



SMEs and Entrepreneur Legal Framework in Egypt

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SMEs Force Field

Fundamental Role of SMEs in Egypt Economy



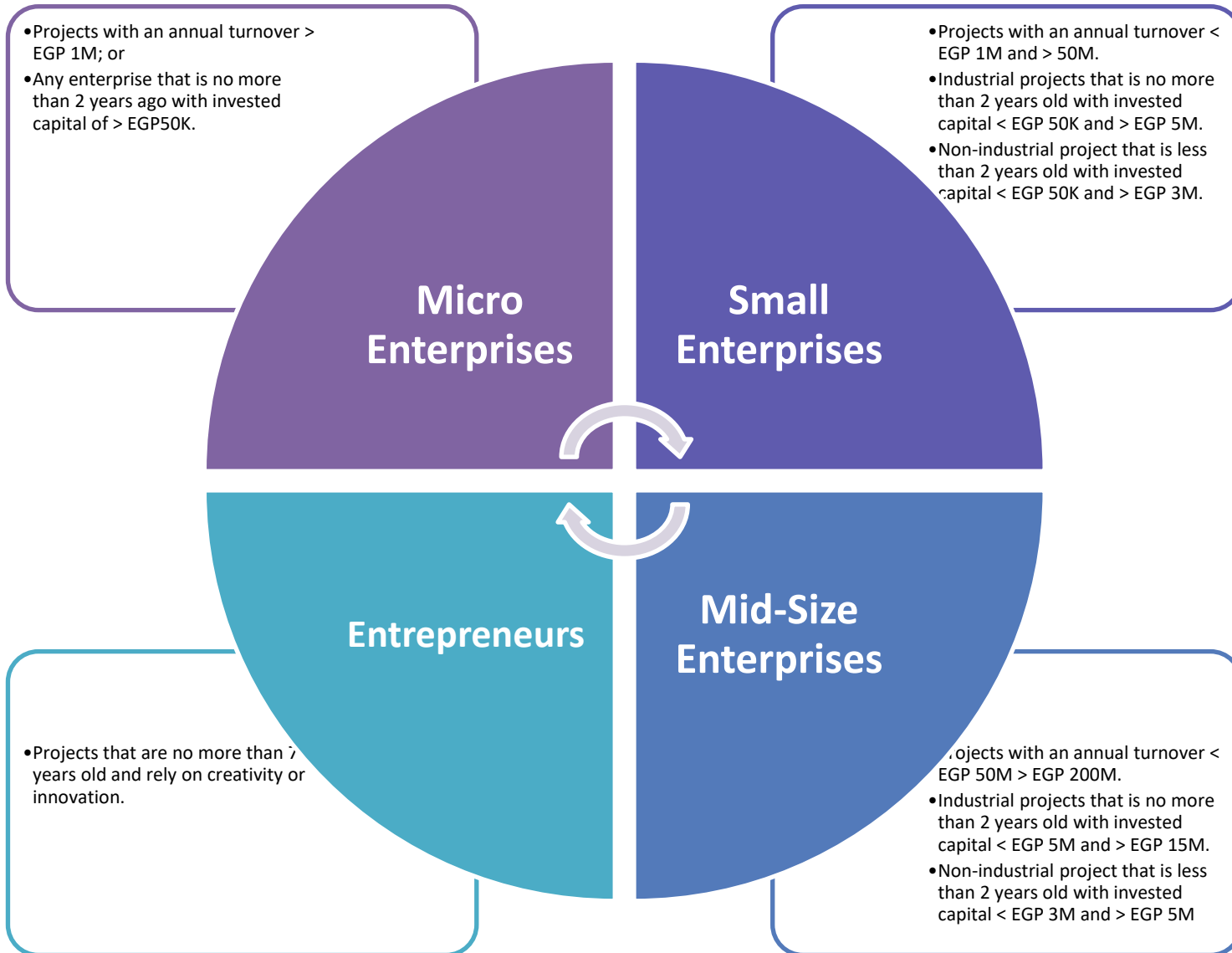
- ☐ SMEs contribute by about 80% of Egypt's GDP.
- ☐ SMEs represent about 87% of the total volume of industrial projects.
- ☐ SMEs represent about 46.7% of the total commercial establishments.
- ☐ SMEs represents 39.9% of the total service enterprises.
- ☐ SMEs contribute by about 75% of the total employment in the private sector.

Forces and Opportunities



- ☐ Providing employment opportunities.
- ☐ Geographical spread and serving the needs of wide segments of consumers.
- ☐ Integration with large projects and business interconnection.
- ☐ Maximizing the economic return.
- ☐ The performance of SMEs is very weak regarding exporting to foreign markets, as the percentage of exporting projects does not exceed 6% of the total projects.

SMEs Law 152 of 2020



Incentives for SMEs



Tax Incentives

Exemption from stamp duty tax and notary fees in relation to company incorporation documents, finance and security contracts for a period of 5 years.

Exemption from land registration taxes and fees.

Unified customs rate of 2% on all imported machines and equipment.

Exemption from capital gain on disposal of assets in case of purchasing replacements within 1 year.

Exemption from real estate capital gain tax in some cases.

Exemption from dividends tax for single shareholder companies in case the shareholder is an individual rather than an entity.

Incentives for SMEs



**Special
Corporate
Tax Rates
for 5
years**

0.5%: SMEs with revenue
EGP < 1M and > 2M

0.75%: for SMEs with revenue
of EGP < 2M and > 3M

1%: SMEs with revenue of
EGP < 3M and > 10M

Non-Tax Incentives for certain sectors



- ☐ Refund of utilities connection costs.
- ☐ Reduced cost of the workers technical training.
- ☐ Allocation of land at reduced fee basis.
- ☐ Exemption from providing securities for acquiring real estate.
- ☐ Exempting entrepreneurs from registration fees of patents, utility models and design plans.
- ☐ Facilitated Licensing Procedures.

Supporting Entities



Funding Entities

- Banks, financing institutions, corporation and any other entities that are licensed to finance or provide facilities to SMEs.

Incubators

- Incubators are companies, facilities and associations that aims to support newly established enterprises (no more than 2 years old) and entrepreneurs by providing them with services such as finance, management and marketing services.

Accelerators

- Accelerators play the same role but for SMEs and entrepreneur.

Incentives for Supporting Entities

- Same non-tax incentives as mentioned above for support entities:
 - It they establish industrial, production, crafts or services complexes for SMEs to carry out their activities.
 - Incubators and accelerators.

If you have any questions regarding this presentation, feel free to contact:



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Summary Profile

- Co-founder and managing partner of Riad & Riad. Head of the project finance and dispute resolution group.
- More than 21 years' experience at top tier law firms in Egypt specialized in corporate law, cross-border transactions, project finance and dispute resolution.
- Regularly represents multinational and local companies in major restructuring, merger & acquisition transactions and project finance, as well as acting as counsel and arbitrator in ad hoc and institutional arbitrations, and regularly
- Law professor at Cairo University teaching civil and commercial procedures law, international arbitration and business law since 2003 till present.
- Visiting scholar at George Washington Law School in USA during the period from 2006 to 2008.

Education

Ph.D - Cairo University School of Law, Egypt - 2009
 Masters of Laws (LL.M) - George Washington Law School, USA - 2008
 Masters of Laws - Cairo University School of Law, Egypt - 2003
 Bachelor of Law, LL.B, Anglo-American Law Department, Cairo University, Egypt - 2001

About Riad & Riad

- Riad & Riad is a full-service Egyptian law firm offering legal services on a wide variety of legal areas with special focus on **corporate and transactional, governmental procurement, Merger & Acquisition, labor & employment, banking, taxes, infrastructure, project finance, energy and litigation and dispute resolution.**
- Our founding lawyers have extensive practical experience coupled with international academic backgrounds at prestigious universities in USA, UK and France.
- We provide legal advice and represent major local as well international companies and financial institutions from all over the world in relation to their business in Egypt, including the United States, Europe, the Middle East, and Asia. We acted on some of the largest and most complex transactions in the Egyptian market.
- As an independent law firm, we also have excellent relationship with many of the international law firms in the Magic Circle and the Silver Circle to represent clients on cross border transactions and disputes.
- Our core business culture is centered on integrity, dedication to clients' needs, and excellence of advice and services. We operate proactively to deliver practical, cost effective and relationship-driven client service.



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How we can help

- R&R provides a broad range of services to emerging companies in technology, life sciences, energy and logistics.
- Our practice is distinguished for its guidance at all stages, from initial funding through IPOs and mergers.
 - Incorporation.
 - Licensing.
 - Tax Planning.
 - Governmental Incentives/Tax Credits and Abatements
 - Employee Benefits/Incentives.
 - Expats and immigration.
 - Financing.
 - Mergers and Acquisitions.
 - IPO and other Exit Strategies.

Our Clients

- Our clients are all multinationals and major companies in the GCC countries who are among the biggest market players in Egypt.
- We are a full-service Egyptian law firm offering legal services on a wide variety of legal areas with special focus on corporate and transactional, governmental procurement, Merger & Acquisition, labor & employment, banking, taxes, infrastructure, project finance, energy and litigation and dispute resolution.
- As an independent law firm in Egypt, we also have excellent relationship with many of the international law firms in the Magic Circle and the Silver Circle outside Egypt to represent clients on cross border transactions and disputes.

