

Egypt

Egypt's implementation of the transparency framework is still in the early stages of development. Egypt is taking steps to implement the legal basis for the transparency framework and to commence administrative preparations in line with the terms of reference (OECD, 2017^[3]) (ToR) to ensure that it finalises its information gathering process (ToR I.4) and information on rulings will be identified and exchanged in a timely manner (ToR II.5). Egypt receives two recommendations on these points for the year in review.

This is Egypt's first review of implementation of the transparency framework.

Egypt can legally issue four types of rulings within the scope of the transparency framework. In practice, Egypt issued rulings within the scope of the transparency framework as follows:

- 31 past rulings;
- For the period 1 April 2018 - 31 December 2018: three future rulings.

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

Introduction

This peer review covers Egypt's implementation of the BEPS Action 5 transparency framework for the year 2018. The report has four parts, each relating to a key part of the ToR. Each part is discussed in turn. A summary of recommendations is included at the end of this report.

A. The information gathering process

Egypt can legally issue the four following types of rulings within the scope of the transparency framework: (i) cross-border unilateral advance pricing agreements (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) rulings providing a downward adjustment of taxable profits; (iii) permanent establishment rulings; and (iv) related party conduit rulings. Egypt has had in place a legislative framework to issue unilateral APAs since October 2018, but in practice has never issued any unilateral APAs.

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.

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

Egypt acknowledges that it did not implement the information gathering process during the year in review. Egypt has since engaged with the Secretariat during the peer review process in 2019, and is in the process of putting in place the procedures required under the information gathering process. These processes will be assessed during the subsequent year peer review. As at August 2019, Egypt had identified 31 past rulings and three future rulings in scope of the transparency framework.

Conclusion on section A

Egypt is recommended to ensure that it has put in place an effective information gathering process to identify all relevant past and future rulings and all potential exchange jurisdictions and to implement a review and supervision mechanism, as soon as possible (ToR I.4).

B. The exchange of information

Legal basis for spontaneous exchange of information (ToR II.5.1, II.5.2)

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

Egypt has international agreements permitting spontaneous exchange of information, including double tax agreements in force with 55 jurisdictions.¹

Completion and exchange of templates (ToR II.5.3, II.5.4, II.5.5, II.5.6, II.5.7)

Egypt acknowledges that it did not implement processes for the completion and exchange of templates during the year in review. Egypt will be developing a process to complete the templates on relevant rulings, to make them available to the Competent Authority for exchange of information and to exchange them with relevant jurisdictions.

For the year in review, Egypt had not undertaken any exchanges of information and therefore no data on the timeliness of exchanges can be reported.

Conclusion on section B

Egypt is 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.5).

C. Statistics (ToR IV)

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

D. Matters related to intellectual property regimes (ToR I.4.1.3)

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

Summary of recommendations on implementation of the transparency framework

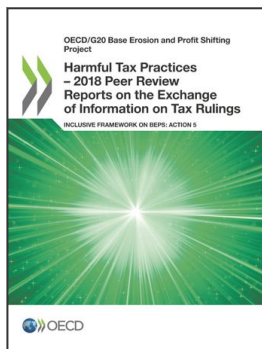
Aspect of implementation of the transparency framework that should be improved	Recommendation for improvement
Egypt does not have in place the information gathering process as required under the transparency framework.	Egypt is recommended to ensure that it has put in place an effective information gathering process to identify all relevant past and future rulings and all potential exchange jurisdictions and to implement a review and supervision mechanism, as soon as possible.
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 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.

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, Poland, Romania, Russia, Saudi Arabia, Serbia, Singapore, Spain, South Africa, Sudan, Sweden, Syria, Tunisia, Turkey, Ukraine, United Arab Emirates, United Kingdom, United States, and Yemen.

Note by Turkey: The information in this document with reference to "Cyprus" relates to the southern part of the Island. There is no single authority representing both Turkish and Greek Cypriot people on the Island. Turkey recognises the Turkish Republic of Northern Cyprus (TRNC). Until a lasting and equitable solution is found within the context of the United Nations, Turkey shall preserve its position concerning the "Cyprus issue".

Note by all the European Union Member States of the OECD and the European Union. The Republic of Cyprus is recognised by all members of the United Nations with the exception of Turkey. The information in this document relates to the area under the effective control of the Government of the Republic of Cyprus.



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