

**The decision of Minister of finance**

**No (493) for the year 2009**

**To issue the executive regulation**

**Of the building tax law issued**

**Per law no: (196) for the year 2008**

**The Minister of Finance:**

Upon considering the building tax law issued per law no: (196) for the year 2008.

**Decided**

(Article one)

The executive regulation attached to the building tax law previously mentioned is to be activated.

(Article two)

This decision is to be published in the El-Waqae'a Al-Masriya, and is activated the day following its publication.

**Issued in 3/8/2009**

Minister of finance

Dr: Youssef Botros Ghaly

# **The executive regulation of building tax law**

**Issued per law no (196) for the year 2008**

## **"Chapter one"**

### **General Rules**

#### **Article 1:**

On implementing the rules of this regulation, the next expressions are intended to signify the meaning shown next to them:

- The law: the law of building tax issued by law no 196 for the year 2008.
- The tax: the building tax.
- The Minister: the Minister of finance.
- The authority: Real Estate Taxation Authority (RTA).
- The governor: the concerned governor that the building exists in his governorate.

#### **Article 2:**

The owner or the beneficiary of the building is intended to signify the taxpayer on implementing article (2) of the law. He/She is the person:

- A- Who is proved to be the owner of the building according to contracts, verdicts, hereditary notices, or documents issued by the real registry bodies or any other document that may prove the ownership.
- B- Who has right in rem to use or benefit from the building according to the proving documents.

The legal representative or the legal person in charge of paying the tax is defined according to what may be decided per law, by the foundation systems or per the decisions approved by the specialized authority. The legal representative of the normal legally incompetent person in charge of paying the tax is the legal guardian or the person defined by the specialized court.

#### **Article 3:**

The procedures of the five-year re-estimation of the annual rental value of buildings start one year at least and three years at most before the end of working with the previous five-year re-estimation, according to the following procedures:

- A- Head of RTA, upon Minister of Finance's approval, issues a statement regarding the procedures which the survey and estimation committees

follow to re-estimate the annual rent value of buildings which will be taken as a base for calculating the tax and determining the work period of these committees and the appeal committees.

- B- The beginning of re-estimation procedures should be announced at all visual, audible and readable multimedia so that taxpayers could submit their declarations at the right time.
- C- RTA is to put a work plan and courses of work for the survey and estimation committees to achieve the survey and estimation procedures of the rent value.
- D- The estimates decided by the survey and estimation committees are declared after being approved by the Minister or his deputy, and then they are published in the gazette when finished. The people concerned are informed according to article (12) of this regulation. The notification in this way activates the date of appeal against the estimation of the rent value.
- E- The procedures of the assessment, settlements, and collection, are taken and implemented as from the first month of January that follows the first estimation or the second month of January that follows the end of the five-year- estimation period (the end of the five years) through which the procedures of re-estimation have been started.

The rental value of residential buildings should not exceed upon the five-year re-estimation 30% of the previous five-year- estimation and 45% for the buildings used in other purposes other than residence.

#### **Article 4:**

RTA, RT directorates and the other affiliated directorates in the governorates are to abide by the rules of law, decisions, rules and the ruling systems to determine the scope of the local administration units and the new constructional societies, when taking the survey and estimation procedures of the existent buildings in a way that specifies the specialization of each directorate and branch office.

## **(Chapter two)**

### **Survey of buildings and estimation of their rental value**

#### **Section one**

#### **Survey of buildings and the principles of their categorization**

##### **Article 5:**

All the buildings and the like are generally surveyed according to articles (8) and (9) of the law every 5 years provided that every year the following should be surveyed:

- A- The recent buildings and the like.
- B- The parts added to the previously surveyed buildings.
- C- The buildings that have been previously surveyed and substantial modifications are done in all or some of their parts, which changed their characteristics or use that their rental value is notably affected.
- D- The buildings stated in article (18) of the law that are not yet exempted from the tax.
- E- The empty lands that are used for rent or benefit.
- F- The units whose renting is legally terminated and which were submitted to rental pricing systems according to rule of law no: 49 for the year 1977 regarding renting and selling places and organizing the relationship between the lesser and the tenant and rule of law no: 136 for the year 1981 concerning some of the provisions related to renting and selling places and organizing the relationship between the lesser and the tenant as well as the laws related to renting places that were issued before these two rules.

##### **Article 6:**

The following procedures should be followed for imposing tax on buildings that are established on agriculture lands:

- A- Making sure that the buildings established on agriculture land have a license. Otherwise, a violation minute upon building on agriculture land has been made and a final judgment has been passed of exemption or dropping the criminal lawsuit or three years have passed since these buildings were built and any of the utilities (water- electricity- sanitation) was connected without making a violation minute.

B- In case that any of the cases stated in (A) is not realized, the specialized survey and estimation committees must return to the agriculture cooperative society in whose area the building established on agriculture land is located to know if a violation minute upon building on agriculture land has been made or not. This is to be registered in an official minute; if not, the building is surveyed.

C- Land on which these buildings are established is exempted from the agriculture land tax per an exclusion permission approved by the manager of an RT directorate as from the date of taxing these buildings.

### **Article 7:**

The rental value of buildings is evaluated by the survey and estimation committees stated in article (13) of the law; after classifying them according to the following categorization:

A- the geographic location , includes:

- 1- The nature of the area in which the buildings exist.
- 2- The street in which the buildings exist.
- 3- How near the buildings are to the beaches, gardens or parks.

B- The building standard (de luxe/ post-medium/ medium/ economical/ public) the quality of the building material (concrete/ tiles/ bricks/ stones/ wood/ iron/ any other materials).

C- The utilities connected to the buildings, includes:

- 1- Electricity, water and sanitation.
- 2- Health, social and educational services available.
- 3- Telephone.
- 4- The road's network and the available transportations
- 5- Any other public utilities.

The following are taken into consideration when estimating the rental value of the buildings:

A- Abiding by the rental value determined per the rental laws stated in article (5/f) of this regulation, guided by the agreed upon rent between the owner and the tenant in other cases.

- B- Residential units and all the annexed constructions and gardens and attachments are considered only one residential unit when surveyed and rental value is estimated.
- C- Except for the furnished used units, the buildings used as hotels or inns are dealt with like the non-residential buildings.
- D- The rooms allocated for the guard are dealt with like the residential units.
- E- Except for the private garages, the rented public garages are considered non-residential units.
- F- Considering the information mentioned in the declaration submitted by the taxpayer regarding his/her buildings; specially the internal description of every unit in a building. The description mentioned in the survey and estimation books must be identical to reality when on-site survey is carried out.
- G- The next tables are used as guides when estimating the rental value:

### Concerning the residential units

Market value of residential units	Capital value of the unit	Annual rental value of the unit	Tax burden according to the law ( values in EGP)	
			Tax base	Annual due tax
50,000	30,000	900	5,370	-----
100,000	60,000	1,800	4,740	-----
150,000	90,000	2,700	4,110	-----
200,000	120,000	3,600	3,480	-----
250,000	150,000	4,500	2,850	-----
300,000	180,000	5,400	2,220	-----
350,000	210,000	6,300	1,590	-----
400,000	240,000	7,200	960	-----
450,000	270,000	8,100	330	-----
500,000	300,000	9,000	300	30
600,000	360,000	10,800	1,560	156
700,000	420,000	12,600	2,820	282
800,000	480,000	14,400	4,080	408
900,000	540,000	16,200	5,340	534
1000,000	600,000	18,000	6,600	660
1,500,000	900,000	27,000	12,900	1,290
2000,000	1,200,000	36,000	19,200	1,920
3000,000	1,800,000	54,000	31,800	3,180
4000,000	2,400,000	72,000	44,400	4,440
5000,000	3,000,000	90,000	57,000	5,700
7000,000	4,200,000	126,000	82,200	8,220
9000,000	5,400,000	162,000	107,400	10,740
11,000,000	6,600,000	198,000	132,600	13,260
13,000,000	7,800,000	234,000	157,800	15,780
15,000,000	9,000,000	270,000	183,000	18,300

## Concerning industrial units

Calculated on the basis of the rental value 200 pounds per meter

Land area (per m <sup>2</sup> )	Buildings area (per m <sup>2</sup> )	Calculated value of buildings	Annual rental value	Values in 1000 EGP	
				Tax base	Due annual value
1.000	600	120	4	2	0
5.000	3.000	600	18	12	1
10.000	6.000	1.200	36	24	2
30.000	18.000	3.600	108	73	7
40.000	24.000	4.800	144	98	10
50.000	30.000	6.000	180	122	12
60.000	36.000	7.200	216	147	15
70.000	42.000	8.400	252	171	17
80.000	48.000	9.600	288	196	20
90.000	54.000	10.800	324	220	22
100.000	60.000	12.000	360	245	24
500.000	300.000	60.000	1.800	1.224	122
1.000.000	600.000	120.000	3.600	2.448	245

### Article 8:

When estimating the rental value of housing units; no data should be requested from the inhabitants or the owners or those who work in these units unless in the cases determined by the Minister.



## **Article 9:**

The annual rental value of housing and non-housing units is calculated by survey and estimation committees, according to the following:

1- Concerning the places used for housing purposes:

- 30% of the annual rental value is to be excluded in return of all the expenses paid by the taxpayer including maintenance costs.
- 6000 EGP of the exemption limit stated in article (18/d) of the law is to be excluded per each unit in a building.
- The tax is calculated at the rate of 10% of the net annual rental value which is estimated according to item 2.

2- Concerning the places used in purposes other than housing:

- 32% of the annual rental value is to be excluded in return of all the expenses paid by the taxpayer including maintenance costs.
- The tax is calculated at the rate of 10% of the net annual rental value which is estimated according to item 1.

## Chapter 2

### Procedures of survey and estimation

#### Article 10:

RTA determines the number of "survey and estimation committees" that should be formed in each governorate. It also determines the specializations of each committee according to the number and size of buildings that exist in each governorate.

These committees are formed by a decision of the Minister of Finance in agreement with the Minister of housing; according to article 13 of this law.

#### Article 11:

The committees 'sessions are not valid unless at least four members are present; among them is the chief. The decisions of the committee are issued according to the majority of those who are present. In the case of equal votes the preference is to the side of the chief.

Each of those committees surveys the buildings that exist within its domain according to RTA's work plan. The committees should also determine the rental value of those buildings; for the purpose of implementing the law, after classifying them according to the bases and rules stated in the first paragraph of article 7 of this regulation.

#### Article 12:

Each tax payer– whether normal or legal person – has to present a declaration form to the concerned RTA branch office in return of a receipt, or he may also send his declaration via a registered letter in the dates stated in article 14 of this law.

The annual or five- year-declaration should include the following data:

- 1- The name of taxpayer and his relation to the building mentioned in the declaration according to article 2 of the law
- 2- The name of the governorate which the building exists within its province. Also the name of the administrative division ; such as the name of the town, the administration , the police station ,the district ,the street with its branches and the building's former or current ID determined by town planning administration or RTA.
- 3- Number of the buildings' floors, the units in each floor, the divisional contents of each unit , the unit's area and value according to ownership contracts or building license, or according to field observation

- 4- The name of the occupant, actual rent and type of use
- 5- The address and ID of the person who presents the declaration
- 6- The documents in which the price of the building is stated; if available
- 7- Chosen address for letters
- 8- As for the units used in purposes other than housing; the declaration should include -in addition to what is mentioned previously – the name of the owner or the institution. Also it should include the number of tax regulation, tax recordation, commercial register or activity practicing license

In all cases the taxpayer is not exempted from presenting the declaration if the survey and estimation committee has previously registered his buildings in the records or if they were exempted from tax according to article 18 of the law.

**Article 13:**

RTA publishes in the gazette the completion of the rental value decided by survey and estimation committees mentioned in article 13 of the law after being authorized by the Minister or his deputy.

RTA directorates announce the estimations decided by survey and estimation committees at the headquarters of RTA directorates, their branch offices which the buildings exist within their domain, city councils, districts, new cities' boards and the headquarters of public local councils. Also the estimations are published on the electronic sites of the Ministry and RTA. The announcement should include the date of publishing the completion of these estimations in the gazette and the number of issue in which they were published.

RTA branch offices should inform each taxpayer -whose building lies within their domain- with the previously mentioned estimations in a registered letter to the address written in the records or the submitted declaration. The notification should include the date of publication in the gazette and the number of the issue in which they are published as soon as the estimations are published in the gazette.

As soon as the estimations are published in the gazette; the tax becomes payable.

## **Chapter III**

### **Appeal Against Rental Value Estimations**

#### **Article 14:**

Taxpayer has the right to appeal against the rental value estimates of a building (or part of this building) before appeal committees stipulated in Article (17) of the law, within the 60 days following the date at which rental value estimates are declared, taking the following into consideration:

- a. The appellant is to submit the request on the form prepared for this purpose that would be delivered to the real-estate directorate or the branch office which the building is located within its jurisdiction in return of a receipt or a registered letter sent to the directorate or the branch office. The application should include the reasons behind the appeal supported with documents.
- b. The application should be accompanied with a proof of paying 50 EGP as a guarantee to reconsider the appeal. The payment is refunded when the appeal is nominally accepted.

Real-estate directorates in all governorates have the right to appeal to the estimates with a memorandum submitted to the Minister of Finance or the manager of the directorate authorized by the Minister within the appointment specified in Article (16) of the law if they (Real-estate directorates) see that the rental value estimation of the building or part of it is less than the real value, and this without refunding the guarantee stipulated in Item B of this article.

#### **Article 15:**

A committee or more than one committee is formed in each governorate with a decision of the Minister to resolve the appeals according to Article (17) of the law. The committee is chaired by an expert other than any of the present or former personnel at RTA and with membership of:

- a. One of the employees at the tax assessment and collection office, at RTA directorate in which the building is located under its jurisdiction.
- b. A representative of Ministry of Housing nominated by the previously mentioned Ministry.

- c. Two of consultative engineers specialized in construction field or who have experience in buildings' evaluation, selected by the governor upon the nomination of the public local council of the governorate. Holding together the memberships of the survey and evaluation committee and appeal committees is not permitted.

The committee is considered legally convened only with the presence of at least 4 members (the president of the committee does not count). The committee is to issue decisions with absolute majority of the present members, when equality, the side which includes the president wins.

The committee should release its decision within 30 days as from the date at which the appeal is submitted with notifying the appellant on the appeal's result; the committee's decision is final.

Taxpayer and the concerned RTA directorate have the right to appeal against those decisions before administrative judiciary within 60 days as from the date, at which the appeal committee's decision is declared. This does not impede paying the tax.

#### **Article 16:**

Appeal committees are located at the RTA directorates. The committee surveys the buildings whose rental values are appealed, considers all papers and documents related to the object of appeal and summons the appellant for discussion if necessary.

#### **Article 17:**

Technical secretariat is formed for each appeal committee per a decision of RTA Head. The Secretariat is to hold the following records:

- a. Record of appeals registration for the appeals submitted by taxpayers or the directorates arranged according to the submission date. The registration should include the data of each appeal and list in details the documents presented by taxpayer, number and date of paying the insurance receipt.
- b. Record of sessions' minutes, the register should include all discussions within the session and the register of the decisions released by the committee.
- c. Record for registering the notifications with the committee's decision to the taxpayers
- d. Any other records that are related to the nature of the committee's work

The secretariat of the appeal committee is to notify the taxpayer regarding the committee's decision via a registered letter on a form prepared for this purpose as well as to notify the concerned directorate for the execution of the decision.

## (Chapter III)

### Procedures of Tax Exemption

#### Article 18:

Tax exemption stipulated in Article (18) of the law is implemented according to the following procedures:

1. Taxpayer submits an application regarding each unit for which he/she is demanding tax exemption to the concerned RTA branch office on the form prepared for this purpose. The application should include taxpayer's name, his/her usage of the unit he/she wants it tax-exempted, and the reason of exemption accompanied by documents, if there are any. The application must be registered in the applications register as well as the date of submission.
2. Concerned RTA branch office refers the applications submitted to the concerned department for consideration and final decision signed by the head of the RT branch office.

When implementing the exemption stipulated in Article (18) of the law, the following should be considered:

- a. Buildings, owned by associations or labor organizations allocated for administration offices or for the purposes for which they are established, are exempted if
  - i. The associations are registered according to the law.
  - ii. The buildings are owned by these associations or labor organizations and are allocated for administration offices or for the purposes for which the buildings are established.

As for the real-estates owned by these associations and labor organizations that bring revenue, as well as the flats and the shops affiliated and rented to others, are not tax-exempted.

- b. The educational institutions are supervised by the Ministry of Education, Higher Education or Al-Azhar.
- c. Hospitals and clinics are licensed by Ministry of Health.
- d. Orphanages are supervised by Ministry of Social Affairs.
- e. Headquarters of political parties and syndicates are used for the purposes for which they are allocated.
- f. Tax-exempted is the unit in a building used for housing purpose and its annual rental value is less than 6.000 EGP (after taking away 30 % for maintenance expenses); submitted to the tax is whatever increase over this amount.

- g. Tax-exempted are buildings allocated for surrounded agricultural land utility. Exemption here is based on on-scene survey as well as the data mentioned in the acknowledgement submitted by taxpayer per this law and certified by the concerned agricultural society.
- h. Hoses used for various social occasions which are not intended to achieve revenue upon a certificate issued by Egyptian Tax.
- i. For youth and sports centers to be tax-exempted per law, the following should be fulfilled:
  - i. Youth and sports centers are registered by virtue of the law.
  - ii. The centers are established for practicing youth or athletic activities.

As for real-estates and shops annexed to youth centers and rented for others are not tax-exempted.

- j. For real-estates owned by foreign governmental agencies to be tax-exempted, ownership of the real-estates by those agencies must be validated and real-estates are dealt with in the same manner in the owner countries.

In case the tax has no counterpart in any of the foreign countries, Minister of Finance may, after consulting Minister of Foreign Affairs, exempt the real-estates owned by the foreign countries from tax.

In all cases, if the reasons of exemption for one of the buildings mentioned in Article (18) come to an end, taxpayer should submit an acknowledgement with the termination of the reason of exemption to the concerned RTA branch office which the building is located within its jurisdiction. This is within 60 days as from the date of termination of exemption for reassessment of the building as from Jan 1<sup>st</sup> of the year that follows the date of the termination.

The concerned directorate is to keep a register for the acknowledgements submitted by the taxpayers regarding the termination of exemption including the date of submitting the acknowledgement and what have been done concerning it.

### **Article 19:**

Tax is nullified in cases stated in Article (19) of the law per the following procedures:

- a. Taxpayer submits an application regarding each unit for which he/she is demanding tax exemption to the concerned RTA branch office on the form prepared for this purpose. The application should include taxpayer's name, his/her usage of the unit he/she wants it tax- exempted, and the reason of exemption accompanied by documents, if there are any. The application must be registered in the applications register as well as the date of submission.

- b. Tax-exemption application is acceptable only when taxpayer deposits an insurance of 50 EGP for each unit he/she wants exemption. The insurance sum is refunded in case the application is accepted.
- c. Taxpayer is to attach the receipt of last due installment of tax at the time of submitting the application.
- d. The concerned RT directorate refers the submitted applications to the survey and evaluation committees stipulated in Article (13) of the law for consideration and final decision. The decision is signed by the Head of RTA or a person authorized except for the following exemption cases which are signed by the managers of RT directorates according to specialization:
  - In case the total exemption does not exceed 500 EGP.
  - The building is demolished or deteriorates totally or partially.
  - A decision issued by the appeal committee to exempt the buildings from taxation
- e. Tax is relieved per a decision by survey and evaluation committees regarding this matter as from the first day of the month in which the application is submitted up till the date on which the exemption is no longer effective.
- f. Taxpayer may appeal against the decision of the survey and evaluation committees within 30 days as from the date on which he/she is notified on the decision via a registered letter, before the appeal committee stipulated in Article (17) of the law that considers the appeal according to the rules and procedures of the appeal committees stipulated in this regulation. The committee is to release its decision within 30 days as from the date of submission.



## **(Chapter IV)**

### **Tax Collection**

#### **Article 20:**

If the taxpayer is reluctant to pay the tax in due dates per law, he/she is to pay extra charge for the delay unless the tax is paid, taking the following into consideration:

- a. Taking all legal procedures against the reluctant taxpayer per the rules of Articles (24), (25) & (26) of the law without neglecting the penalties stated in Chapter VI of the law.
- b. The delay charges for the delayed taxes as well as the sums of money stated in the law are dealt with as a tax debt when taking the procedures of collecting the tax.
- c. The lessees are notified via a register letter on their responsibility of solidarity with the taxpayer to pay the tax. This is within their due rent; tax should be paid ten days before the end of the month.
- d. Tax collection from the lessee continues within the rent until full payment of the due tax, taxpayer pays the tax or termination of the rental relation.

#### **Article 21:**

Each RTA directorate keeps a register for the requests that are submitted by taxpayers or their heirs, who undergo social changes that make them incapable of paying the tax, asking the public treasure to afford their due tax.

The request application should include the referred-to social changes accompanied by the official supported documents. Registration is done according to date and hour of submitting the request. Applicant is given a receipt that indicates his request registration.

After registering the application, the directorate is to consider what is mentioned in the application and prepares a memorandum that highlights its opinion; the head of the directorate is to sign the memo. The application, the documents attached and the memo are referred to the Head of RTA.

RTA is to register the applications incoming from the directorates in a register prepared specially for this purpose and present them to the committee stated in Article (22) of this regulation.

**Article 22:**

Per decision of RTA Head, a committee or more than one committee is formed to consider the applications stated in Article (21) of this regulation. The committee is chaired by one of the State Council's members (of chancellor rank at least), and membership of two employees at RTA of general manager rank at least. The committee has the right to ask the person concerned to provide documents that it sees necessary to give final decision regarding the application request. The decisions of the committee regarding the submitted requests are effective only when they are signed by Minister of Finance or someone authorized by the Minister.

In case the application is rejected, the decision should highlight the reason of rejection. However, in all cases the concerned person and directorate should be notified on the decision.