

Client Alert

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New reporting requirements NOW enforced — Foreign investment

What's changed

In July 2019, the Investment Law No. 72 of 2017 ("**Investment Law**") was amended to impose new data reporting requirements on companies with foreign investment in Egypt for statistical purposes. The data consists primarily of financial data and corporate data. The General Authority For Investment & Free Zones ("**GAFI**") is now taking active steps in enforcing these new reporting requirements.

In November, the executive regulations were issued and detailed the following reporting requirements:

1. A report within 30 days from the date of incorporation or from the date of the introduction of any amendment to the capital, objective, shareholding structure or board of directors.
2. A quarterly report submitted within 45 days as of the end of March, June, September and December of each year with key financial data.
3. An annual report submitted within 4 months as of the end of the fiscal year of the company.

While technically this requirement appears to apply only to the companies set up under the Investment Law (where the requirement was dictated), the executive regulations of the Investment Law specified that the reporting requirements apply to ALL types of companies having foreign investment, and not only companies set up according to the Investment Law.

We note that before imposing the new reporting requirements, all companies were required to submit the financial statements to GAFI on an annual basis. Furthermore, all key corporate resolutions/actions should be submitted to GAFI for ratification. The key change introduced is that companies are now required to extract that data and complete the templates provided by GAFI and they are required to do so more frequently, i.e., on a quarterly basis.

What it means for you

Any company with foreign ownership is now required to complete the templates provided by GAFI (available in both Arabic and English) accessible via GAFI's website (<http://gafi.gov.eg/Arabic/eServices/FDI>) for the Arabic version and (<http://gafi.gov.eg/English/eServices/FDI>) for the English version.

Failure to comply with this requirement puts the company at risk to be subject to the imposition of a penalty of EGP 50,000. Furthermore, GAFI may refuse to





extend some of its services (or delay them) until the company completes and submits the forms. For instance GAFI may refuse issuing licenses or ratifying resolutions of companies that have not yet made the reporting.

