

**Decision of ARE President**  
**Ratifying Law 117/2014**  
**Amending some rules of buildings tax law**  
**Issued upon Law 196/2008**

**ARE President:**

At sight of the constitution,

The buildings tax law issued upon Law 196/2008 and its amendments; and

Upon the State Council's decision and the ministerial cabinet's approval;

Ratifies the following law text:

**Article (1)**

Article (9), Item (1) of Law 196/2008 to issue the buildings tax law, is to be replaced by the following text:

1. Tax imposed upon the first evaluation is due as of 1<sup>st</sup> July, 2013, and then it becomes due as of 1<sup>st</sup> January of each year according to the law rules attached. Work with this evaluation is to continue till the end of December, 2018.

**Article (2)**

Articles (5), (13), (15 b), (17) and (18 a) of the buildings tax law referred to, are to be replaced by the following texts:

**Article (5)**

"It is not permitted by no means that the five-year re-evaluation may lead to an increase in tax imposed on properties used for housing to exceed (30%) of the tax due, according to the previous five-year evaluation, or to exceed (45%) of the tax due, according to the previous five-year evaluation, on properties used for non-housing purposes. "

### **Article (13)**

In each governorate, committees called "Survey and Evaluation Committees" are formed to take the responsibility of calculating and evaluating the rental value of buildings, categorizing them according to building level, geographic location and utilities connected, based on the executive regulation.

The Committees, referred to above, are formed upon a decision released by Minister of Finance (MF hereafter) or a delegate chosen by MF. A representative of RETA heads the committee; in addition to two members; one representing of the governorate in which the building locates, the other is one of the taxpayers within the jurisdiction of the committee, and both selected by the governor. The governor selects the two members out of the candidates nominated by the local assembly, in case it exists.

In case the committees survey and evaluate the institutions stated in the last paragraph of this Article, the representative of the taxpayers to be a member at the committee, is selected upon nomination of Federation of Egyptian Industries, the competent Federation of Chambers, or upon nomination by the competent minister concerning the activity; the authorities of which do not gather in a federation. The nominee must have experience in the activity field.

The executive regulation specifies the way of work and the proceeds of these committees, as well as the jurisdiction of each of these committees.

Criteria, to estimate the industrial, touristic, and petroleum institutions, airports, ports, mines and quarries as well as all the similar special enterprises are taken into consideration to set tax base for these institutions. This is upon a decision by Minister of Finance in accordance with the competent minister within three months as of the date the decision is activated by a law. Table 2

attached is a guiding table which can be amended according to the evaluation criteria agreed upon.

**Item 15b:**

"The rental value estimator must be notified in writing on a form specified by the executive regulation, if the evaluation result is to impose tax."

**Article (17)**

"Settling the appeal, one committee or more (called the appeal committee) is created in each governorate and formed upon ministerial decision. An expert, other than the current or the previous employees at RETA, heads this committee, in addition to the membership of an employee working at the office of levying and collecting tax, construction consultant engineer or property evaluator; nominated by the Engineers Association or the Egyptian Financial Supervisory Authority (EFSA), or the Central Bank, out of the persons registered at the association, EFSA or the Bank.. As per case, the nominee to get the membership of the committee must be one the evaluators within the committee jurisdiction.

In case of reviewing the appeals submitted by the institutions stated in the last Item of Article (13), the rule of Item 3 of the same article is valid for putting up a representative evaluator as a member at the appeal committee.

Having the membership of both survey and evaluation committees and appeal committees is not permitted.

Holding the committee is not legal, unless it is convened in complete. The committee's decisions are taken upon the majority's opinion. The decision is taken within 30 days as of the date on which the eligible appeal is submitted. The decision is taken as final.

The executive regulation clarifies the work procedures of the appeal committees."

## **Article (18)**

### **Item 1b**

"With no breach to exemptions stated in Article 4 of this law, the following is to be exempted:

- (a) Buildings owned by associations registered according to law as well as the labor organizations allocated for the associations' office administration or to practice the activities that they are intended for.
- (b) The buildings of non- profit educational institutions, hospitals, dispensaries, orphanages and charities.
- (c) The building unit used by the taxpayer and his/her family as a main housing residence, whose net annual rental value is less than LE24.000 (twenty- four thousand Egyptian pounds); taxed any rental value that exceeds this amount. Family includes the taxpayer, his/her spouse and his/her under-aged children when applying the rule of this item.
- (d) Every unit used for commercial, industrial, administrative or craft, whose net annual rental value is less LE 1200 (one thousand and two hundred Egyptian pounds), taxed any rental value that exceeds this amount.
- (e) Youths' and sport centers established as per related organizing laws.
- (f) Real-estates owned by foreign governments provided the reciprocity of treatment. In case the same tax is not levied in any of the foreign countries, MF may tax exempt the owned real-estates upon consulting the Foreign Minister.
- (g) Non- profit houses used for social occasions

(h) Clubs and hotels affiliated to the Military Forces, houses of military forces, centers, medical centers, hospitals and clinics as well as the buildings within their jurisdiction and any other units suggested by the Agency of the Operations of the Armed Forces; provided that a decision by the Minister of Defense is released in accordance with the competent minister to specify these units. In all cases any of these bodies are not to be submitted to the survey and evaluation committees as per considerations of defense affairs and nation security requirements."

### **Article (3)**

Added to Article (11) of the building tax law a new Item (d) that states the following:

(d) "Courtyards and cemetery buildings"

### **Article (4)**

Dates stated in the referred-to building tax law are to be modified as per the amendment mentioned in Article (1) of this law.

### **Article (5)**

This law decision is to be publicized in the formal journal, and is considered valid as of the following day of publication.