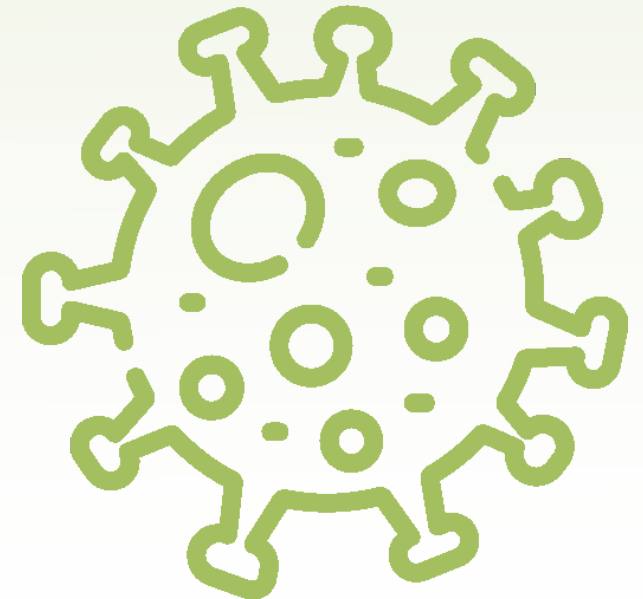


EXCEPTIONAL CHALLENGES & RECOMMENDATIONS SPECIFIC TO THE COVID-19 CRISIS

RESPONSIBLE ENTITIES:

- » The Cabinet
- » The Ministry of Finance
- » The Ministry of Electricity and Renewable Energy
- » The Ministry of Social Solidary
- » Tahya Misr Fund
- » General Authority for Investment and Free Zones (GAFI)
- » Ministry of Trade and Industry



CHALLENGE	RECOMMENDATION	STATUS
<p><i>Several factories faced a number of challenges, including the following:</i></p> <ul style="list-style-type: none"> - Meeting their obligations towards their workforce— payment of salaries and other benefits. - Increased financial burdens associated with the additional costs of meeting public health requirements and raising the awareness of the workforce to prevent the spread of COVID-19. 	<p>Grant industrialists a three-month exemption from paying the following obligations:</p> <ul style="list-style-type: none"> -Income tax -Salary tax -Social Insurance contributions -Electricity bills <p>Expedite the disbursement of relief funds to enterprises that were forced to partially or fully shut down, whether the shutdown was due to economic reasons or in response to an administrative order. Funds are to be made available from the Emergency Fund, which is partially financed through monthly contributions paid by public and private sector employers who hire thirty (30) employees or more (1% of the basic wage of employees).</p>	<p>Factories and tourist establishments are permitted to defer real estate tax payments for three months and pay delinquent real estate taxes in installments over six months.</p> <p>Suspension of the administrative attachment imposed on all taxpayers who have outstanding tax liabilities against paying 10% of these liabilities, as well as forwarding their tax files to the tax dispute resolution committees for settlement.</p> <p>The stamp duty rate on the Egyptian Exchange transactions was reduced to 1.25 per thousand for non-residents, and 0.5 per thousand for residents (down from 1.5 per thousand).</p> <p>Non-residents are granted a permanent exemption from the capital gains tax, and residents are granted a deferral of the tax through 1/1/2022.</p> <p>Lowering of the withholding tax imposed on dividend distributions made by Egyptian Exchange-listed companies to 5%—a 50% reduction.</p>
<p>Factories are struggling with collecting receivables, both in the domestic and foreign markets.</p>	<p>Grant manufacturers an exceptional moratorium on bank payments, and waive any late payment penalties or fines that would otherwise apply.</p>	<p>On March 22, 2020, CBE issued a directive placing a moratorium on repayments of principal and interest under existing credit facilities for 6 months. The directive applies to all clients.</p>
<p>Factories in free zones are facing increasing financial burdens.</p>	<p>Exempt all free-zone factories from paying rent for six months.</p> <p>Ensure transparency in setting and applying tolling rates.</p>	<p>The General Authority for Investment and Free Zones (GAFI) issued a decision deferring rent payments.</p>
<p>Delays in collecting payments on goods and services associated with national projects.</p>	<p>Expedite payments to businesses engaged in national projects.</p>	

<p>Businesses are facing challenges related to industrial land availability and the issuance of required licensing.</p>	<p>Expedite the issuance of permits and licenses and the allocation of land for industrial use.</p>	<p>In line with the Prime Minister’s directives, the Industrial Development Authority (IDA) issued several consecutive decisions, among which is a directive extending the expiration date of licenses and industrial registrations until further notice.</p> <p>IDA is continuing with issuing licenses and industrial registration for enterprises operating in a number of manufacturing areas, including health products, pharmaceuticals, cleaning and disinfection products, masks, and food processing.</p>
<p>Not all industries are equipped to turn to shift work; the feasibility of shift scheduling depends on the nature of the industry.</p>	<p>Avoid taking a broad-brush approach when looking at the different industries; take into consideration the nature of each industry.</p>	
<p>The imposed cash withdrawal limits present a challenge to factories that employ daily workers, particularly in the construction and agriculture sectors; they do not have the adequate cash flow to pay workers’ wages.</p>	<p>Raise the daily cash withdrawal limits for factories and business owners.</p>	<p>The government and CBE responded positively to the demand of the industrialists and raised the daily cash withdrawal limits.</p>
<p>Free zones are struggling due to the ceasing of exportation as a result of the COVID-19 pandemic.</p>	<p>Allow free zone enterprises to sell 50% of their production on the domestic market; currently, they are authorized to sell 20% of their production domestically.</p>	<p>FEI’s recommendation was approved.</p>