

Client Alert: Increased Disclosure Obligations for Egyptian Companies with Foreign Shareholding

By Dr. Ingy Rasekh and Nisreen Al Karyouti

The Prime Minister has passed two new decrees that require companies with foreign shareholding to disclose certain financial data upon company incorporation and amendment of company documents.

Two Prime Ministerial Decrees have recently been issued under Nos. 2731/2019 and 2732/2019, whereby all Egyptian companies with foreign shareholding are now required to provide the General Authority For Investment And Free Zones (GAFI) with certain financial data. This data must be disclosed on a GAFI form. The purpose of the disclosure is purported to be for the purpose of collecting statistical information on foreign direct investment in Egypt.

Key Requirements

The form must be completed and submitted through the GAFI online portal within 30 days of incorporation, or of any amendment of share capital, the shareholder structure, or the change in the composition of the Board of Directors, and to update and re-submit the form within 45 days of the end of each financial quarter. The current practice of GAFI is to not accept to process any amendment or any Extraordinary General Assembly documents until after submitting the disclosure form has been submitted.

Deadline and Penalties

The two decrees have not set any particular deadline for the first filing. However, GAFI announced that it expects that companies fill out the forms and submit them for the preceding quarter ending 30 September 2019 as soon as possible.

GAFI may apply a penalty of EGP 50,000 on companies that do not comply with this obligation, although the legal basis of this fine is yet to be confirmed.

Procedure

The PM Decree foresees that companies directly submit the form through GAFI's online portal under the following link: <https://gafi.gov.eg/english/eservices/fdi>.

This requires the company to have an online account with GAFI and to upload the necessary forms through the online account. Exceptionally, GAFI may accept the disclosure form for the first time in hard copy, as per the attached form, as long as it is signed and stamped by the company.

All Egyptian companies with foreign shareholding should promptly submit the form through the portal, or in hard copy to GAFI, at the nearest possible date so as to comply with the new requirements and avoid penalties.

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

Ingy Rasekh
Partner
Cairo

rasekh@amereller.com

Nisreen Al Karyouti
Counsel
Cairo

karyouti@amereller.com

CAIRO | MENA Associates in association with Amereller | GIC Tower | 21 Soliman Abaza St. | Mohandessin | Giza | Egypt
t: +20 2 376 26 201

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