

The law

1. Is building tax new?

Tax settlement

2. How does the new law deal with the owners of buildings that are not registered at RETA?

The taxpayers

3. Who is the taxpayer?
4. Who is the person in charge of paying the tax; the owner or the tenant?

Taxability

5. What are the taxable properties?
6. What is the condition of the complete, unoccupied real-estates?
7. Will vacuum land be taxed?

Non-Taxability

8. When are the non-taxable real-estates?
9. Are the real-estates owned by the governmental authorities to be taxed?
10. Are real-estates owned by the state as private possession to be taxed?

Rental value estimation, the competent authority and rules of estimation

11. How is the rental value - taken as the buildings tax base - calculated?
12. What is the tax rate?
13. What are the expenses of the maintenance excluded from the tax?
14. What authority will evaluate the buildings rental value?
15. What ensures that the estimation of the committees is not marred by corruption or bribery?
16. Do the survey and estimation committees influence the rental value (the tax base)?
17. Is the rental value (the tax base) of this law the new rents?

Survey duration and re-estimation

18. How long will the evaluation be valid? On what basis the duration of this evaluation does rely?
19. Will the tax be increased after the five- year duration stated in this law?
20. How can the taxpayer be protected against any large increase in tax when re-evaluating?



Publication of the estimations, notifying the taxpayer and

The right of appeal

21. How does the taxpayer know about the tax on his/her real-estates?
22. Does the taxpayer have the right to appeal against the rental value estimations (the tax base) and the tax notified with? And how?
23. Some fear the unfairness of the appeal committees?

Tax duality (between agricultural land and buildings)

24. What about the buildings established on agricultural land (Aryan) on which an agricultural land tax is levied?
25. What is the relation between Aryan tax levied on agricultural land and the buildings tax?

Tax declaration

26. Who is to submit the tax declaration?
27. Is the tenant obliged to submit the tax declaration?
28. How can the owner who has several units in one building submit the tax declaration? And how can the tax declaration of an owner, who has only one unit in the same building, be submitted?
29. When should the taxpayer submit the tax declaration? Should the tax declaration be submitted annually like the income tax?



- 30. May the taxpayer authorize someone else to receive and submit the tax declaration?**
- 31. Should a tax declaration for the tax-exempted unit be submitted?**
- 32. In what cases should not the tax declarations be submitted?**
- 33. Where should tax declarations be submitted?**
- 34. May any member of the family submit the tax declaration of my father or should there be an accreditation?**
- 35. My brothers and I own a building and we seasonally and not permanently rent its units, do we have to mention the seasonal rent in the tax declaration and hence be taxed as it was rented all year long?**
- 36. My brothers and I live in a six-unit building as its owners, so what rent should I mention in the tax declaration?**
- 37. I own an apartment in Bolaque el-Dakrori, a villa in Haram and a building in Agouza, should only one tax declaration be submitted, or a tax declaration for each unit? Are all the tax declarations submitted at one place or not?**
- 38. I own a building located in 6 October City, it is uninhabited and under finishing with no electricity, should I submit a tax declaration for this building?**



39. I own an apartment affiliated to the Cooperatives and the installments have not been wholly paid, should I submit a tax declaration for this apartment?
40. I own a shop which I have not obtained yet and it is still under finishing. Should I submit a tax declaration for this shop?
41. A person owns a unit in Masaken Sheraton via an ownership contract from Misr el-Gedida for Housing and Construction Company. Is he/she obliged to submit a tax declaration in his/her name or the owner company is the one obliged to submit the tax declaration?
42. A building owned by heirs, one of the heirs purchased a unit via a contract signed by the rest of the heirs and paid for it, so the unit has become his. Is he obliged to submit a separate tax declaration or should it be within the building tax declaration? In another meaning, what about the building which has some units leased for others and other units owned by others?
43. My brothers and I own a garage in a building. The garage is utilized for a rent and I do not own any other units in the building. Is the garage to be taxed? Should a tax declaration be submitted for this garage?
44. What about submitting tax declarations for the buildings under construction (only the concrete structure); then the owner stopped building?



45. What about submitting tax declarations for the units of an owner who owns only the building without owning the land, because the seller sold out the unit without the right of the buyer to own the land (only usufructuary right) such as the lands of the Armed Forces?

46. What is the legal stance of an owner who has several units in various regions, shall the owner submit a tax declaration for each tax office separately?

Tax exemptions

47. What are the tax-exempted real-estates?

48. What are the exemptions the new law has kept?

49. What are the terms to exempt the buildings owned by labor societies and organizations which are allocated for the administration offices or for the purposes they are established for?

50. What are the terms to tax-exempt the educational institutions, hospitals, dispensaries, orphanages and charities?

51. What are the terms to tax-exempt youth's and sport centers established per law?

52. What are the terms to tax-exempt buildings owned by foreign governmental authorities?

53. What are the terms to tax-exempt houses used for social occasions?

54. What is the procedure taken if the building is no longer tax-exempted?

55. What about the units leased as per the old rents?

56. Are there limits for tax-exemptions in this law?

Detaxation

57. What are the cases of temporarily de-taxation?

58. What should the taxpayer do if one of the de-taxation cases applies to him?

59. What is the common practice in case the de-taxation reason is no longer exist?

Tax collection

60. When is the tax due?

61. Where should the real-estate tax be paid?

62. How could the taxpayer pay the tax if he/she can't move from one place to another?

63. What about the person who can't afford paying the tax on his/her house; place of residence, if he/she owns this house?

64. What is the procedure to be taken in case of inability to pay the tax?

Taxation Penalties

65. What are the cases of tax evasion?

66. What is the penalty of tax evasion?



67. What about the taxpayer who is late to pay on time?

68. Will there be delay fines for the years the taxpayer did not pay the tax in case the taxpayer is informed of the tax after survey and estimation at a date later to that of tax maturity?

69. What is the penalty of not submitting tax declaration?

70. Is there a possibility for composition with the authority?

71. Are units used in commercial or industrial purposes different from the residential units in taxation?

72. How tax burden is calculated for residential units in the new law?

The law

1. Is building tax new?

The new building tax law does not levy new tax, as it is a tax that was already levied upon Law 56/1954. Law 56 had been valid until the new law was ratified. The citizens pay this tax under the name the community knows as "revenues", which is originally the building tax. This tax is levied according to the previous Law 56/1954 as a proportion of the building rental value; 10 % for the non-residential unit according to the escalating tranches for the residential units with rate starting from 10 % to reach its top of 40% within the higher tranche.

Tax settlement

The new law does not turn away from the tax base, as the tax will be levied on the building rental value. The main difference between the two laws lies in the new law taking 10 % as the minimum tax rate.

2. How does the new law deal with the owners of buildings that are not registered at RETA?

To create trustful relationship between the tax community and RETA, the law openly states that the taxpayers who are not registered at RETA be exempted from paying any charges may result due to tax of previous years, provided that tax declaration of their buildings be submitted within a year as of the date the law becomes effective, to tax them with immediate effect not retroactive effect.

The taxpayers

3. Who is the taxpayer?

The taxpayer is the building owner or the person who has the real right to utilize or to use it, whether a natural person or a legal person. The legal representative of the legal person or the unable natural person is eligible to pay the tax on behalf of his/her mandatory.

4. Who is the person in charge of paying the tax; the owner or the tenant?

The law asserts that the owner of the building or the person, who has the real right to utilize or to use it, is the person in charge of paying the building tax.

Namely, the tenant is not expected to pay this tax. Besides, the tenant may not be asked to pay the tax except within the due rent if the owner refuses to pay the tax and RETA notifies the owner via a registered letter. In this case, the receipt the tenant gets denoting the collection of the tax is considered one by the taxpayer clarifying receiving the due rent within the charge paid to RETA. Consequently, the owner may not demand the tenant to pay the charge paid to the collection office or file a lawsuit to expel the tenant for not paying the rent.

Taxability

5. What are the taxable properties?

This tax applies to all properties established on Egyptian land other than the non-taxable properties, whether rented or occupied by the owner himself who is the taxpayer, whether they are complete and inhabited, complete and uninhabited or inhabited and incomplete.

This means that all current established properties are taxable, whether established villas, buildings, floating houses or chalets whatever their locations are.

The tax is also levied on vacuum land used for garages, arboretums, rented and others, and tax-exempted if not utilized.

Also taxable are the structures established on roofs or buildings interfaces if rented or they are for rent or utilization. It is meant by the property in the new law each residential unit in a building not the whole building.

6. What is the condition of the complete, unoccupied real-estates?

As long as the building is established and becomes complete, it is taxed even if it is uninhabited. Hence, the new law does not deal with the vacancy cases. So, there is no room for the unoccupied units to be tax- exempted.

7. Will vacuum land be taxed?

Vacuum land is not taxed as long as it is not utilized. If the taxpayer uses the vacuum land for any type of utilization, it is taxed whether it is annexed to buildings or not, or fenced in or not.

Non-Taxability

8. When are the non-taxable real-estates?

Article (11) of law 196/2008 stipulates that the non-taxable real- estates are as follows:

- a. State-owned buildings specified for public utility and state-owned buildings as private possession, provided that they are taxed as of the beginning of the month following the selling out of these buildings to individuals or legal persons.
- b. Buildings allocated for performing religious rites and religion learning
- c. Buildings that are expropriated for public utility as of the date of actual seizure by the authorities taking over the ownership.
- d. Courtyards and cemeteries

9. Are the real-estates owned by the governmental authorities to be taxed?

Governmental authorities owned by the state are not taxed if they are allocated for public use.

10. Are real-estates owned by the state as private possession to be taxed?

Real-estates owned by the state as private possession are not taxed according to Article (11) of Law 196 for the year 2008. In case the state disposes its private possession (e.g. by selling it out) to individuals and companies, they are taxed as of the first of the month following the date of disposition.

Rental value estimation, the competent authority and rules of estimation

11. How is the rental value - taken as the buildings tax base - calculated?

The buildings rental value is estimated by the survey and estimation committees stated in Article (13) of the law, after dividing it according to the bases and rules of evaluation adopted by the survey and estimation committees.

12. What is the tax rate?

The tax rate is 10% of the annual rental value for residential and non-residential units.

13. What are the expenses of the maintenance excluded from the tax?

30% for maintenance expenses will be excluded for residential units, while 32% excluded as for non-residential expenses.

14. What authority will evaluate the buildings rental value?

The rental value is calculated by the survey and estimation committees. These committees are formed by RETA delegate as the head. The role of these committees

is extremely limited in influencing the rental value as the estimation is determined after inputting the data written by the taxpayer as well as the survey data collected with knowledge of the committee on mathematical forms prepared for the purpose of estimation into computers that output results highly similar to reality.

15. What ensures that the estimation of the committees is not marred by corruption or bribery?

The committees will validate a great number of objective descriptions: building location (street width, whether it has trees, well-paved, overlooking, a garden, river, sea and others or not), building materials, building date, the district in which the building is located (whether it has utilities or not, maintained or not, does the utilities are connected to all units or not?). In addition, the applied rents in the district in which the building located will be detected as well as the sales rates of buildings within the district during the five years preceding the evaluation date. The committees will not take any procedures to evaluate the rental value, but it will centrally be determined via calculations and automated programmes.

16. Do the survey and estimation committees influence the rental value (the tax base)?

The role of the committees is extremely limited in influencing the rental value for two reasons:

- **First:** the committees are formed with RETA delegate as the head, a delegate of the governorate in which the building is located and one of the taxpayers within the jurisdiction of the committee, chosen by the governor.

- **Second:** the evaluation is determined after setting data of the taxpayer's tax declaration written by the taxpayer as well as the survey data collected with the knowledge of the committee according to the estimation criteria stipulated in the executive regulation of the law. This data is filled in the mathematical forms

previously prepared for the purpose of the estimation on computers which will output results highly similar to reality.

17. Is the rental value (the tax base) of this law the new rents?

There is great difference between the two as the new rents are governed by the rental relation between the owner and the tenant according to the rules of Law 4/1996. The rules of the civil law are applied as well as the texts, rules and principles of the civil law such as (consent makes the law) concerning the rental value agreed upon in the contract between the owner and the tenant, and the contract duration. All these are consensual between the two parties of the contract as the rental value could be increased at any time at the decision of the owner and the tenant.

The rental value under this law is determined by the survey and estimation committees taking into consideration the principles stipulated in the law and its regulation that might underestimate the rental value agreed upon in the contract between the owner and the tenant.

Survey duration and re-estimation

18. How long will the evaluation be valid? On what basis the duration of this evaluation does rely?

The evaluation will be valid for five years (Dec, 31/2018), after which it will be re-done. This duration is specified to follow-up the increasing economic changes as well as it copes with the real-estates market circumstances in Egypt. This guarantees that the gap among real-estates does not widen during the subsequent estimations.

19. Will the tax be increased after the five- year duration stated in this law?

The legislator of this law specifies a maximum increase in the rental value as 30% than the value estimated during the previous five years for the residential and 45% for the non-residential.

20. How can the taxpayer be protected against any large increase in tax when re-evaluating?

The legislator specifies in this a maximum increase in the rental value (the tax base). He clearly stipulates that the five-year re-evaluation may not lead to an increase in tax value to exceed 30% for residential units and or 45% for nonresidential units. This means the annual increase in the rental values estimated for taxation purpose will not exceed 5.3% for residential units or 7.5% for the other real-estates, as the increase accumulates over the five years.

Publication of the estimations, notifying the taxpayer and **The right of appeal**

21. How does the taxpayer know about the tax on his/her real-estates?

The legislator in this law decides that the rental value estimations (the tax base) ratified by the Minister of Finance are to be publicized at all places visited by the most taxpayers. The executive regulation is to specify these places (city halls, city councils, police stations ... etc.) in addition to publicizing these estimations in the official journal. Besides, the taxpayer is notified with tax payment according to these estimations via a registered letter or by a teller at an address defined at the intended office or at the chosen address written in the tax declaration submitted.

22. Does the taxpayer have the right to appeal against the rental value estimations (the tax base) and the tax notified with? And how?

In case the taxpayer considers that rental value specified by the survey and estimated committees, and hence the tax, is overestimated and unsatisfactory, the taxpayer has the right, first, to appeal committees before the appeal created according to this law in each governorate, second, the taxpayer has also the right to resort to administrative justice.



Taxpayer has to present his appeal to the directorate or tax office and to pay an insurance of L.E 50.

23. Some fear the unfairness of the appeal committees?

As for the committee, it is created with an expert non-working previous or current employee at RETA as the head of this committee. It includes only one member representing the office of levying and collecting the tax, in addition to a consultant engineer in field of construction or an expert at real-estate estimation. The consultant or the expert is selected by either the engineering syndicate, Egyptian Financial Supervisory Authority or the Egyptian Central Bank among the enrolled at the syndicate, the Authority or the Bank, provided that the candidate taxpayer for the membership of the committee should be within the jurisdiction of the committee.

Combining both the membership of the survey and estimation committee and the membership of the appeal committee is not allowed to ensure fairness and transparency.

Tax duality (between agricultural land and buildings)

24. What about the buildings established on agricultural land (Aryan) on which an agricultural land tax is levied?

The tax is levied on buildings established on agricultural land, provided that the Aryan tax on this land is eliminated to prevent duality of tax, taking into consideration the rules of agricultural plots protection law which allow building on this type of land according to terms determined in these laws.

25. What is the relation between Aryan tax levied on agricultural land and the buildings tax?

New buildings tax law considers the elimination of any relation that might create duality or interference among the rules of buildings tax and the rules of Aryan tax.

The new law stipulates that the Atyan tax is eliminated in case the buildings established on agricultural land are taxed.

In addition, eliminated in this law is the income tax on real-estate wealth revenues resulted from the agricultural land according to the income tax law 91/2005.

Tax declaration

26. Who is to submit the tax declaration?

Each taxpayer is the one who is obliged to submit the tax declaration. Hence, the building owner or the person who has the right of usufruct or use, whether natural person or legal person ; or the legal representative of the legal person or the unable natural person is eligible to pay the tax on behalf of his/her mandator.

27. Is the tenant obliged to submit the tax declaration?

The tenant is not an owner, a usufructuary or a user of the building; hence the tenant is not obliged to submit the tax declaration.

28. How can the owner who has several units in one building submit the tax declaration? And how can the tax declaration of an owner, who has only one unit in the same building, be submitted?

Each owner of a building or a unit in a building is obliged to submit a tax declaration of his/her property. As for the owner of several units in a building, he/she has to submit only one tax declaration and several forms equal to the number of units he/she owns (page 5 of the tax declaration). The owner of one unit is to submit only one tax declaration for this unit.

29. When should the taxpayer submit the tax declaration? Should the tax declaration be submitted annually like the income tax?

The taxpayer should submit the tax declaration for all the real-estates he/ she owns or utilizes once every 5 years within the five –year survey in the second half of the year preceding the survey.

In case the taxpayer has recently owns a new building or adds other units to his/her building (building other floors) and his/her building has previously been surveyed, he / she has developed the building that the rental value is affected, or he/she uses land that has been vacuum, he/she has to submit tax declaration by the end of December of the year in which the updates have occurred.

30. May the taxpayer authorize someone else to receive and submit the tax declaration?

The taxpayer may authorize someone else to receive and submit the tax declaration to the competent office, provided that he/she fill in and sign the tax declaration at his/her responsibility.

31. Should a tax declaration for the tax-exempted unit be submitted?

Definitely, a tax declaration for the exempted unit should be submitted, so that the procedures of exemption are taken according the rules of law.

32. In what cases should not the tax declarations be submitted?

Tax declarations should not be submitted for the untaxed units specified by Article 11 of the law, including:

- State-owned buildings specified for public utility and state-owned buildings as private possession, provided that they are taxed as of the beginning of the month following the selling out of these buildings to individuals or legal persons.

- Buildings specified for performing religious rites and religion learning
- Buildings that are expropriated for public utility as of the date of actual seizure by the authorities taking over the ownership.
- Courtyards and cemeteries

In addition, tax declarations are not submitted for the units under construction (incomplete and uninhabited)

33. Where should tax declarations be submitted?

Basically, tax declarations are submitted to Real-estate (RT) office in whose section the building is located. However, for facilitation, taxpayer who has several units in some governorates may submit the tax declarations in any governorate.

34. May any member of the family submit the tax declaration of my father or should there be an accreditation?

There should be an accreditation by the father or he should submit the tax declaration by himself.

35. My brothers and I own a building and we seasonally and not permanently rent its units, do we have to mention the seasonal rent in the tax declaration and hence be taxed as it was rented all year long?

Real-estate tax is actual tax that is levied on the building itself not on the revenue generated by the building. The annual rental value (the tax base) is evaluated by the survey and estimation committees according to certain criteria and rules included in the law.



36. My brothers and I live in a six-unit building as its owners, so what rent should I mention in the tax declaration?

The rent item (old- new- furnished and others) and the item of the rental value should be left unfilled with no data as long as you are the owners not tenants.

37. I own an apartment in Bolaque el-Dakrori, a villa in Haram and a building in Agouza, should only one tax declaration be submitted, or a tax declaration for each unit? Are all the tax declarations submitted at one place or not?

A tax declaration should be submitted for each unit separately. All the tax declarations could be submitted to one RT office of the three offices which are all affiliated to RT directorate in Giza (or to the directorate nearest to the permanent residence).

38. I own a building located in 6 October City, it is uninhabited and under finishing with no electricity, should I submit a tax declaration for this building?

A tax declaration should not be submitted for this building located in 6 October City for being under finishing and uninhabited.

39. I own an apartment affiliated to the Cooperatives and the installments have not been wholly paid, should I submit a tax declaration for this apartment?

You have to submit a tax declaration for this apartment as you are the owner of right of utilization.

40. I own a shop which I have not obtained yet and it is still under finishing. Should I submit a tax declaration for this shop?

A tax declaration should not be submitted for this shop as long as it is under finishing and unoccupied by you?

41. A person owns a unit in Masaken Sheraton via an ownership contract from Misr el-Gedida for Housing and Construction Company. Is he/she obliged to submit a tax declaration in his/her name or the owner company is the one obliged to submit the tax declaration?

He/she is obliged to submit the tax declaration as long as he/she is the owner of the unit via an ownership contract from the seller company.

42. A building owned by heirs, one of the heirs purchased a unit via a contract signed by the rest of the heirs and paid for it, so the unit has become his. Is he obliged to submit a separate tax declaration or should it be within the building tax declaration? In another meaning, what about the building which has some units leased for others and other units owned by others?

The heir is obliged to submit a detailed declaration for the unit he purchased from the other heirs. As for the rest of the building, one of the heirs is to fill in only one tax declaration for the units rented to others as number by using the multiple pages of units' data. For the other units of the building denoted which are sold, the owners of these units are to submit a tax declaration each on his/her own.



43. My brothers and I own a garage in a building. The garage is utilized for a rent and I do not own any other units in the building. Is the garage to be taxed? Should a tax declaration be submitted for this garage?

Definitely, the garage is taxed as it is a public garage and utilized for a rent. You should submit a tax declaration, attached to the lease contract, as being the owners of this garage.

44. What about submitting tax declarations for the buildings under construction (only the concrete structure); then the owner stopped building?

As long as the building is under construction, no tax declarations are required, as they are not taxed according to buildings tax.

45. What about submitting tax declarations for the units of an owner who owns only the building without owning the land, because the seller sold out the unit without the right of the buyer to own the land (only usufructuary right) such as the lands of the Armed Forces?

A tax declaration is submitted for the unit you own, and if you have only the usufructuary right, a tax declaration is to be submitted for the unit as being the user of this unit.

46. What is the legal stance of an owner who has several units in various regions, shall the owner submit a tax declaration for each tax office separately?

To facilitate it for the taxpayers, various tax declarations for several units located in various governorates may be submitted at one only of these governorates.

Tax exemptions

47. What are the tax-exempted real-estates?

The law is keen to offering a lot of facilitation and tax exemptions for some of the buildings due to nature of utilization as well as for all taxed buildings, so the legislator stipulates the following exemptions according to Article (18) of the law:

- Buildings owned by societies registered according to law, and labor organizations, specified for the management offices or for the purposes they were established for.
- Non profit educational buildings, hospitals, dispensaries, orphanages, charities
- Headquarters owned by political parties and syndicates provided that they are used for the purpose they were established for.
- Units, whose net annual rent is less than L.E. 24.000; and taxed if the rent exceeds this limit, taken by the taxpayer as a prime residence for his/her family. The word family to apply this law article includes the taxpayer, his/her spouse and the minor children.
- Each unit in a building used for commercial, industrial, administrative or professional purposes whose net annual rent is less than L.E. 1200, and taxed if the net annual rent exceeds this limit.
- Youths' and sports' centers established according to the organizing laws.
- Real-estates owned by foreign governmental authorities on condition of reciprocity
- Non-profit houses used to hold social occasions
- Clubs and hotels affiliated to the Armed Forces, military houses of forces, complexes, medical centers, and hospitals and the buildings established within their domain, in addition to the units which the Armed Forces Operations Authority suggest on a decision ratified by the Minister of Defense in accordance with the concerned minister. In all cases these quarters do not subject to the works of the survey and estimation committees as per considerations of defense affairs and national security requirements

48. What are the exemptions the new law has kept?

The new law has kept the prescribed exemptions for the buildings governed by rent pricing systems as per rules of Law 49/1977 and Law 136/1981 and the laws related to places rent ratified before them until re-estimating these buildings as soon as the rental relationship is lawfully terminated.

Besides, the new law has kept some quality exemptions for some buildings such as quarters of political parties, syndicates, youths and sport centers....etc.

49. What are the terms to exempt the buildings owned by labor societies and organizations which are allocated for the administration offices or for the purposes they are established for?

To exempt the buildings owned by labor societies and organizations which are allocated for the administration offices or for the purposes they are established for, stipulates the following:

- Societies should be registered according to law.
- Buildings owned by labor societies and organizations should be allocated for the administration offices or for the purposes they are established for.

Buildings that make profit and owned by these labor societies or syndicates as well as the housing units or shops affiliated and rented to others are subject to tax.

50. What are the terms to tax-exempt the educational institutions, hospitals, dispensaries, orphanages and charities?

- Educational institutions should be under supervision of Ministry of Education, Ministry of Higher Education and Al-Azhar.
- Hospitals, dispensaries and charities should be licensed by the Ministry of Health & Population

- Orphanages should be under the supervision of Ministry of Social Affairs
- To be non-profit

51. What are the terms to tax-exempt youth's and sport centers established per law?

To exempt youth's and sport centers established per law, stipulates the following:

- To be registered according to law.
- To be used for performing youth or sport activities

Buildings and shops attached to youths' centers and rented to others are not tax-exempted.

52. What are the terms to tax-exempt buildings owned by foreign governmental authorities?

To tax-exempt buildings owned by foreign governmental authorities, validating the ownership by these authorities and reciprocity in the owner countries.

If there is no matching tax in any foreign countries, the Minister of Finance, upon consulting Foreign Minister, may tax-exempt the possessed buildings.

53. What are the terms to tax-exempt houses used for social occasions?

To tax-exempt houses used for social occasions, houses should be non-profit via a certificate issued by the Egyptian Tax.

54. What is the procedure taken if the building is no longer tax-exempted?

If the building is no longer tax-exempted, taxpayer should submit a declaration to the office in whose jurisdiction the building is located. This is within 60 days, as of the day the reason of exemption is terminated to re-assess the building as of 1st January of the year following the termination of exemption.

55. What about the units leased as per the old rents?

The new law stipulates adopting the rental values of buildings which are subject to systems of rent pricing as well as the prescribed exemptions as per the effective laws in this respect. These laws include Law 49/1977 related to renting and selling places and organizing the renter-lessee relationship, Law 136/1981 concerning some rules related to renting and selling places and organizing the renter-lessee relationship and laws of renting places which have been issued before the two laws. The rental values will not be estimated for these units unless the rental relationship is terminated for legal reasons, benefiting both the resident owner and the renter owner.

56. Are there limits for tax-exemptions in this law?

Exemption limit in the new law is up to (L.E. 24.000) of the rental value estimated for the residential units. This is for each family for only one unit, which means that all buildings whose market value is less than L.E. 2 millions will be tax-free. As for the non-housing units: tax-free is each unit in a building used for commercial, industrial, administrative or craft (professional) purposes whose net annual rental value is less than L.E. 1200, and taxed if it exceeds.

Detaxation

57. What are the cases of temporarily de-taxation?

Legislator accordingly allows partial or total de-taxation; temporarily for some cases until the obligatory reasons of de-taxation are terminated. These cases are stipulated as follows:

1. In case the building is exempted as per Article (18) of the law mentioned in the previous question.
2. In case the building partially or totally collapses or deteriorates that it is no longer good for utilization partially or as a whole
3. In case the land unattached to buildings is not utilized

58. What should the taxpayer do if one of the de-taxation cases applies to him?

If one of the previously mentioned cases of de-taxation applies, the taxpayer should submit an application form to the tax office paying an L.E. 50 guarantee (for seriousness of application) and presenting an evidence of paying last installment of the due tax before the case in request took place. Guarantee is refunded if the application is accepted. Survey and Estimation committees consider this application request and decide de-taxation partially or totally in case conditions of de-taxation are fulfilled.

59. What is the common practice in case the de-taxation reason is no longer exist?

If the de-taxation reason is no longer exist for any building, the taxpayer should notify the tax office within 60 days as of the de-taxation reason is terminated to re-levy the tax previously imposed on the building as of the beginning of the year following the termination of the de-taxation reason, or else taxpayer is considered a tax dodger and punished with tax evasion penalty stipulated in the law.

Tax collection

60. When is the tax due?

Tax is annual and it is due according to this law as of 1st January of the year following taking into procedures of levying and collecting tax. The tax is collected in two equal installments. The first installment is due till the end of July, the second till the end of December of the same year. The taxpayer may pay it in full at the date of the first installment, taking into knowledge that the tax value is unchanged for five years, then re-evaluation is considered after this period ends, in case any changes occur that may affect the rental value (tax base) with increase or decrease.

61. Where should the real-estate tax be paid?

As per this law, the tax debt falls due and is to be paid at the real-estate directorates in governorates and the affiliated branch offices with no need to a claim at the debtor's residence.

62. How could the taxpayer pay the tax if he/she can't move from one place to another?

As per this law, the tax debt is originally due at the real-estate directorates and the affiliated branch offices with no need to a claim at the debtor's residence.

However, in consideration of all special health, humanitarian and social circumstances, the debtor may authorize someone else other than him/herself to go to the competent branch office to pay the tax. The tax could also be paid via a postal money order or a bank check. RETA is currently constructing a payment system via the internet or the visa card; besides, the tax collector goes to the debtor's residence to take the tax if the taxpayer is not able to visit the directorate or the branch office to pay the tax.

63. What about the person who can't afford paying the tax on his/her house; place of residence, if he/she owns this house?

Public Treasure will shoulder the tax burdens on behalf all citizens who do not have income enough to pay the tax on their buildings whose value exceeds the exemption level. There is a clear statement in the new law that obligates the Public Treasure to bear the tax due on the taxpayers if any social changes occur to the taxpayers or his/her heirs that may lead to inability to pay the tax. This is done according to controls and terms specified by the executive regulation.

64. What is the procedure to be taken in case of inability to pay the tax?

Taxpayers or their heirs who undergo social changes that may lead to inability to pay the tax debt should appeal to the real-estate directorate in which the building, for which they demand the Public Treasure to bear its tax, is located. The appeal should include complete details on the social changes referred to, attached with supporting official documents. A committee formed by RETA is to decide the appeal.

Taxation Penalties

65. What are the cases of tax evasion?

Law specifies the cases of tax evasion as follows:

- Submitting false or incorrect papers or documents to survey and estimation committee or appeal committee, Revealing incorrect data when attending for discussion before these committees indenting to influence their decisions.
- Submitting false documents with intent to wrongfully benefit from the tax exemption
- Refusing to declare the termination of tax exemption reason
- Submitting incorrect documents that may unrightfully lead to de-taxation decision
- a criminal proceeding should not be initiated on the previous crimes except on a written request by the Minister or a delegate.

66. What is the penalty of tax evasion?

Each taxpayer who breaches the rules of this law, intending to evade paying the due tax is to pay L.E. 1000- 5000 fine in addition to compensation equal to the unpaid tax.

67. What about the taxpayer who is late to pay on time?

The legislator has decided a fine for any delay of tax payment on the basis of credit price and the discount announced by the central bank, in addition to 2% of the amount of delayed tax.

In case of more postponement in tax payment, legal procedures- stated by the law of administrative seizure issued according to law no. 308 in 1955 – are to be applied on the rent value, the possessions of the debtors and on the building itself

68. Will there be delay fines for the years the taxpayer did not pay the tax in case the taxpayer is informed of the tax after survey and estimation at a date later to that of tax maturity?

In case of the delay in levying the tax, it is paid in installments over periods equal to those of delay. No delay fine is to be levied in this case.

69. What is the penalty of not submitting tax declaration?

Taxpayer is to pay a fine ranging from L.E. 200 to L.E. 2000 in case of not submitting the declaration or submitting incorrect data.

70. Is there a possibility for composition with the authority?

Yes, there is possibility to compound for the tax as the minister of finance, or his authorized representative, is authorized by law to reconcile in the stated penal actions of not submitting tax declarations or tax evasion, even if the case has been settled by a final verdict. To reconcile, the tax payer is to pay the tax and the fine according to the credit price and the discount announced by the central bank on 1st of January that proceeds that date, in addition to compensation equivalent to the sum of the unpaid tax.

71. Are units used in commercial or industrial purposes different from the residential units in taxation?

Units used in commercial or industrial purposes are taxed with price of 10% after deducting 32% for maintenance and exemption limit of L.E. 1200. Commercial units differ from the residential units in the deducted ratio for maintenance. This ratio reaches 30% for residential units and 32% for non-residential units. Besides, residential units have tax exemption of L.E. 24000 for only unit for the family. The word 'family' when applying the rule of this article includes the taxpayer, spouse and minor children. On the other hand, the maximum increase due to re-estimation of rental value of the residential units is 30% every five years and it reaches 45% in case of the units used in non-residential purposes.

72. How tax burden is calculated for residential units in the new law?

It is calculated as follows:

- a. Specifying the building's capital value which is 60% of its market value.
- b. Specifying the building's annual rental value worth 3% of its capital value
- c. Estimating the tax base via excluding 30% of the annual rental value of the building for maintenance cost on the taxpayer.
- d. Taking away the exemption limit prescribed in the law for the residential unit which is L.E. 24000 per year for only one unit for the family.
- e. Applying the 10% tax price of the net annual rental value resulted from the previous step.