

Client Alert: New Amendments to Egypt's Importers Register Law

By Dr. Ingy Rasekh

Introduction

On 7 March 2017, the President endorsed Law No. 7 of 2017 that amends some of the provisions of the Importers Register Law. The amendments are the latest in a series of measures taken by Egypt's government to reduce imports of finished products into Egypt, and to reduce the national import bill. The Law came into force on 8 March 2017.

Companies already holding an import license at the time of the issuance of the law must adjust their status to the new requirements within six months from the date of entry into force of the law. A longer grace period is given to limited liability companies and partnerships with respect to amending their paid-in capital to meet the minimum requirements.

Registered companies which carry out production or service activities exempted, as per the law, from the requirement to register in the Importers Register. The exempted imports by such companies must be within the scope of needed imported products for them to carry out their production or service activities. The imports must also be done in their name and for their own account in such case.

New Restrictions on Importer Registration

The law introduces a number of new requirements for a company to register as an importer. The new requirements to be satisfied, prior to registering with the Importers Register, are as follows:

- The company must have been registered with the Commercial Register for at least 1 year prior to registration.
- Its volume of works, as evidenced by its tax returns, must not be less than EGP 5 million. An exception could be made with regard to volume of works for companies already holding an import license at the time of application of this law.
- The company's head office must be in Egypt and it must be established under Egyptian law.
- For limited liability companies and partnerships, the paid-in capital must not be less than EGP 2 million. The latter should be evidenced by the latest balance sheet filed by the company for the preceding year, or by presenting a bank certificate evidencing the deposit of such capital upon incorporation with one of the authorized banks in Egypt. Importers existing at the time of the issuance of this law must adjust their status as per the new requirements within six months from the date of entry into force of the "Executive Regulations" of the law (yet to be issued).
- For joint stock companies and partnerships limited by shares, the issued share capital must not fall below EGP 5 million. Companies holding an import license at the time of the issuance of this law

must adjust their status as per the new requirements within six months from the date of entry into force of this law.

- The shares or allotments of the partners in joint stock companies and partnerships limited by shares as well as LLCs or Partnerships must be 51% owned by Egyptians. Companies holding an import license at the time of the issuance of this law must adjust their status as per the new requirements within six months from the date of entry into force of this law.
- The company's manager who is in charge of the importation must be an Egyptian national.
- The general partners (in Partnerships), and the companies' managers and employees in charge of the importation activities must fulfill certain requirements which apply to natural persons registered as importers.
- A cash deposit or bank letter of guarantee in the amount of EGP 200,000 must be provided by the applicant company for the purpose of registration.

New Training Requirements for Managers and Employees

In order for the import license to be obtained or renewed, the manager and employees entrusted with importation activities must obtain certain training courses approved by the Ministry of Foreign Trade, which are to be determined in detail by the future Executive Regulations. No renewal of the importer license may be allowed except after completion of the required courses.

Removal of Criminal Penalties for Foreign Nominee Importing

The new law does remove the previous penalty on nominee importer arrangements, and repealed Article 9 of the Importers Register Law which provided that an importer that collaborates with a foreigner to allow the foreigner to use the registration of the importer in the Importers Register shall be punished by imprisonment, a fine, and confiscation of the goods.

If you would like more information about this topic then please contact us.

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