

GUIDE FOR
THE INCORPORATION OF COMPANIES AND ESTABLISHMENTS
WITHIN THE
SUEZ CANAL SPECIAL ECONOMIC ZONE

THE INCORPORATION OF COMPANIES AND ESTABLISHMENTS
GUIDE
SUEZ CANAL ECONOMIC ZONE

THE INCORPORATION OF COMPANIES AND ESTABLISHMENTS GUIDE

SUEZ CANAL ECONOMIC ZONE

Standing on the role of the General Authority for Economic Zone of the Suez Canal to create an appropriate and distinct economic investment atmosphere in which would help to attract foreign capital and encourage investment within SCZone region, accordingly we prepared this document in English to help the foreign investors to decide and determine exactly the appropriate Juridical Person needed to start their business within SCZone region.

Document Control

Version 1.0	Mahmoud Fathi Al-khouly	12/3/2017
Version 2.0	Investors Service Department	1/07/2020

Report Content

1. Introduction.....	4
2. The general legal rules of the different legal entities within SCzone.....	5
a. Sole proprietorship.....	5
b. Two: Joint-Liability Companies:	5
c. Limited Partnership Companies:	6
d. Limited Liability Companies:	7
e. Joint-Stock Company:	8
f. Partnership Limited by Shares:	9
3. Incorporation/ Required Document/Procedures.....	12
a. Association of Capital (Joint-Stock – Partnerships Limited by Shares and Limited Liability Companies).....	12
b. Partnerships (Joint-Liability and Limited Partnership Companies).....	15
c. Sole Proprietorship.....	16
4. Profession Practicing License.....	17
5. Tax Card Issuance.....	18

Introduction

This report contains the definition of the different legal entities in addition to the required document and the procedures needed to incorporate the needed company and this document was prepared to help the foreign investors to decide and determine exactly the appropriate legal entity needed to start their business within SCZone region

Incorporation of Companies and Establishments

I: Definitions & Legal Rules of the different Legal Entities within SCZone:

1. Sole Proprietorship

1. A sole proprietorship is actually a business of a sole person whether Egyptian or foreigner. This person is the businessperson who incorporates and runs the establishment and is hence personally held liable for the obligations thereof, accordingly the sole proprietorship does not possess any legal entity except that of the exploiter (owner).
2. It is necessary that the owner of the establishment has the commercial capacity which is reaching the age of 21 or 18 years subject to the authorization of the court of competent jurisdiction.
3. The minimum capital of the sole proprietorship is One Hundred Thousand Egyptian pounds with the exception of the services business activities, which is fully operated within industrial zones and urban cities, with a capital of Ten Thousand Egyptian pounds.
4. It is impermissible that the owner of the sole proprietorship is a natural person.

2. Joint-Liability Companies:

1. A joint-liability company is a company established by two or more with the aim of trading in partnership among them by a special title which is a name for this company and the partners shall be held jointly liable for all the undertakings thereof.
2. The company name is formed of the names of the joint partners or any of them plus adding the word "and co." or "and his partner" as the case may be. It is impermissible that the company name contains the name of a person who is not among the partners in the company since this involves delusion of others.
3. The joint-partner shall acquire the capacity of a businessman and shall therefore have the legal capacity to enter into trade by reaching 21 years or at the age of 18 years subject to the authorization of Court.
4. The minimum capital for the individual companies is Three Hundred Thousand Egyptian pounds with the exception of the services activities which is fully operated within industrial areas and urban cities with a capital of Thirty Thousand Egyptian pounds.
5. The foreigners' participation may be (one hundred percent) – except for activities limited to the Egyptians.

6. The partners in the joint liability company are in solidarity with all its undertakings of this company even if no signature is put thereon except the signature of one of the partners, nevertheless it is obligatory that this signature is in the name of the company.
7. Each partner in the joint-liability company is responsible for the company debts as if they were his own debts, hence the the partner responsibility is not limited to the account of his share in the company, but it extends to all the other funds of the partner.
8. The management of the company shall be for the joint partners or one of them. A third party may be appointed as manager in the company memorandum of association.
9. The responsibility of the partners for the company obligations are absolute and joint responsibility even if it is necessary to meet these obligations from the partner personal funds wholly or partially. This based on the fact that any third-party deals with the company on the basis of the personal nature thereof.
10. All the partners must have joint liability in order that this company is deemed as a joint-liability company.

3. Limited Partnership Companies:

1. A company that is held between one or more partners who have joint liability and another partner or more who own money therein but are not involved in the management and they are called dormant partners. In this sense, this company has two types of partners:
 - a. Acting partners and they are in the position of partners with joint liability in a joint-liability company.
 - b. Dormant partners: Their liability is determined in accordance with the value of their shares in the capital without having the right in the company nor shall the third party claim to meet the obligations of the company that exceed their shares in the company capital. In addition, it is not permissible for the dormant partners to do any work related to the management of the company.
2. The minimum capital for the individual companies is Three Hundred Thousand Egyptian pounds with the exception of the services activities which is fully operated within industrial areas and urban cities with a capital of Thirty Thousand Egyptian pounds.
3. The foreigners' participation may be (one hundred percent) – except for activities limited to the Egyptians.
4. The acting partner provides a share in the capital and contributes to the operation and funds' investments through participation in management while the dormant partner offers a stake in the capital and does not interfere in the management. The acting partners in the limited partnership are responsible for the company debts in all the funds thereof since their liability is personal and joint, contrary to the case of the

dormant partners whose liability for the company debts are limited to the share thereof in the company capital.

5. The company name consists of the names of the acting partners or one of them with the addition of the word “and co.” or “and his partner” as the case may be. The name of the dormant partner may not be part of the company name.
6. The company management is reserved for the acting partners or one of them and the dormant partner shall not interfere in the management even upon a power of attorney.

4.Limited Liability Companies:

1. The minimum number for the incorporators is (two) natural persons Juridical Person and may not exceed (fifty). The legal capacity of the natural persons must be fulfilled.
2. The minimum amount of the company capital is determined by the partners in the memorandum of association.
3. The partners or some of them may provide shares in kind provided that the part in cash in the company capital is not less than 25 %.
4. The shares in kind in the company capital are assessed by an appraiser.
5. The foreigners' participation may be (100%) – with the exception of the companies that are engaged in activities limited to Egyptians or a minimum participation level is necessitated for the operation thereof.
6. One of the managers at least must be Egyptian.
7. If the number of partners exceeds (ten), a supervisory board shall be formed to a minimum of three members of non – manager partners
8. The Company may take the name of one of the partners as its address, it may also take a special name or a derivative name of its purpose thereof.
9. If the purpose of the company is to employ workers whether abroad only, locally only or both, the paid-up capital in all cases shall not be less than (One Hundred Thousand Egyptian Pounds) – If the company purpose is limited to the employment abroad only, the participation of Egyptians in the company capital shall not be less than 51 %. But if the purpose of the company is limited to the employment of domestic workers only or a combination of applying labor at home and abroad , the participation of Egyptians in the company capital in both cases shall not be less than 100 %.

5.Joint-Stock Company:

1. The minimum number for the incorporators is (three) whether they are natural persons or Juridical Person; the legal capacity of the natural persons must be fulfilled.
2. The minimum issued capital is “Two Hundred and Fifty Thousand Egyptian pounds” – 10 % of which is paid upon the incorporation and this percentage is completed to 25% within 3 months at most as of the incorporation date. The maximum limit for the authorized capital is (tenfold the issued capital).

3. The participation of foreigners in the company capital may be (100%) – with the exception for those engaged in activities limited to the Egyptians or required to have a minimum level of the Egyptian participation.
4. The minimum number for the members of the board of directors is “three” and it is permissible that some or all of the members of the board of directors are not shareholders and they may also be all foreigners.
5. The company articles of association may stipulate multiple representatives for the Juridical Person in the board of directors. Each representative shall be counted in the composition of the board, the meetings convention quorum and voting.
6. The minimum value of the share is (ten piasters) and the maximum value is (One Thousand pounds) or the equivalent in foreign currencies.
7. The company articles of association may include the issuance of shares to the shareholders on condition that they do not exceed 25 % of the company total number of shares, proviso that they are all paid in full.
8. If the company issued its shares in a public offering, the issued capital shall not be less than (One Million pounds).
9. The minors may participate in the company as a guardian under the authority of the natural guardian by money donated from this guardian to the minor. In case the minor withdrawal from own money, a court permit must be obtained from the court of competent jurisdiction.
10. The shares in kind in the company capital are assessed by a committee formed for this purpose by the General Authority for the Suez Canal Economic Zone provided that it does not exceed 75% of the total capital.
11. If the company purpose is to deal in the foreign currency (exchange), the company paid up capital shall not be less than (Fifty Million Pounds) and the Egyptians participation shall be 100% of the company issued capital. The approval of the Egyptian Central Bank must be obtained prior the incorporation.
12. If the purpose of the company is to work in any of the insurance business, the company issued capital shall not be less than (Thirty Million Pounds) and the paid-up capital upon incorporation shall not be less than half. It is necessary to obtain the approval of the Egyptian Financial Supervisory Authority prior the incorporation.
13. If the purpose of the company is to employ workers whether abroad only, locally only or both, the paid-up capital in all cases shall not be less than (One Hundred Thousand Egyptian Pounds) – If the company purpose is limited to the employment abroad only, the participation of Egyptians in the company capital shall not be less than 51 %. But if the purpose of the company is limited to the employment of domestic workers only or a combination of applying labor at home and abroad , the participation of Egyptians in the company capital in both cases shall not be less than 100 %.

If the company purpose is (to issue a prospectus), it must take the entity of a joint-stock company and the paid-up capital – upon the issue of a newspaper- shall not be less than the following:

- One million Egyptian pounds if the newspaper is daily.
- Two Hundred and Fifty Thousand Egyptian Pounds if the newspaper is a weekly one.
- One Hundred Thousand Egyptian Pounds if the newspaper is a monthly one. (The issued capital shall not be less than Two Hundred and Fifty Thousand Egyptian Pounds).
 - The Egyptian participation percentage in the capital is 100%.
 - The participation percentage of a person and his/her family members (husband, wife and minor children) and relatives till the second degree does not exceed 10 % of the company issued capital.
 - In all cases, the company paid up capital upon incorporation shall not be less than 10% of the company issued capital.

6. Partnership Limited by Shares:

1. The minimum number of incorporators is (two) whether natural or Juridical Person; the legal capacity of the natural persons must be fulfilled.
2. The minimum issued capital is “Two Hundred Thousand Egyptian Pound” – 10 % at the time of incorporation and the percentage is supplemented to 25 % within 3 months at the most from the date of incorporation date. The maximum authorized capital is (tenfold the issued capital).
3. The foreigners’ participation percentage may be (one hundred percent) – with the exception of the companies that engage in activities limited to Egyptians or subjected to a minimum a minimum rate of participation
4. The minimum number of members of the supervisory board is “three” and it is permissible that some or all of the members of the supervisory board are non-managing partners or any other partners.
5. The minimum value of the share is (Ten piasters) and the maximum is (One Thousand Egyptian Pounds).
6. The minimum value of cash shares is (one quarter of the issued capital) and the maximum value for the shares value in kind is (Three quarters the issued capital).
7. If the company issued its shares in a public offering, the issued capital shall not be less than (One Million Egyptian pounds).
8. The Company shall have a trade name derived from the purpose thereof and the name of the acting partner may be contained in the name thereof.
9. The shares in kind in the company capital are assessed by a committee established for this purpose by the General Authority for the Suez Canal Economic Zone.
10. at least one of the partners shall be an acting partner and the name of the acting partner shall be designated as the title of the joint partner and entrusted to manage it.
11. If the purpose of the company is to employ workers whether abroad only, locally only or both, the paid-up capital in all cases shall not be less than (One Hundred Thousand Egyptian Pounds) – If the company purpose is limited to the employment abroad only, the participation of Egyptians in the company capital shall not be less than 51 %. But if the purpose of the company is limited to the employment of domestic workers only or a

combination of applying labor at home and abroad , the participation of Egyptians in the company capital in both cases shall not be less than 100 %.

12. The purpose of the partnership limited by shares may be to issue monthly magazines or regional newspapers – if the following conditions are duly observed – proviso that the issued capital- before the issue of the newspaper- shall not less than the following:

- One Million Egyptian Pound if the newspaper is daily.
- Two Hundred and Fifty Thousand Egyptian pound if the newspaper is weekly.
- One Thousand Egyptian Pound if the newspaper is monthly (The issued capital shall not be less than Two Hundred and Fifty Thousand Egyptian Pounds).
- The Egyptian participation is 100%.
- The participation percentage of a person and his/her family members (husband, wife and minor children) and relatives till the second degree does not exceed 10 % of the company issued capital.
- In all cases, the company paid up capital upon incorporation shall not be less than 10% of the company issued capital.

II: Incorporation/ Required Document/Procedures

The companies are incorporated in the Economic Zone in accordance with Law No. 159 of the year 1981 and it shall solely have the competence to issue approval on the Companies' articles of association in no prejudice to public order or the laws in force. It shall also have the due competent to establish a system for the registration of the branches and establishments in the Zone. The Authority shall determine the disclosure system that the companies, establishments and branches in the Zone must observe.

1. Association of Capital (Joint-Stock – Partnerships Limited by Shares and Limited Liability Companies – one person company).

▪ **Required documents:**

1. A letter addressed to the investors' service department for requesting commencement of the incorporation procedures.
2. Copies of powers of attorney issued by all the incorporators or partners, proviso that it is stipulated in these powers of attorney (authorization in the incorporation of companies) in accordance with the power of attorney form approved by the General Authority for the Suez Canal Economic Zone.
3. The security query form in case of foreign partners.
4. Non-confusion certificate.
5. Copies of identity cards (current national identity card no. for Egyptians / current passports for incorporators or non-Egyptian partners)
6. A bank certificate with deposit of at least 10 % of the value of issued capital for joint-stock companies and partnerships limited by shares
7. A copy of the registration card at the Bar Association of the attorney who signs the contract.
8. In the case of shares in kind in the capital of the joint-stock companies or partnership limited by shares, the original report of the committee formed by the General Authority of the Suez Canal Economic Zone shall be presented with an assessment of the shares in kind.
9. In case of subscription by a share in kind in the incorporation of a limited liability company, it suffices to submit a report by the experienced professionals in professions governed by the law according to the nature of each share.
10. The Lease contract of the company headquarters. ¹

¹ The headquarters of the company which will be incorporated must be within the Suez Canal Economic Zone.

11. An auditor's appointment acceptance.²

▪ Service Delivery time:

Two working days for the incorporation and one working day for issuing the incorporation decision and the profession practicing license.

▪ Service Charge:

Type of Service charge	Service Charge Amount	Entitled entity	Payment place
Bar Association certification	Five per thousand of the issued company at a maximum of EGP 25,000 and a minimum of EGP 100 + EGP 20 as bar stamp	Bar Association office	Authority treasury – Investors' service building
Legalization of company memorandum of association	1/4 % at a maximum of EGP 1000 + EGP 5 for the form	Publicity and notarization department	Publicity and notarization office at the Authority headquarters
Registration at the commercial register	EGP 100	General Authority for the Suez Canal Economic Zone	Authority treasury – Investors' service building
Issuing shares for joint-stock and partnership limited by shares companies	Half per thousand of the issued capital at a maximum of Ten Thousand Egyptian Pounds	General Authority for Egyptian Financial Supervisory Authority	Authority treasury – Investors' service building
Incorporation	<ul style="list-style-type: none"> ▪ For incorporation one per thousand of the issued capital at a maximum of One Thousand EGP and a minimum of Hundred EGP ▪ Service charge one per thousand of the issued capital at a maximum limit of Ten Thousand EGP and a minimum limit of One Thousand EGP 	General Authority for Suez Canal Economic Zone	Authority treasury – Investors' service building

▪ Steps:

1. The completion of the security query form in case of foreign partners.
2. The completion of the non-confusion certificate form.
3. The completion of the company incorporation declarations.
4. Writing the articles of association on the designated e-form, which is approved by the competent attorney, signed by the partner's attorney-in-fact after being duly objectively and legally revised and stamped by the stamp of the Republic.
5. Receiving a payment order in consideration of the incorporation service for paying it at the treasury of the Authority at the Investors' service building at the headquarters of the Authority in Sokhna.
6. The certification of the articles of association by the publicity and notarization office.
7. completion of the registration application form in the commercial register of the General Authority for the Suez Canal Economic Zone.

² The company auditor must be registered in the auditors list of the General Authority for the Suez Canal Economic Authority and in case the auditor is not registered at the Authority registers, he/she is registered in accordance with the conditions and standards.

8. The completion of the publication form at the newspaper of the Economic Zone. Visiting the Authority after the lapse of the service performance term for receiving an extract from the commercial register.
9. Heading the investors' service department office for receiving the tax card.

Note:

Regarding the publication in the economic Zone newspaper, the services of the newspaper are referred to for knowing the service charge prescribed for publication and the payment place.

One Person company

▪ Required documents:

12. A letter addressed to the investors' service department for requesting commencement of the incorporation procedures.
13. Copy of power of attorney issued by the owner(authorization in the incorporation of companies)
14. The security query form in case of foreign owner or for the manager
15. Non-confusion certificate.
16. Copies of identity cards (current national identity card no. for Egyptians / current passports for incorporators or non-Egyptian partners)
17. A bank certificate with 100% of the value of issued capital value
18. A copy of the registration card at the Bar Association of the attorney who signs the contract.
19. The Lease contract of the company headquarters. 3
20. An auditor's appointment acceptance.4

▪ Service Delivery time:

Two working days for the incorporation and one working day for issuing the incorporation decision and the profession practicing license.

Type of Service charge	Service Charge Amount	Entitled entity	Payment place
Bar Association certification	Five per thousand of the issued company at a maximum of EGP 25,000 and a minimum of EGP 100 + EGP 20 as bar stamp	Bar Association office	Authority treasury – Investors' service building
Legalization of company memorandum of association	1/4 % at a maximum of EGP 1000 + EGP 5 for the form	Publicity and notarization department	Publicity and notarization office at

³ The headquarters of the company which will be incorporated must be within the Suez Canal Economic Zone.

⁴ The company auditor must be registered in the auditors list of the General Authority for the Suez Canal Economic Authority and in case the auditor is not registered at the Authority registers, he/she is registered in accordance with the conditions and standards.

			the Authority headquarters
Registration at the commercial register	EGP 100	General Authority for the Suez Canal Economic Zone	Authority treasury – Investors' service building
Incorporation	<ul style="list-style-type: none"> ▪ For incorporation one per thousand of the issued capital at a maximum of One Thousand EGP and a minimum of Hundred EGP ▪ Service charge one per thousand of the issued capital at a maximum limit of Ten Thousand EGP and a minimum limit of One Thousand EGP 	General Authority for Suez Canal Economic Zone	Authority treasury – Investors' service building

2. Partnerships (Joint-Liability and Limited Partnership Companies)

▪ **Requested documents:**

1. A letter addressed to the investors' service management for requesting commencement of the incorporation procedures.
2. Copies of the powers of attorney issued by all the partners on condition that it is stipulated in them (the authorization in the incorporation of companies) in accordance with the power of attorney form approved by the General Authority for the Suez Canal Economic Zone.
3. Non-confusion certificate.
4. A security query form in case of foreign partners.
5. Copies of identity cards (current national identity card no. for Egyptians / current passports for incorporators or non-Egyptian partners)
6. A copy of the registration card at the Bar Association of the attorney who signed the articles of association (Attorney in the court of first instance at least and the card of the attorney must be current until this date).
7. In case there is a share in kind in the capital of the partnership (it suffices to submit the amount set forth in the memorandum of association submitted by the partners and on the liability thereof)
8. The Lease contract of the company headquarters ⁵

▪ **Service Delivery time:**

Two working days for the incorporation and one working day for issuing the incorporation decision and the profession practicing license.

Type of Service charge	Amount	Entitled entity	Payment place
Bar Association certification	Five per thousand of the issued company at a maximum of EGP 25,000 and a minimum of EGP 100	Bar Association office	Authority treasury – Investors' service building
Legalization of company memorandum of association	Attesting the signature Certification of 0.5% of the company capital without a maximum limit + EGP 5 for the form	Publicity and notarization office	Publicity and notarization office
Charge for registration in the commercial register	EGP 100, but if there are foreign partners, the charge is EGP 200	General Authority for the Suez Canal Economic Zone	Authority treasury - Investors' service building.
Charge for branch registration in the commercial register	EGP 30 increased to EGP 60 in case there are foreign partners in the company	General Authority for the Suez Canal Economic Zone	Authority treasury - Investors' service building.

▪ **Steps:**

1. The completion of the security query form in case of foreign partners.
2. The completion of the company incorporation declarations.
3. Writing the articles of association on the designated e-form, which is approved by the competent attorney, signed by the partner's attorney-in-fact after being duly objectively and legally revised and stamped by the stamp of the Republic.
4. Receiving a payment order in consideration of the incorporation service for paying it at the treasury of the Authority at the Investors' service building at the headquarters of the Authority in Alain Alsokhna.

⁵ The company headquarters to be incorporated must be within the Suez Canal Economic Zone.

5. Attesting the signature certification or documenting the date of the articles of association by the publicity and notarization office. The completion of the application form for registration in the commercial register of the General Authority for the Suez Canal Economic Authority.
6. The completion of the publication form at the newspaper of the Economic Zone. Visiting the Authority after the lapse of the service performance term for receiving an extract from the commercial register.
7. Heading the investors' service department office for receiving the tax card.

Note:

Regarding the publication in the economic Zone newspaper, the services of the newspaper are referred to for knowing the service charge prescribed for publication and the payment place.

3. Sole Proprietorship

- **Required documents:**

1. A letter addressed to the investors' service department for requesting commencement of the incorporation procedures.
2. A power of attorney issued by the owner of the establishment in case of incorporation through an attorney. In this power of attorney, it must be stipulated that it is for (the incorporation of companies) in accordance with the form of the power of attorney approved by the General Authority for the Suez Canal Economic Zone. A security inquiry form in case there are foreign partners.
3. The Lease contract of the company ⁶
4. A copy of the national identity card for Egyptian establishment owners or a current passport and a copy of the identity card of the official attorney-in –fact.
5. The owner of the establishment must be a natural person and has the commercial capacity.

▪ **Service Delivery Time:**

One working day

▪ **Service charge:**

Service Charge Type	Amount	Entitled entity	Payment place
Registration in the commercial register	EGP 20	The General Authority for the Suez Canal	Authority treasury – Investors' service building

▪ **Steps:**

1. The completion of the security query form in case the establishment owner is a foreigner.
2. The completion of the declaration on the incorporation of a sole proprietorship.
3. Writing the date of the sole proprietorship on the form designated for this purpose to be revised objectively and legally and stamped by the stamp of the Republic.
4. Receiving a payment order for the incorporation service for paying same at the Authority treasury at the investors' service building at the headquarters of the Authority at Sokhna.
5. Visiting the Authority after the lapse of the service performance time for obtaining an extract of the commercial register.
6. Heading the Investors' service department for issuing the tax card.

⁶ The headquarters of the company that will be incorporated must be within the Suez Canal Economic Zone.

III: A Registration Permit in the commercial register

▪ **Required documents:**

1. The service charge payment receipt.

▪ **Service delivery time:**

One working day

▪ **Service charge**

Service Charge Type	Amount	Entitled entity	Payment place
Registration in the commercial register	0.02 % of the company capital at a minimum of EGP 500 and a maximum of EGP 2000.	The General Authority for the Suez Canal	Authority treasury – Investors' service building

▪ **Steps:**

- 1-Heading the investors services department for submitting the original service charge payment receipts and obtaining the permit.

Important Note:

The profession practicing license is renewed on annual basis.

IV: Tax Card Issuance

▪ **Required documents:**

1. A letter written on the company letterhead and addressed to the Investors' service department for the issue of the tax card.
2. A recent extract of the company commercial register.

▪ **Service Delivery Time:**

5 working days.

▪ **Service Delivery charge:**

Free of charge

▪ **Steps:**

1. A request for the issue of a recent official extract of the commercial register.
2. The completion of all the forms in connection to the issue of a tax card.
3. Visiting the investors' service department after the lapse of the service performance term for receiving the tax card.