and a receipt from the tenant of the rent that has been paid.

Article 25:

When collecting the tax and the other due sums stated per this law; the rules of law no. 308 for the year 1955 of administrative seizure are to be implemented- with no violation to the right of RTA to carry out the collection procedures through juridical siege according to the law of civil and commercial procedure.

Article 26:

Regarding the collection of tax and the other due sums, public treasury per this law, has a prerogative on the buildings submitted to the tax, the rent of these buildings and the personal property owned by the taxpayer which exist in the building.

Article 27:

According to this law a delay charge should be paid for what is not paid of the tax as from the 1st of January that follows the year for which the tax should be paid.

The delay charge is estimated on the basis of credit price and the discount announced by the central bank in the 1st of January prior to that date plus 2%, with exclusion of fractions of the month and of the pound, in return for the delay period.

Appeal or resorting to judiciary does not nullify the payability of this charge. The delay charge is dealt with as a tax debt.

Article 28:

The collected sums of real estate tax and other sums stated in this law go to public treasury. Each governorate has 25% of the tax revenue that is collected within its jurisdiction, with no less than what is collected of this tax during the fiscal year 2006/2007. When necessary; this percentage may be increased according to a decision by Prime Minister upon the request of the Minister of Finance.

Article 29:

Public treasury takes over the due tax if the tax payer, or his inheritors, endure social changes that lead to their inability to pay the tax.

The executive regulation states the necessary procedures of implementing the previous paragraph.

(Chapter six)

Penalties

Article 30:

Every taxpayer- who did not submit the declaration stated in article 14 of this law or he who submitted a declaration with unreal data that affects what exceeds 10% of the tax debt – is to be penalized with a fine that is no less than 200 EGP and no more than 2000 EGP.

In all cases the fine stipulated is doubled if the same violation is repeated within three years.

Article 31:

Without breaching any greater penalty stated by penal law or any other law, every taxpayer -who violates the rules of this law with the intention of tax evasion – is to be punished by a fine no less than 1000 EGP and no more than 5000 EGP in addition to a compensation that is equal to the unpaid tax. This applies to the following cases:

- 1- Submitting incorrect or forged papers or documents to the survey and estimation committee or the appeal committee. Also showing untrue data when standing before these committees for discussion; in order to affect their decisions.

- 2- Presenting incorrect data in order to be undeservedly exempted of tax.
- 3- Presenting incorrect data that lead to issuing a decision of lifting the tax undeservedly.

Article 32:

Concerning the crimes stated in the previous articles; no prosecutions or investigations may be carried out unless in accordance with a written request from the Minister or his deputy.

Article 33:

The Minister or his deputy has the right to make conciliations concerning the crimes mentioned in the previous articles anytime even after a final judgment has been passed in return of paying the due tax and the delay fine stated in Article 27 of this law in addition to the compensation stated in Article 31 of this law.

Conciliation terminates the lawsuit and all that was resulted accordingly. Public prosecution stops the execution of the penalty if the conciliation takes place during the execution process.

Article 34:

The employees who implement the rules of this law – who are selected per a decision by the Minister of Justice in agreement with the Minister of Finance – have the competences of judicial receivers concerning the violations of this law, its executive regulation and the other decisions concerning its implementation. They also have the right to take the procedures stated in this concern.

Article 35:

The employees of RTA directorates and its annexations in the governorates are transited with their financial degree from the balance of the governorates to that of RTA, in addition to the specializations related to these degrees.

The Minister has the right to put a system or more for rewarding the RTA employees according to their performance rates, the size and quality of their achievements at work, regardless of any other system.

Tax charges paid by building tax payers "concerning housing

(Values are in pounds)

Market value of housing units	Unit's capital value	Unit's annual rental value	Tax charges according to the draft law			Tax charges according to the current law	
			Tax base	The annual due tax	Tax charges as a percentage of the market value	Tax base	The annual due tax
50.000	30000	900	5370	-	-	720	288
100.000	60000	1800	4740	-	-	1440	576
150.000	90000	2700	4110	-	-	2160	864
200.000	120000	3600	3480	-	-	2880	1152
250.000	150000	4500	2850	-	-	3600	1440
300.000	180000	5400	2220	-	-	4320	1728
350.000	210000	6300	1590	-	-	5040	2016
400.000	240000	7200	960	-	-	5760	2304
450.000	270000	8100	330	-	-	6480	2592
500.000	300000	9000	300	30	01.0%	7200	2880
600.000	360000	10800	1560	156	03.0%	8640	3456
700.000	430000	12600	2820	282	04.0%	10080	4032

Market value of housing units	Unit's capital value	Unit's annual rental value	Tax charges according to the draft law			Tax charges according to the current law	
			Tax base	The annual due tax	Tax charges as a percentage of the market value	Tax base	The annual due tax
800.000	480000	14400	4080	408	05.0%	11520	4608
900.000	540000	16200	5340	534	06.0%	12960	5184
1.000.000	600000	18000	6600	660	07.0%	14400	5760
1.500.000	900000	27000	12900	1290	09.0%	21600	8640
2.000.000	1200000	36000	19200	1920	10.0%	28800	11520
3.000.000	1800000	54000	31800	3180	11.0%	43200	17280
4.000.000	2400000	72000	44400	4440	11.0%	57600	23040
5.000.000	3000000	90000	57000	5700	11.0%	72000	28800
7.000.000	4200000	126000	82200	8220	12.0%	100800	40320
9.000.000	5400000	162000	107400	10740	12.0%	129600	51840
11.000.000	6600000	198000	132600	13260	12.0%	158400	63360
13.000.000	7100000	234000	157800	15780	12.0%	187200	74880
15.000.000	9000000	270000	183000	18300	12.0%	216000	86400

Tax charges for industrial institutions

(Values are in thousand pounds)

Land area (in square meter)	Buildings area (in square meter)	Buildings' calculated value	Annual rental value	Tax base	Annual due tax
1.000	600	120	4	2	-
5.000	3.000	600	18	12	1
10.000	6.000	1.200	36	24	2
30.000	18.000	3.600	108	73	7
40.000	24.000	4.800	144	98	10
50.000	30.000	6.000	180	122	12
60.000	36.000	7.200	216	147	15
70.000	42.000	8.400	252	171	17
80.000	48.000	9.600	288	196	20
90.000	54.000	10.800	324	220	22
100.000	60.000	12.000	360	245	24
500.000	300.000	60.000	1.800	1.224	122
1.000.000	600.000	120.000	3.600	2.448	245

*calculated on the basis of 200 pounds for square meter