Gentlemen / German Chamber of Commerce

Aziz & Partners (Chartered Accountants) has the honor to thank you very much for the kind invitation received by the office to attend the meeting of His Excellency the Minister of Finance / Ahmed Bey Kojak, and his deputy, Mr. Sherif Al-Kilani, which was held at the German Chamber of Commerce on Tuesday, 10/12/2024 with businessmen, and we had the honor to attend. On this occasion, we dedicate to you the paper that was submitted to His Excellency the Minister on (**Tax facilitation (initial) regarding simplified tax accounting for those whose turnover does not exceed 15 million annually**) during this meeting.

Our sincere thanks and appreciation for the communication provided by the German Chamber with the Ministry of Finance with businessmen.

Public Accountants
محاسبون قانونيون

ignature

Raafat Kamal Aziz

Tax facilitation (initial) regarding simplified tax accounting for those whose turnover does not exceed 15 million annually

There is no doubt that the new ministry, which was formed last July, including the finance portfolio, has come up with new ideas consistent with the general trend that seeks to create a "new Egypt" through a set of structural reforms of the state in order to catch up with the progress and technology that the world is experiencing now.

We have witnessed what the Ministry of Finance and its successor the Egyptian Tax Authority is trying to reform the Egyptian tax system in order to be attractive to local and foreign investment, and the Ministry of Finance has issued the first package of reform, which will be followed by other packages, according to what was stated by officials of the Ministry of Finance, whether His Excellency the Minister, the Deputy Minister for Tax Policy Affairs, or the Head of the Tax Authority.

The success of any law or reform package always depends on three elements, not a fourth.

1- The tight legislative text, whose texts are interconnected with each other in harmony that does not contradict each other or contradict each other.
2- Effective and accomplished practical steps so that the purpose of the legal text is achieved fairly, quickly and accurately.
3- The human element that will apply the above, and this element has many requirements in order to achieve the desired successes, including conviction of what is assigned to him, good training, the availability of a suitable work environment, the application of the principle of reward for the diligent and punishment for those who fall short or neglect in his work, giving space for trust, tranquility and protection for this port.

After this introduction, we will discuss some of the topics in the package, or perhaps one of the 20 elements presented in the package. It is the subject of the simplified arithmetic method for those whose turnover does not exceed 15 million:

1- The third article of Law No. 30 of 2023 has set solutions for those whose turnover did not exceed 10 million pounds and the tax due on them did not become final for all files until the tax period ending on 31/12/2022 or that ends before the date of entry into force of the law, so will the 15 million package also apply to all files in which the tax due has not become final before the date of issuance of the planned law??
2- Article 90 of Law 91 of 2005 stands as a barrier to its difficulty in applying Article III of Law 30 of 2023, and we will also find it constituting one of the obstacles to the application of simplified accounting for those whose turnover did not exceed 15 million, as the application of this article in "all" missions is not subject to standards and controls for application, but rather due to the discretion of the examining officer himself, as the controls for the application of this article came in the paragraphs of the same article in terms of holding the financier accountable for what I have The interest of data and documents such as deduction

under the tax account and the record of contracts, and the article did not talk about an absolute estimate of the tax authority without controls or standards because this represents a constitutional violation because the pot, price and collection are determined by law and not for another matter, also the application of this article without controls with virtual numbers leads to a problem in the file when examining the added value because there is a business number in the commercial examination that violates what was recognized in the monthly returns I have the added value, which leads to Transferring the file to the tax evasion sector, considering that there is a drop in the turnover of the approved business, especially since evasion in the value added is a felony, while in Law 91 of 2005 it is a misdemeanor only.

3- We are also faced with the problem of Article 59 of Law 91 of 2005 regarding the deduction of amounts under the tax account, so will it be binding on those whose turnover is within the limits of 15 million or will it not be binding because the deduction from the source for those whose turnover exceeds 10 million will have amounts paid in excess that require annual recovery, which will cause the stress of financiers annually. This matter exists even in the application of Article III of Law 30 of 2023 and has not been resolved so far. Also, when simplified accounting "for those whose turnover is 10 million and 15 million", the application has some simplification, which is outside the scope of the law, as the financier is told that increasing the turnover will not affect the tax that will be imposed on you because you are within the same segment.

4- Also, one of the problems facing financiers and taxpayers is the seizure of banks for not appealing the result of the office examination of the statute of limitations, and this affects financiers with complete paralysis, whether in terms of paying the value of raw materials or goods or paying wages to workers, and therefore we seek to put actual and real controls that limit the ability of missions to seize banks, while seizure of movable does not paralyze companies and hinder them from carrying out their business The planned package also showed the development of controls for seizure of banks for those who are indebted It exceeds one million pounds through the committee formed under the chairmanship of the Deputy Prime Minister and the membership of the Minister's Advisor for the Affairs of the Appeal and Dispute Resolution Committees, through Your Excellency's decision issued under No. 492 of 2024, while we left files with a debt of less than one million without controls or standards to control the seizure process on banks, so we request to set controls also for those whose indebtedness exceeds one million pounds.

We also ask Your Excellency to wait for the tax missions as well as the control sector to take legal measures against these violations until the issuance of the law and the expiration of the deadline granted to these cases in order to settle their situation, and in this way the Ministry and the Authority prove their real desire in the reform process and open a new page with the tax community and the informal economy in a practical and effective manner.

As long as we are in front of a new thought and a real will to bring about a qualitative shift in the economy and the tax system, Egypt is taking broad steps in the horizons of progress to put us in the matrix of countries that preceded us, modern and innovative ideas are necessary, even if

they cause the cracking of stable templates and rules, and even if they depart from the methodology of the principles of stable and recognized tax jurisprudence about the definition and conditions of direct and indirect taxation and the conditions of their application, and we put aside the story of justice and grievance for a while until we put the Egyptian economy in The right way and the wheel of development starts to bet on the horse who can finish the race track and is the winner of this race, and one of the things that are raised now is the problem of checking the added value, which takes the examination of the commercial element as a basis, if there are differences in the examination of the commercial element as a result of the application of Article 90 of Law 91 of 2005 in an estimated manner and not for real sales, the value-added examination adheres to this accounting and holds the financier accountable for it, although it is not real or actual The financier may resort to the commercial to harmonize between the tax paid and the referral of the dispute to other degrees of litigation to save time and fees and for delay, and despite the issuance of recent judicial rulings on this matter and considering that each pot is independent and this is not measured on that, but the matter is still on its status and the same so far and that tendency still exists.

5- Also, one of the problems that still exist is the applications of Article III of Law 30 of 2023, as many financiers and some accountants did not pay attention when he approved the examination of files according to this article and was satisfied with the tax resulting from the application of this article and did not pay attention to the impact of the application of the amendment of the turnover under Article 90, and here he found himself in a problem with the added value of violating the turnover between what was agreed upon in the commercial and what was declared in the added value, It is known that different value-added penalties are considered a felony while commercial penalties are a misdemeanor, and this dilemma can be solved by a periodic letter from the ministry or interest that the application of Article III is an exceptional application to end the problems of accumulated files and is not taken as evidence when examining the added value, noting that Article 90 of Law 91 of 2005 contained the cases in which it is permissible to estimate and also contained the conditions of this estimate and its value, while the application of this article in missions The tax violates the text of the same article and we have demanded a periodic letter or instructions from the Authority to set the controls for this assessment.

This is with regard to the tax differences resulting from the assessment and application of Article 90 of Law 91, while we fully agree with the right of the Public Treasury to supply the amounts actually collected through taxpayers to the Public Treasury. I also suggest that as long as we are facing a package in which a law is issued and it is stated that an amount of 30% of the value of the declaration tax or 40% for the three cases mentioned in the project (the case of losses, the case of non-submission of the declaration and the case of zero return) to solve this trend, I suggest applying it also to value-added cases in which there is a dispute by paying 10% of the value of the tax contained in the monthly returns, excluding any penalties or additional tax, taking into account that we are in an exceptional situation that needs different ideas Rather, through these solutions, we can develop new tax jurisprudence rules that will revolutionize this thought,

as artificial intelligence has made us now. We ask God to grant success to the Ministry and the Tax Authority in their efforts to reform and place the tax system in the ranks of the advanced systems of other countries.

God is the granter of success

Onsi Kamal Aldin

Public Accountants
محاسبون قانونيون