

Egypt

Egypt is taking steps to implement the legal basis for exchange of information under the transparency framework, and has commenced administrative preparations to ensure that information on rulings will be exchanged. Egypt has met all aspects of the terms of reference (OECD, 2021^[3]) (ToR) for the calendar year 2021 (year in review), except for identifying all potential exchange jurisdictions (ToR I.A.2), having in place a review and supervision mechanism (ToR I.A.3) and having in place a process to ensure the timely exchange of information on rulings in the form required by the transparency framework (ToR II.B). Egypt receives two recommendations on these points for the year in review.

In the prior year's peer review report, as well as in the 2018 and 2019 peer review reports, Egypt had received the same two recommendations. As they have not been addressed, the recommendations remain in place.

Egypt can legally issue three types of rulings within the scope of the transparency framework.

In practice, Egypt issued rulings within the scope of the transparency framework as follows:

Type of ruling	Number of rulings
Past rulings	31
Future rulings in the period 1 April 2018 – 31 December 2018	3
Future rulings in the calendar year 2019	11
Future rulings in the calendar year 2020	2
Future rulings in the year in review	1

As no exchanges took place, no peer input was received in respect of the exchanges of information on rulings received from Egypt.

Information gathering process (ToR I.A)

388. Egypt can legally issue the following three types of rulings within the scope of the transparency framework: (i) cross-border unilateral APAs and any other cross-border unilateral tax rulings (such as an advance tax ruling) covering transfer pricing or the application of transfer pricing principles; (ii) permanent establishment rulings; and (iii) related party conduit rulings.

Past rulings (ToR I.A.1.1, I.A.1.2, I.A.2.1, I.A.2.2)

389. For Egypt, past rulings are any tax rulings within scope that are issued either (i) on or after 1 January 2016 but before 1 April 2018; and (ii) on or after 1 January 2014 but before 1 January 2016, provided still in effect as at 1 January 2016.

390. In the prior years' peer review reports, it was determined that Egypt's undertakings to identify past rulings and all potential exchange jurisdictions have met all the ToR, except for identifying all potential exchange jurisdictions for past rulings (ToR I.A.2.2). Therefore, Egypt was recommended to apply the "best efforts approach" to identify potential exchange jurisdictions for past rulings.

391. During the year in review, Egypt has not yet identified the potential exchange jurisdictions for all past rulings, and therefore the recommendation remains in place.

Future rulings (ToR I.A.1.1, I.A.1.2, I.A.2.1)

392. For Egypt, future rulings are any tax rulings within scope that are issued on or after 1 April 2018.

393. In the prior years' peer review reports, it was also noted that Egypt did not yet have a process in place for the identification of potential exchange jurisdictions for future rulings other than APAs. Therefore, it was determined that Egypt's undertakings to identify future rulings and all potential exchange jurisdictions have met all the ToR, except for identifying all potential exchange jurisdictions for future rulings other than APAs (ToR I.A.2.1). Egypt was recommended to ensure that all potential exchange jurisdictions are identified swiftly for all future rulings other than APAs.

394. During the year in review, Egypt has not yet put in place a process to identify the potential exchange jurisdictions for all future rulings other than APAs, and therefore the recommendation remains in place.

Review and supervision (ToR I.A.3)

395. Egypt does not yet have in place a review and supervision mechanism for the identification of rulings and potential exchange jurisdictions (ToR I.A.3), and therefore the recommendation remains in place.

396. As noted in the prior years' peer review reports, Egypt envisages that supervision on the identification of rulings and potential exchange jurisdictions will take place by the managers of the relevant departments. Egypt also intends to issue internal guidance for staff on the identification process.

Conclusion on section A

397. Egypt has met the ToR for the information gathering process except for identifying all potential exchange jurisdictions for past and future rulings (ToR I.A.2) and having in place a review and supervision mechanism (ToR I.A.3). Egypt is recommended to continue its efforts to identify all potential exchange jurisdictions for both past and future rulings and to implement a review and supervision mechanism, as soon as possible.

Exchange of information (ToR II.B)

Legal basis for spontaneous exchange of information (ToR II.B.1, II.B.2)

398. Egypt has the necessary domestic legal basis to exchange information spontaneously. Egypt notes that there are no legal or practical impediments that prevent the spontaneous exchange of information on rulings as contemplated in the Action 5 minimum standard.

399. Egypt has international agreements permitting spontaneous exchange of information, including bilateral agreements in force with 58 jurisdictions.¹ Egypt is not a party to the *Multilateral Convention on Mutual Administrative Assistance in Tax Matters: Amended by the 2010 Protocol* (OECD/Council of Europe, 2011^[1]) (“the Convention”). Egypt is encouraged to continue its efforts to expand its international exchange of information instruments to be able to exchange information on tax rulings. Egypt notes that it is planning to become a party to the Convention in the near future. It is noted, however, that jurisdictions are assessed on their compliance with the transparency framework in respect of the exchange of information network in effect for the year of the particular annual review.

Completion and exchange of templates (ToR II.B.3, II.B.4, II.B.5, II.B.6, II.B.7)

400. In the prior years’ peer review reports, it was determined that Egypt did not have a process for the completion and exchange of templates. Therefore, Egypt was recommended to develop a process to complete the templates on relevant rulings and to ensure that the exchanges of information on rulings occur in accordance with the form and timelines under the transparency framework (ToR II.B). As no action has been undertaken on this aspect during the year in review, the recommendation remains in place.

401. During the year in review, no exchanges took place and therefore no data on the timeliness of exchanges is reported.

Conclusion on section B

402. Egypt has the necessary legal basis for spontaneous exchange of information. Egypt is recommended to swiftly implement its process to complete the templates on relevant rulings and to ensure that the exchanges of information on rulings occur as soon as possible (ToR II.B).

Statistics (ToR IV.D)

403. As there was no information on rulings exchanged by Egypt for the year in review, no statistics can be reported.

Matters related to intellectual property regimes (ToR I.A.1.3)

404. Egypt does not offer an intellectual property regime for which transparency requirements under the Action 5 Report (OECD, 2015^[2]) were imposed.

Summary of recommendations on implementation of the transparency framework

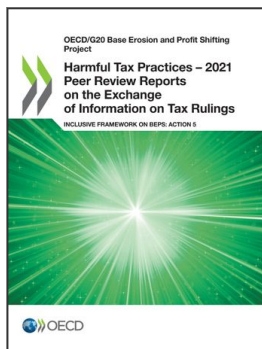
Aspect of implementation of the transparency framework that should be improved	Recommendation for improvement
Egypt has not yet identified all potential exchange jurisdictions for both past and future rulings and does not have a review and supervision mechanism in place to ensure that all relevant information on the identification of rulings and potential exchange jurisdictions is captured adequately.	Egypt is recommended to continue its efforts to identify all potential exchange jurisdictions for both past and future rulings and to implement a review and supervision mechanism, as soon as possible. This recommendation remains unchanged since the 2018, 2019 and 2020 review reports.
Egypt does not have in place a process to ensure the timely exchange of information on rulings in the form required by the transparency framework.	Egypt is recommended to swiftly implement its process to complete the templates on relevant rulings and to ensure that the exchanges of information on rulings occur as soon as possible. This recommendation remains unchanged since the 2018, 2019 and 2020 peer review reports.

References

- OECD (2021), *BEPS Action 5 on Harmful Tax Practices - Terms of Reference and Methodology for the Conduct of the Peer Reviews of the Action 5 Transparency Framework*, OECD Publishing, Paris, <http://www.oecd.org/tax/beps/beps-action-5-harmful-tax-practices-peer-review-transparency-framework.pdf>. [3]
- OECD (2015), *Countering Harmful Tax Practices More Effectively, Taking into Account Transparency and Substance, Action 5 - 2015 Final Report*, OECD/G20 Base Erosion and Profit Shifting Project, OECD Publishing, Paris, <https://doi.org/10.1787/9789264241190-en>. [2]
- OECD/Council of Europe (2011), *The Multilateral Convention on Mutual Administrative Assistance in Tax Matters: Amended by the 2010 Protocol*, OECD Publishing, Paris, <https://doi.org/10.1787/9789264115606-en>. [1]

Notes

¹ Albania, Algeria, Austria, Bahrain, Belarus, Belgium, Bulgaria, Canada, China (People's Republic of), Cyprus, Czech Republic, Denmark, Ethiopia, Finland, France, Georgia, Germany, Greece, Hungary, India, Indonesia, Iraq, Ireland, Italy, Japan, Jordan, Korea, Kuwait, Lebanon, Libya, Malaysia, Malta, Mauritius, Morocco, Netherlands, Norway, Pakistan, Palestinian Authority, Poland, Romania, Russia, Saudi Arabia, Serbia, Singapore, Spain, South Africa, Sudan, Sweden, Syrian Arab Republic, Tunisia, Türkiye, Ukraine, United Arab Emirates, United Kingdom, United States, Uzbekistan and Yemen. Egypt also has an agreement with the Council of Arab Economic Unity permitting spontaneous exchange of information.



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