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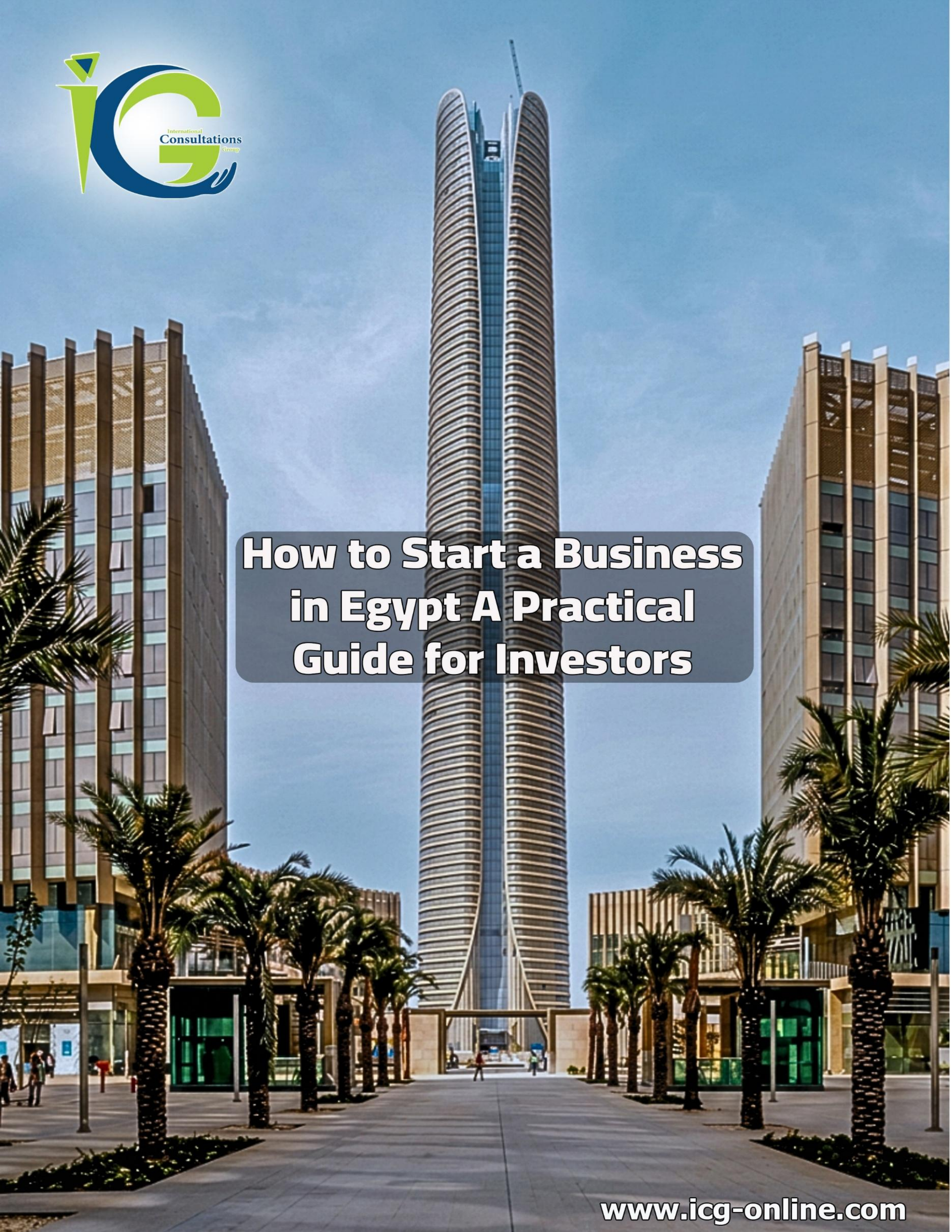

How to Start a Business in Egypt A Practical Guide for Investors

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Introduction: Egypt as an Investment Destination

Egypt continues to position itself as one of the most attractive investment destinations in Africa and the Middle East, supported by its strategic geographic location, large domestic market, and ongoing structural reforms aimed at improving the business climate.

For foreign investors, however, starting a business in Egypt is not limited to incorporation. It requires a structured legal and regulatory approach that considers the appropriate corporate vehicle, licensing requirements, sector-specific restrictions, and available investment incentives from the outset.

With the right setup, Egypt offers a highly scalable market entry platform. Without it, investors may face avoidable regulatory and operational friction.

Why Invest and Start a Business in Egypt

Egypt represents one of the most strategically positioned and economically significant investment destinations in Africa and the MENA region, combining large market size, geographic advantage, and an evolving investment-friendly legal and regulatory framework. Located at the crossroads of Europe, Asia, and Africa, and hosting the Suez Canal—a critical global trade artery—Egypt serves as a natural hub for international logistics, trade, and regional expansion.

From an economic perspective, Egypt has demonstrated strong momentum in attracting foreign direct investment, recording approximately USD 47 billion in FDI inflows in 2024 and around USD 11 billion in the first half of 2025 alone, reflecting sustained investor confidence in key sectors such as infrastructure, energy, logistics, and real estate, supported by ongoing reforms to improve the investment climate. This growth is further driven by major national development initiatives, which highlight Egypt's long-term strategy to enhance infrastructure, energy production, tourism, and urban expansion, creating broad opportunities for private sector investment and market entry.

From a legal standpoint, Egypt operates under a civil law system influenced by French legal tradition, anchored by the Constitution of 2014, providing a relatively stable and predictable legal environment for investors.

Legal and Regulatory Framework for Doing Business

Business activity in Egypt is governed by a combination of key laws, including:

- Companies Law No. 159 of 1981
- Investment Law No. 72 of 2017
- Trade Code No. 17 of 1999
- Commercial Registry Law No. 34 of 1976

Together, these laws define the available corporate structures, licensing requirements, and foreign investment rules.

Entry Options for Foreign Investors

Foreign investors have several legal pathways to enter the Egyptian market, depending on their commercial objectives.

1. Representative Office (Market Entry Phase)

A representative office may be established to study the Egyptian market and evaluate potential business opportunities.

However, it is important to note that a representative office:

- Cannot conduct commercial activities
- Cannot generate revenue or sign operational contracts

It is purely exploratory in nature.

2. Branch of a Foreign Company

A foreign company may register a branch in Egypt to execute specific contractual work.

Key features include:

- Must be linked to an awarded contract in Egypt
- Requires registration with the Commercial Registry
- Typically completed within a few working days
- Must appoint a local manager (any nationality permitted)

Branches are commonly used for construction, engineering, and project-based activities.

3. Joint Stock Company (JSC)

A Joint Stock Company is a share-based corporate structure suitable for larger or investment-driven businesses.

Key characteristics include:

- Minimum 3 shareholders
- Minimum capital of EGP 250,000 (non-listed companies)
- Managed by a Board of Directors (minimum 3 members)
- No general nationality restrictions on shareholders or directors

A JSC is often used where:

- External investors are expected
- Complex shareholding structures are required
- Future listing or scaling is anticipated

4. Limited Liability Company (LLC)

The LLC is the most commonly used structure for foreign-owned private businesses in Egypt.

Key features include:

- Minimum 2 partners (up to 50)

- No general minimum capital requirement
- Full capital must be paid upon incorporation
- Managed by one or more managers
- Flexible governance structure

The LLC is widely used for:

- Subsidiaries of foreign companies
- SMEs and operational businesses
- Service and trading activities

It offers simplicity and operational flexibility but is less suitable for complex investment or listing structures.

5. One Person Company (OPC)

The OPC allows full ownership by a single individual or legal entity.

Key features include:

- Minimum capital: EGP 1,000 (fully paid)
- Single shareholder structure
- Cannot offer public shares or issue bonds
- Restricted from certain regulated activities (e.g., banking, insurance, investment management)

It is often used for small-scale or closely held ventures.

Can Foreign Investors Own 100% of a Company in Egypt?

Yes. Foreign investors may generally own 100% of an LLC, JSC, or OPC in Egypt.

However, restrictions may apply in certain sectors, including:

- Agricultural land ownership
- Commercial agency activities (with certain limitations)
- Businesses operating in specific border or Sinai regions
- Certain import and trading activities (subject to regulatory conditions)

Accordingly, ownership is generally liberal but sector-dependent.

Investment Incentives and Business Facilitation Tools

Egypt offers several mechanisms to facilitate investment and reduce regulatory friction.

I. Golden License

The Golden License is a unified approval granted to strategic projects, allowing investors to obtain:

- Incorporation approvals
- Construction permits
- Operating licenses
- Land allocation

through a single streamlined process.

II. Investment Zones and Free Zones

These zones offer:

- Customs exemptions
- Tax incentives
- Sector-specific regulatory facilitation

They are widely used for export-oriented and industrial projects.

III. Investors Service Center (ISC)

The Investors Service Center acts as a one-stop shop for:

- Company incorporation
- Licensing procedures
- Post-establishment services

It significantly reduces administrative timelines and procedural complexity.

IV. Tax Incentives for Investors

Under Egypt's Investment Law, qualifying projects may benefit from:

- Tax reductions or exemptions
- Customs exemptions
- Incentives within designated investment zones
- Protection under double taxation treaties

Additional incentives introduced under recent amendments (including Law No. 6 of 2025) may include:

- Exemption from tax on dividend distributions
- Capital gains tax exemptions (for eligible projects)
- Reduced corporate tax rates for qualifying SMEs

Incorporation Timeline

In general, most companies in Egypt can be incorporated within one to two weeks, depending on:

- Document readiness
- Sector approvals
- Licensing requirements

More complex or regulated activities may require additional time.

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Starting a business in Egypt offers significant commercial potential, but success depends on selecting the right legal structure, understanding regulatory requirements, and planning for compliance and licensing from the beginning.

With multiple entry options, flexible ownership rules, and strong government-backed investment incentives, Egypt provides a competitive platform for both regional and international investors.

However, the effectiveness of market entry is ultimately determined by how well the legal and structural foundation is designed at the outset.

For Legal Assistance

If you require tailored legal advice on starting a business in Egypt, selecting the appropriate corporate structure, or navigating regulatory and licensing requirements, please contact us at:

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