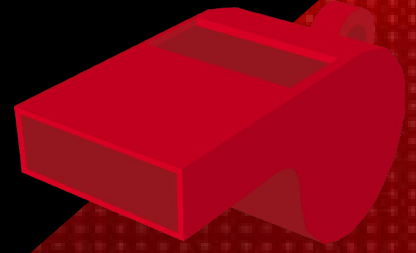


## TAX ALERT

November 20, 2024

### Instruction No. 78 of 2024, Cancellation of Circulars No. 5 and 6 of 2019 - Egypt



## Overview

On November 17, 2024, the Egyptian Tax Authority issued Instruction No. 78 of 2024 to cancel Circulars Nos. 5 and 6 of 2019, which outlined the VAT treatment of certain exported services provided by Egyptian companies to foreign entities.

## Key Points

- **Cancellation of Circulars:**

The previous guidelines issued under Circulars Nos. 5 and 6 of 2019 regarding the VAT treatment of certain services provided by agents and representatives of foreign companies are **no longer in effect**.

- **Tax Obligations for Taxes Collected Under the Previous Circulars:**

Any taxes (including VAT and Table Tax) collected based on Circulars No. 5 and 6 of 2019 must still be remitted to the Egyptian Tax Authority within the legally prescribed deadlines, despite the cancellation of these circulars.

- **Effective Date:**

The new instructions are effective **from the date of issuance of Instruction No. 78 of 2024** (17 November 2024).

- **Implications for Companies:**

The tax treatment of the exported services specified in Circulars Nos. 5 and 6 should be reviewed and revised accordingly. Companies should reassess and update their internal tax processes and accounting practices to ensure they are aligned with these new developments.

Any tax that has already been collected under the provisions of the cancelled Circulars Nos. 5 and 6 of 2019 must still be remitted to the Egyptian Tax Authority within the legally prescribed deadlines to avoid penalties, despite the fact the original notifications have been revoked.



## Key Highlights of Circular Nos. 5 and 6 of 2019

For your reference, we have highlighted below the VAT treatment of services provided by Egyptian companies to foreign entities, as specified under **Circular No. 5 of 2019**, which has now been cancelled:

- **Promotion & Marketing Services**

Egyptian companies offering promotion and marketing services to foreign companies (without importing or selling goods) are providing local services, which are subject to VAT at the standard rate.

- **Agency Services for Foreign Goods Sold in Egypt**

Commercial agents or branches of foreign companies selling and guaranteeing goods in Egypt are providing local services, which are subject to VAT at the standard rate.

- **Agency Services for Foreign Companies**

Egyptian agents or branches providing services on behalf of a foreign company within Egypt are offering local services, which are subject to VAT at the standard rate

- **Exported Services**

Egyptian branches of foreign companies providing services to clients outside of Egypt are considered to be exporting services, the fee of which is subject to VAT at the zero rate.

We have also summarized below the VAT treatment specified under **Circular No. 6 2019**, which has now been cancelled:

Services performed by agents or branches in Egypt for foreign entities, where the services are utilized abroad, are considered exported services subject to VAT at the zero rate.

## Conclusion

With the issuance of Instruction No. 78 of 2024, businesses should promptly update their tax practices to align with the revised VAT treatment of certain exported services provided by Egyptians entities to foreign companies. It is crucial to review any past transactions and ensure that taxes previously collected under the old circulars are submitted within the prescribed legal deadlines to avoid any compliance issues.



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