

Egyptian Customs Authority
Regimes and Customs Procedures Sector
Central Department of Tariff/Value/Origin
General Department of Tariff

Definitions Circular No.8 for the year 2023

Messrs. Customs

Dear Sirs,

Please find attached hereto the Decree of the Minister of Finance No.24 for the year 2023 amending some of the provisions of the Executive regulation of the Value Added Tax Law promulgated by the decree of the Minister of Finance No.66 for the year 2017 that has been published in the Official Gazette issue No.9 carried forward (b) dated 11/1/2023 and received by us on 16/1/2023. The said decree has provided for that it shall come into force as of the next day of its publication.

Therefore, please take note of the above which has been sent for your kind knowledge and to take the necessary steps towards taking circulation on the competent departments of the Tax Authority.

Kind regards

Head of the Non-Customs Tax
Department

Signature
Hala Mohamed Moustafa

General Manager of the General
Department of Tariff

Signature
Dr. Eman Ibrahim Kamel

Head of the Central Department of
Tariff/Value/Origin

Signature

**Decree of the Minister of Finance
No.24 for the year 2023
Amending some of the provisions of the Executive regulation of the Value Added Tax
Law promulgated by the decree of the Minister of Finance No.66 for the year 2017**

Minister of Finance

- Following perusal of the Value Added Tax Law promulgated by Law No.67 for the year 2016 as amended by Law No.3 for the year 2022;
- The Executive Regulation of the Value Added Tax Law promulgated by the Decree of the Minister of Finance No.66 for the year 2017;
- Based upon what has been decided by the State Council.

**Decided:
(Article One)**

The text of item (7) of Article (6), the texts of items (3) and (4) of Article (7), the texts of items (9) and (21), the text of item (4) of article (29), the texts of items (30), (31), (35), (36), (37), (38), (39), (42), (54/first paragraph) and (78/second) of the executive regulations of the mentioned value added tax law shall be replaced with the following:

Article (6):

7- The representative or the delegate of the non-resident person, until commencement of operation of the Simplified Supplier Registration System.

Article (7):

3- For imported commodities:

Upon the validation of the incident establishing the customs tax at the release stage from the Customs, whatever the purpose of its import, whether for trade, personal consumption or private use, the tax shall be collected according to the stipulated procedures in its regard.

The tax shall be due in all stages of circulation inside the country after its release.

The tax on imported commodities shall not be due for collection upon release from the Customs if evidenced that the tax has been collected by the non-resident registered person. If the value that the tax sum is based upon in its calculation which has been collected by the non-resident registered person is less than the value stipulated in item (7) of Article (10) of the law, the Customs shall collect the difference in the tax and other due taxes and dues upon customs release.

4- For imported services:

Upon verification of use of the service in Egypt whether performed by a non-resident person in Egypt or through its delegate or through electronic means or other means of communication or that has been performed by a resident in Egypt however the service is provided from abroad.

If the performance of the service does not require the physical presence of the person that provides it at a certain location, Egypt shall be considered as the place of providing the service in any of the following cases:

- a- If the service provider is not registered and has residency in Egypt.
In application of the provisions of this item, the residency shall be determined in light of the data and the information obtained from the electronic distribution platform within the framework of its usual activity, among which:
 - Residency data (like the address of the service recipient in the invoice or its place of residence).
 - Payment data (like credit card data which includes the credit card number and bank account data).
 - Electronic sign in data (like the mobile phone or landline country code, the Subscriber Identity Module “SIM”, internet protocol address “IP” and other data).If these data conflict or contradict with each other, it shall be sufficient to have two information mentioned in conformity with each other or complementary to each other with respect to identifying the residency or evidencing same.
- b- If the service recipient is a registered delegate in Egypt
- c- If the service recipient is a governmental or non-governmental authority, body corporate or any recognized legal entity in Egypt, whether registered or not.

Article 9:

In application of the provisions of items (6) and (7) of the law, the following shall be considered:

First: Projects of the zones, cities, free markets, economic zones with special nature shall be subject to tax in the sum of (zero) on imports from abroad of commodities and necessary services for practicing the activity licensed to them inside these places pursuant to the Customs system followed in that regard expect for passengers' cars.

Second: Projects of the zones, cities, free markets, economic zones with special nature shall be subject to tax in the sum of (zero) on imports from the local market of commodities and necessary services for practicing the activity licensed to them inside these places expect for passengers' cars provided that the seller registered before the tax authority provide the following documents:

- 1- Copy of commodity sale invoice issued for these places, exclusively specifying therein, (type – quantity – value), or copy of the contract for the provided service as approved by the General Authority for Investment and Free Zones “GAFI” or the General Authority for the Economic Zone.
- 2- Letter issued by GAFI or the General Authority for the Economic Zone sealed with the state’s stamp indicating that the commodities and services mentioned in Article (1) are necessary for practicing the authorized activity licensed to the project inside these areas.
- 3- Copy of the import certificate (Form 13 Customs) or the Single Administrative Document “S.A.D” that includes detailed data on the nature of the imported commodity indicating the completion of import with the tax period. This copy must be approved by the Customs and sealed by the State’s stamp.

Third: The tax shall be due on commodities or services subject to the tax stated for local consumption within the zones, cities, free markets or economic zones with private nature upon release from the customs.

Import for the purpose of trade within free zones that include an entire city shall be considered same as local consumption. In case these commodities exit the zones, cities, free markets and economic zones with private nature as is to the local market within the Country, the tax shall not be calculated except on the value of the due customs tax.

Article (21)

In application of the provisions of Article (17) of the law, the following rules and procedures shall be followed to register a non-resident person that is not registered on the electronic portal of the tax authority under the Simplified Supplier Registration System:

- 1- The registration request shall be applied before the electronic portal of the tax authority by the non-resident person that is not registered or its representative on form (12/1).
- 2- The registration request shall be reviewed in order to ascertain that it includes all required data. In case these data are not fulfilled, the requested shall be registered temporarily. The non-resident person that is not registered or its representative shall be notified via email to complete the unfulfilled data during the period determined by the tax authority in the notice.
- 3- The tax authority shall register the completed applications or those still under completion in the register allocated for this purpose.
- 4- The registration number shall be issued to the non-resident and unregistered person. The registration certificate form No. (3 AA T M). The person shall be notified pursuant to the mentioned form (3 AA T M).

5- For unregistered and non-resident persons who do not apply to register on the Simplified Supplier Registration System, they shall be dealt with as registered to the system starting as of the date of arrival of the value of their sales at the registration. They shall be registered in the aforementioned register and shall be notified to that effect by the tax authority pursuant to form No. (1/13 AA T M).

Article (29)

4- The tax previously paid on the entries has not been listed within the cost unless the necessary accounting and taxation settlement have been carried out and submitted to the tax authority to that effect during a period that do not exceed one year as of the date of purchase or import.

Article (30)

In all cases of deduction of the legally stipulated tax, the tax deduction shall not be approved except if the registered person submits a certificate toward the end of each fiscal year signed by a registered accountant before the auditors register indicating their right to the deduction unless the payment of the tax is evidenced in the electronic system of the tax authority.

Article (31)

The granting of the stipulated exemptions in Article (23) of the law on form No. (5 exemptions – Embassies) for Embassies, form No. 6 (exemptions – diplomatic members), for the members of the diplomatic and consular sector or form No. 9 (automated exemptions) – as the case may be – for embassies and members of the diplomatic or consular sector. The aforementioned shall be following the approval of the exemption applications by the head of the diplomatic or consular mission – as the case may be – ratification by the Ministry of Foreign Affairs and approval by the tax authority. The registrar shall retain the original exemption certificate and attach same to the copies of the issued invoices unencumbered with the tax.

Article (35)

In application of the provisions of item (1) of Article (30) of the law, the tax shall be returned according to the following conditions and procedures:

First: For Export Commodities:

1. The commodities or their input have been purchased by a registrar by virtue of a tax invoice.
2. It has not been already used by its shipper.
3. It has been exported by the Customs Authority.
4. The export value is sent to one of the banks subject to the supervision of the central bank according to the controls it specifies. In case of evidencing that the transfer could not be made, any of the methods of payment or settlements stated in this article shall be adopted.
5. The tax shall not be included within the cost unless the necessary accounting and tax settlement are made where evidence in that respect shall be submitted before the tax authority within a period that shall not exceed one year as of the date of purchase of import. The tax shall not be returned except with the limit of the credit balance of the commodity for which the tax deduction applies.
6. The tax authority shall check the precedent of supplying the tax unless payment of the tax is evidenced on the electronic system of the tax authority.
7. The tax refund application shall be checked for conformity with:
 - a- Submitted documents.
 - b- Original tax invoice or electronic invoice uploaded on the electronic system at the tax authority.

The tax authority may in the cases where it has been agreed with the tax authority to refund the tax on exported commodities and imported commodities to be re-exported abroad according to the followed customs procedures in respect of exported cargoes.

Second: For Services provided to export commodities:

- 1- Submission of a copy of the service performance contract approved by both parties of the contract.
- 2- The tax authority shall check the precedent of supplying the tax unless the payment of the tax is evidenced on the electronic system of the tax authority.
- 3- The application for tax refund shall be checked against:
 - a- Submitted documents.
 - b- The original tax invoice or the or electronic invoice uploaded on the electronic system at the tax authority.

Third: For Exported Services:

The tax shall be refunded on exported service entries upon the availability of the following conditions:

- 1- Evidencing the dealing between the service provider in Egypt and its recipient abroad by submitting the service performance contract or any other means according to the nature of the service.
- 2- Submitting a carbon or electronic copy of the tax invoice or the customs clearance agent including detailed data on the service, especially, its type and value as well as the name and the place of residence of the service provider and the beneficiary.
- 3- Submitting copy of the document indicating payment of the value of the service by the service recipient abroad via a bank transfer to one of the banks subject to the supervision of the central bank according to its designated controls. In case of evidencing that the transfer could not be made, any of the methods of payment or settlements stated in this article shall be adopted.
- 4- Submitting the original tax invoice related to the service performance entries.
- 5- The tax authority shall check the precedent of supplying the tax unless payment of the tax is evidenced on the electronic system of the tax authority.

In all cases, the following shall be considered:

- 1- The refund of the tax shall be only what has already been collected with the same category and value as valid at the time of payment or loading and on what has already been exported which shall not exceed the credit balance for commodities and services in respect of which the tax deduction applies.
- 2- Submitting copy of the document indicating supply of the export value to one of the banks subject to the supervision of the central bank according to its designated controls or according to any of the methods of payment or other settlements. Among these methods, the following:
 - a- Any of the other methods of electronic payment from the importer or its agent to the exporter in foreign currency.
 - b- Bank deposit in the value of the deal in foreign currency according to the procedures of the central bank related to the Countries that bank transfers cannot be made and according to the export documents stipulated by the law.
 - c- Settlements resulting from barter sale. The registered shall present document indicating that the value of the exported commodity by barter is payment if the value of the imported commodity provided that the aforementioned is approved by the Customs Authority.
 - d- Settlements between the holding or the parent companies and their affiliates.

- 3- The value of exports shall not be less than the value of its inputs.
- 4- The tax to be refunded has not been listed among the cost elements.
- 5- The tax shall be refunded within forty-five days as of the date of submitting the application supported by documents.

Article (36)

In application of the provisions of Article (30 bis) of the law, the tax shall be refunded on purchases made by foreign visitors upon their departure according to the following regulations:

- 1- Obtaining a tax refund application (124 AA T M) indicating therein the value of the purchased commodity and paid tax in addition to the original tax invoice indicating therein the value of the paid tax.
- 2- The value of the purchased commodities from the registered seller shall not be less than one thousand five hundred Egyptian pounder per invoice.
- 3- The purchased commodity shall exit the country with the foreign visitor or through any other means within three months as of date of arrival to Egypt.
- 4- The purchased commodity shall be submitted before the Customs Officers in charge at the Customs Site for inspection and checking its conformity with the original purchase invoice, hard copy or electronic, and the tax refund application No. AA T M.
- 5- Following the checking, the competent Customs employee shall seal the documents with the customs stamp indicating "No objection on tax refund".

The documents stated in this article shall be presented to the treasury for receipt of the tax sum that has been approved to be refunded deducted therefrom (5%) by way of administrative fees.

In case the receipt of the tax sum was not made for whatever reason, the foreign departing visitor may deliver the tax refund documents to the competent official at the customs site who in turn shall send these documents to the tax refund department at the Tax Authority to take the necessary steps and send a check in the tax sum in Egyptian Pounds to the address of the foreign departing visitor as indicated in the refund application after deducting the stipulated administrative fees. The aforementioned shall be made within three months as of the date of departure.

Article (37)

In application of the provisions of items numbers (2), (3), (4) and (5) of Article (3) of the law, the tax shall be refunded in the following cases pursuant to the terms and procedures indicated against each of them:

1- Tax collected by mistake:

The concerned person shall apply whether in writing or electronically indicating in his application the value of the collected tax by mistake, its reason while mentioning therein the tax period in which the error occurred. The supporting documents to that effect shall be annexed to the application.

2- The credit balance over which more than six consecutive tax periods have passed, in the following cases:

a) The difference in the tax category between inputs and outputs.

b) Accrual of tax on inventory in a registered account.

c) Sale to exempted entities that are legally permitted to deduct tax on inputs of taxable commodities and services sold to them.

The registered person shall apply whether in writing or electronically indicating in his application the value of the credit balance, attached thereto the supporting documents. The tax authority shall check the validity of the balance before the refund.

The tax of the credit balance over which more than six consecutive tax periods have passed shall not be refunded if that balance has arisen from any of the other cases of tax refund stipulated in Article (30) of the law.

3- Previously paid tax on buses and passenger cars if their use is the facility's licensed activity.

a) The submission of a written or electronic application for tax refund attached thereto the documents indicating previous payment.

b) The use of buses and passenger cars is the facility's licensed activity.

c) The final release on the imported cars and passenger cars have been made with full payment of the tax whether local or imported.

d) The tax to be refunded has not be listed within the cost elements unless the necessary accounting and tax settlements have been made. Documents indicating the aforementioned shall be submitted to the tax authority within a period not exceeding one year as of the date of purchase or import.

In case of disposal of the buses and passenger cars that has previously received the tax refund or their use in an activity other than the licensed one for the facility before five years have passed since the date of purchase or import, the facility shall commit before disposal to notify the competent commission and pay the tax previously refunded according to its value and applicable tax category on the date of disposal.

4- Tax incurred by a registered non-resident person under the Simplified Supplier Registration System for the purposes of performing his activity within the country:

The registered non-resident person shall apply electronically with the form prepared for this purpose indicating therein the value of the tax to be refunded. The supporting documents to that effect shall be annexed to the application in a digital form. The tax authority shall check the mentioned documents.

The tax to be refunded shall be only in the same category, currency and value valid at the time of payment.

The commodities and services subject to the tax shall be used for the purposes of the activity of the registered non-resident person inside Egypt.

No tax shall be refunded in all the stipulated cases of tax refund in this article except for those within the limits of the credit balance.

The tax shall be refunded at no later than forty-five days of the date of applying the application supported by documents.

Article (38)

Without prejudice to the provisions of articles (34) and (53) of the unified tax procedures law of the law No.206 for the year 2020, the refund stipulated in the provisions of article (30) of the law must be available among the documents evidencing the entitlement of the assigned to a tax refund in all cases in addition to a signed certificate by a registered accountant before the auditors register, indicating the right of the assigned to the tax refund. The refund application shall not be accepted if the mentioned certificate is not annexed to it unless payment of the tax is evidenced a-on the electronic system at the tax authority.

Article (39)

The administrative authorities mentioned in Article (31) of the law shall commit to supply the tax and schedule tax due on its purchases of commodities and services pursuant to the provisions of the mentioned article on the stipulated date on the disbursement form. Then, increase the sums of credit account, obtain the aggregated electronic monthly settlement permits with the reference of the tax registration number in the said value to the account of the tax commission that the registered person falls under its jurisdiction on the institution's code of the central unit of accounting at the central administration for financial affairs at the tax authority while printing same, signing, sealing with state's stamp and sending to the tax region and provide the registered person with a statement addressed to the commission it falls under its jurisdiction including (name of the registered person – number of registration – number of invoice – date – quantity – value – supplied tax or schedule tax).

The central administration for financial affairs at the tax authority shall add the sums that have been supplied to main accounts unit at its end to the proceeds of the commission (paid tax / schedule tax) and send same to each commission individually that payment has been for one of its registered persons based upon the extracted reports from the computerized data base of the Tax Authority categorized according to each commission.

The registered shall settle or supply the remaining due tax according to the rules and the regulations stipulated in the law.

The competent executive commissions shall settle these amounts on the registered persons' accounts according to the statements provided to it. The date of the settlement of the electronic settlement permit shall be the date of payment of what corresponds to (20%) of the value of the tax or the full schedule tax.

Every obligated party (the authority / the registered person) shall bear the additional tax legally stipulated for delay or non-payment or due schedule tax – as the case may be – on the legally stipulated dates, each for its own part.

The registered person shall periodically pay the tax to the competent tax commission attaching thereto to the monthly statement on the stipulated dates in Article (31) of the unified tax procedures law. The director general of the Tax Authority may determine the payment destination and its method.

The due tax for imported commodities shall be paid at the release stage from the competent Customs at the time of payment of the Customs Tax and according to the stipulated customs procedures in that regard provided that the tax and the schedule tax are paid by two separate receipts unless that it is evidenced that the non-resident registered person have collected the tax for the imported commodity to be released by the Customs.

The final release for imported commodities shall not take place before payment of the due tax in full unless evidenced that the non-resident registered has collected the tax for the imported commodities that shall be released from the customs. In case of non-payment of the tax on the scheduled time, an additional tax shall be due. The additional tax shall be collected with the tax and with the same procedures.

Article (42)

In application of the provisions of article (32) of the law, the beneficiary of the service subject to the tax on import by a non-resident unregistered person at the tax authority pursuant to the Simplified Supplier Registration System shall commit to calculate the due tax on this service and pay same to the tax authority with thirty days as of the date of provision of the service.

Article (54/first paragraph)

In application of the provisions of Article (44) of the law, the beneficiary of the exemption shall commit to submit a declaration undertaking therein not to dispose of the exempted commodity or use it for a purpose other than that exempted for during the next five years following the date of exemption except after notifying the tax authority or the competent tax commission – as the case may be – and pay the due tax and the additional tax – once due – pursuant to the condition of the commodity, its value and the applicable tax category on the date of disposal or change of use.

Article (78/second)

Second – Article (28) the residential unit shall mean every unit prepared by its owner to third parties for the purpose of use as residence.

The non-residential unit shall mean every unit prepared by its owner for the purpose of practicing commercial, industrial, professional or administrative.

The aforementioned shall not include hotel facilities and other places that their provisions are organized by special laws.

(Article Two)

A new definition shall be added to Article (1) of the Executive Regulations of the mentioned Value Added Tax Law. A new item No.(8) shall be added to Article (6) and new item (4) shall be added to the second paragraph of Article (28) as follows:

Article (1):

Electronic distribution platform: visual digital interface like a website, internet portal, electronic store, electronic market or the sort which allows the communication of the commodity supplier or service provider and the beneficiary of the commodity or service receiver to supply the commodity or perform the service through it.

Article (6):

8- Non-resident registered pursuant to the Simplified Supplier Registration System.

Article (28 / second paragraph):

4- Simplified Cases of suppliers' registration stipulated in the first paragraph of Article (17) of the law.

Furthermore, new articles No. (7 bis), (7 bis 1) and (34 bis) shall be added to the Executive Regulations of the mentioned Value Added Tax Law as follows:

Article No. (7 bis)

If the aforementioned service in item (4) of Article (7) of this regulation was provided via an electronic distribution platform, the platform shall not be responsible for the collection of the tax and its supply to the Tax Authority once the following is verified:

- a- The presence of a written agreement between the service provider and the platform provided that the service provider is the person in charge of payment of the tax instead of the platform.
- b- The invoice or the receipt issued to the non-registered person include a statement that the person dealing with respect to the service via the platform is the same person providing the service, together with indicating the type of service.
- c- The general terms and conditions organizing the work of the platform shall stipulate that the platform does not deliver the service to its recipient. It shall further be stipulated that the platform is not authorized to collect the tax from those providing their services through it. The terms and conditions shall not include anything to indicate whether implicitly or explicitly that the platform has a role in completion of providing the service to its recipient.

Article No. (7 bis 1):

Without prejudice to the provision of item (4) of article (7) of this regulation, the electronic distribution platform shall not be responsible for any tax that may be due in excess of the value of the tax acknowledged by the service provider which has been paid if the platform has collected the tax and supplied same to the tax authority based upon the data correctly provided by the service provider or any third party and then the error of this data is evidenced where the platform does not have any prior knowledge and in a normal context could not have been made aware of the error.

Article No. (34 bis):

In application of the provision of Article (28 bis.) of the law, the suspension of the payment of the due tax on the imported machines and equipment from abroad or bought from the local market for factories and production units to be used in industrial production pursuant to the following rules and procedures:

1- The industrial product submits to the competent customs a ratified document by the competent technical authority indicating that these machines and equipment are imported to be used in the industrial production licensed to the factory or the production unit.

2- The industrial product submits to the Customs Authority a ratified document by the competent technical authority indicating that these machines and equipment are bought from the local market for use in industrial production licensed to the factory or the production unit.

3- If the import of the machines and equipment is for the purpose of trade, the importer must submit before the competent customs the documents indicating that the supply of the industrial product is for use in industrial production licensed to the factory or the production unit which is represented in the following:

- (a) The ratified document from the competent technical authority to the industrial product indicating that these machines and equipment are used in industrial production licensed to the factory or the production unit.
- (b) Or supply order issued from the industrial producer of the importer provided that it is ratified by the competent technical authority indicating that the imported machines and equipment are used in industrial production licensed to the factory or the production unit.
- (c) Registration certificate of the industrial product or the tax card where the suspended tax is in the name of the industrial product.

4- The suspension of the tax shall be for one year commencing as of the date of release of the machines and the equipment from the customs or as of the date of their purchase from the local market, depending on the case.

5- If justified reasons are submitted to the tax authority, the duration stipulated in item (4) of this article may be extended, following the approval of the director general of the authority, for a similar period(s) provided that the total of the additional periods does not exceed one year, at most.

6- If it has been evidenced to the Tax Authority that the use of these machines and equipment is in industrial production within the duration of the tax payment suspension pursuant to articles (4) and (5) of this article, these machines and equipment shall be exempted from payment of the tax.

In all cases, in order to suspend payment of the tax, the necessary securities shall be presented to the Tax Authority or the Customs Authority, depending on the case, of the stipulated securities provided for in the Customs Law and its Executive Regulations which shall be accepted by the Authority these securities have been submitted to provided that the securities are sufficient for the payment of the tax amount to be suspended.

(Article Three)

Articles (38 bis) and (40) of the Executive Regulations of the mentioned Value Added Tax Law shall be cancelled.

(Article Four)

This decree shall be published in the Egyptian Gazette and shall come into force starting as of the next day of its publication.

Minister of Finance,

Dr. Mohamed Maait

Issued on 11/1/2023