

A photograph of the Great Pyramids of Giza in Egypt. The pyramids are made of brown, weathered stone and are set against a bright blue sky with scattered white clouds. In the foreground, the head and neck of a camel are visible, wearing a black and red harness. The camel is facing right. A teal-colored graphic overlay is present in the top-left and bottom-right corners of the image.

# COUNTRY GUIDE: EGYPT

[global@zapeo.net](mailto:global@zapeo.net)

<https://zapeo.net/egypt/>

# TABLE OF CONTENTS

|                                    |        |
|------------------------------------|--------|
| ● About us                         | Page 1 |
| ● Work Permits/VISA                | Page 2 |
| ● Employment contracts             | Page 3 |
| ● Paid time off                    | Page 4 |
| ● Employee benefits                | Page 5 |
| ● Tax                              | Page 6 |
| ● Payroll                          | Page 7 |
| ● Legislation and statutory bodies | Page 8 |

# ABOUT US

ZAPEO is an International PEO co-employer providing Employer of Record ( EOR ) Services in more than 113 countries around the world.

As an EOR, we provide employment contracts, payroll employees, pay over any taxes and statutory contributions and provide sponsorship for visa applications in order to comply with specific laws and regulations in the country.

We also assist with onboarding and termination of both local or expatriate employees.

## BENEFITS

- Legal compliance
- Time and cost savings
- Access to global talent
- Flexibility
- Reduced liability
- Expertise



# WORK PERMITS AND VISAS



**Egypt provides a variety of visas, including the following:**

- **Work visa:** A foreign national's visa, which may have previously been a temporary or tourist visa, is turned into a work visa when they get a work permit.
- **Temporary/tourist visa:** Upon arrival at Egyptian airports, visitors can receive a 30-day, renewable single-entry tourist visa. Also, it is the document that enables individuals to work.
- **Ordinary visa:** An employee's spouse is granted a residence permit for the term of their work permit with an ordinary visa, which is valid for three to five years.
- **Special visa:** Those who were born in Egypt before May 26, 1952, or who have lived there for more than 20 years after that date, are eligible for this visa. It is renewable and valid for 10 years.

## **Work permit:**

Foreign nationals will also need a work permit. Obtaining a temporary or tourist visa is the initial process, which is followed by turning it into a work visa. This process might result in a work permit if the employee submits an application to the Ministry of Manpower and Immigration. The applicant must also present documentation of any possible employment and a clean bill of health.

# EMPLOYMENT CONTRACTS



## **Probation period**

The length of the probation term is specified in the contract and cannot exceed three months by law.

## **Notice period**

An open-ended contract can be terminated by any party as long as the notice time and writing processes are followed. The notice period should be two months if the worker's continuous duration of employment is less than 10 years, and three months if the time exceeds ten years.

## **Minimum wage**

The monthly minimum salary in Egypt is EGP2,400.00.

## **Working hours and overtime**

In Egypt, a regular work week lasts 40 hours, with Fridays and Saturdays off. Employees who work more than 40 hours per week shall be paid 135% of their normal salary rate during the day and 170% of their regular salary rate during the night.

## **Termination**

The termination procedure differs depending on how the Employment Agreement and Collective Agreement are structured, as well as the type of contract and cause for termination.

Employers who want to fire an employee must appear before a judicial committee at the Ministry of Manpower and Migration. The committee has 15 days to make a decision on whether or not to grant the request. The employer may then terminate the employee, who maintains the right to file a legal challenge to the dismissal.

## **Severance**

There is no statutory severance compensation unless the employee's termination was unjustified or granted voluntarily by the company.

In the event that the employer terminates a fixed-term employment contract at any time during its term for any reason, the employer is obligated to pay the employee the full compensation that the employee would have been entitled to for the duration of the contract.

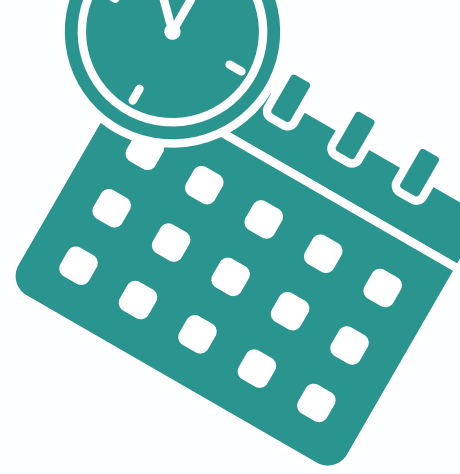
## **Non-compete clause**

In the employment agreement, employers may include a non-competition provision. The limitation is more pertinent and appropriate at the managerial level.

## **Collective bargaining**

Collective bargaining is recognized in Egypt.

# PAID TIME OFF



## **Annual Vacation**

Employees in Egypt are entitled to 21 days of paid annual leave every year provided they have been engaged for at least six months.

Employees who have worked for the company for 10 years in a row or who are above the age of 50 are entitled to 30 days of paid yearly leave.

## **Sick**

Employees are entitled to up to six months of paid sick leave and must present a certified medical certificate proving their illness.

The employee is entitled to 75 percent of the usual wage rate for the first 90 days of sick leave. Following that, this is increased to 85 percent of the regular rate of pay for 90 days.

## **Maternity**

Female workers who have worked for ten months in a row are entitled to 90 days of paid maternity leave and 45 days after the birth of a child.

Employees are entitled to two periods of maternity leave during the course of their employment. When she returns to work, she is entitled to two thirty-minute nursing breaks or a combined one-hour breastfeeding break per day for up to two years following her birth date.

## **Paternity**

There are no legal provisions for paternity leave.

## **Family**

Employers with more than 50 workers are required to give women 24 months of unpaid leave for each child.

## **National Holidays**

Egypt has a total of 16 public holidays which are paid.

## **Other Paid Time Off**

Depending on the conditions of the Collective Agreement/Employment Contract, an employee may be granted extra leave kinds, with the permission of both the employer and the employee, for the following:

Employees are entitled to up to six days of unpaid leave per year and are not obliged to provide a justification for their absence. Employees are permitted to take a maximum of two days of leave each year. Casual leave is counted as yearly leave.

# EMPLOYEE BENEFITS



## Statutory

### Unemployment

Unemployment payments are offered to employees who have contributed for at least 6 months, including the three months immediately preceding unemployment.

### Workers compensation

For private-sector employees, 3% of monthly covered payroll is covered; for public-sector employees, 2% is covered; and for civil servants, 1% is covered.

The lower limit of the public servant monthly wage scale is used to compute contributions as the minimum monthly earnings.

A job injury or occupational sickness must be evaluated.

### Social Security

Monthly Variable Cap: The monthly cap for variable social security contributions was increased to EGP 4,040. Employees and employers each contribute 11% and 24% to variable social security, respectively.

Monthly Fixed Ceiling: The cap for the fixed basic salary contribution rate was raised to EGP 1,670. Employee and employer contributions are 14% and 26% at the fixed basic rate, respectively.

### Retirement

Covered by Social Security.

### Health

Private option and is based on an employee voluntary basis to sign up or for the employer to offer it.

## Private

### Workers compensation

Private work accident insurance is available in Egypt.

### Retirement

Private retirement/pension funds are available as options in Egypt.

### Health

Private healthcare is available in Egypt.

### Life

There is private life insurance available in Egypt.

# TAX



## Personal Income Tax ( PIT )

- **Tax year** : Tax year runs from January 1st to December 31st.
- **Tax rate** : Income tax rates range between 0-27.5%.
- **Tax method** : The taxation approach is a progressive income tax.
- **Tax residency requirements** : In any of the following circumstances, a natural person is considered an Egyptian resident:
  - If the person has a permanent address in Egypt.
  - If the individual spends more than 183 days in Egypt, either continuously or intermittently, throughout a 12-month period, taking into account any double taxation treaties (DTTs) between Egypt and other countries that may impact the determination of this period.
  - If the individual is an Egyptian who fulfills the duties of his or her employment in another country yet receives money from the Egyptian treasury.
- **Double taxation agreements ( DTA's )** : Egypt has multiple double taxation agreements.

## Investment Income Tax

The new law defines capital gains as the difference between the purchase cost and the fair value/selling price of a share. Individuals who are residents are subject to capital gains tax (CGT). Capital gains realized by resident shareholders through the sale of listed shares on the EGX should be subject to CGT at a rate of 10%, but this tax should be postponed until 2021 and then implemented on January 1, 2022. Capital gains on the sale of unlisted shares/securities should be taxed according to the individual income tax levels. Non-residents are subject to the same capital gains tax treatment as residents, with the exception of profits realized from T-bills, which are not taxable.

Capital gains from foreign stock investments should not be taxed in Egypt, but dividend income tax (WHT) is imposed on listed shares on the EGX for resident and non-resident owners. Residents of Egypt are not taxed on interest income received from local banks, while non-residents benefit from the reduced rate provided under double taxation treaties (DTTs). Rental income is calculated on the basis of the actual rental value after subtracting 50% for all charges and expenditures.

## Taxable Income

Individual income tax is levied on resident persons' total net income for money generated in Egypt, as well as income obtained outside Egypt for residents whose commercial, industrial, or professional activities are centered in Egypt. In addition, non-resident people' income generated in Egypt is subject to taxation.



# PAYROLL



## Payroll Elements

- **Income:** Salary, earnings, bonuses, overtime pay, taxable benefits, allowances, and certain lump sum perks are examples of remuneration (revenue from employment). Profits or losses made by a company or trade. Income or profits derived from an individual's status as a trust beneficiary.
- **Deductions:** Employee payments to private insurance funds, life and health insurance premiums, and insurance premiums for pension eligibility are all fully deductible, however they cannot total more than 15% of net income or EGP 10,000, whichever is less. The same payments and premiums shall not in the future be deducted from any other industrial, commercial, or noncommercial revenue or real estate income.
- **Benefits in Kind:** Meals for employees, communal transportation for employees or its cost, medical care, equipment and uniforms for work purposes, and accommodation given by the company for employees are all examples of collective benefits-in-kind, according to the new tax legislation.
- **Employer contributions:** Workers compensation, unemployment and social security.

## Payroll Taxes

Mandatory social security contributions.

## Payroll Calendar

Payroll is done monthly in Egypt, and payments must be made by the 5th of the following month.

# LEGISLATION AND STATUTORY BODIES



## LEGISLATION

- The Labor Law

## STATUTORY BODIES

- Egyptian Tax Authorities
- Ministry of Manpower
- Ministry of Social Solidarity



Contact us today for further  
information or a **FREE**  
simulation.



LinkedIn



Simulation request



global@zapeo.net

---