Transportation and Logistics Sector Investment Incentives

Certain investment activities in the transportation and logistics sector are entitled to all general and additional guarantees and incentives stipulated in Investment Law No. 72 of 2017, in addition to the special incentives provided for under the same law.

Special Incentives

Pursuant to Investment Law No. 72 of 2017, certain activities in the transportation and logistics sector are eligible for the special investment incentives provided therein. These incentives take the form of a deduction from net taxable profits equivalent to 50% of the investment costs for Sector A or 30% for Sector B, depending on the geographical location of the investment. In accordance with Decree No. 104 of 2022, the activities eligible for these incentives under Sectors A and B are as follows:

Activities Eligible for Special Incentives within Sector (A):

- **Maritime, Coastal and Offshore Transport:**
  - Equipping, managing, and operating container terminals.
  - Transporting raw materials, cargo, and passengers for vessels operating under the Egyptian flag.
  - Transporting raw materials, cargo, and passengers outside territorial waters using various types of vessels and maritime transport means (such as tankers, steamships, and ferries).
- **Designing, Constructing, or Managing, Operating, and Maintaining Metro and Electric Traction Lines:**
  - Above ground Metro lines or parts thereof.
  - Intercity electric traction projects.

- Management and operation of maintenance workshops.

- **Land Transportation of Goods (Internal and External):**
  - Cross-border transportation (CBT)
  - Rail transportation

➢ Activities Eligible for Special Incentives Sector (B):

- **Designing, Constructing, or Managing, Operating, and Maintaining Metro and Electric Traction Lines:**
  - Above ground Metro lines or parts thereof.
  - Management and operation of maintenance workshops.
- **Land Transportation of Goods (Internal and External):**
  - Operation, maintenance, and utilization of mobile transport units, both domestically and internationally.

➢ Investment Activities that are granted special incentives within the geographical scopes of sectors (A) and (B) include the following:

- **Land and Dry Ports and Logistics Centers** (The foregoing is subject to the terms and conditions set by the General Authority for Land and Dry Ports)
  - Establishment, management and operation of dry ports, logistic centers, and all related activities.
  - Establishment, management, and utilization of warehouses and yards within dry ports and logistics centers.
  - Loading and unloading operations and transportation of goods within dry ports and logistics centers.

- **Designing, Constructing, Managing, Operating and Utilizing, or Maintaining Railway Lines:**
  - Management, operation and maintenance of railway lines (passenger/cargo, electric/diesel traction).
  - Management, operation and maintenance of trains (passenger/cargo, electric/diesel traction).
  - Management and operation of maintenance workshops.
  - Management and operation of factories supplying the railway industries (rails/flanges/seats/etc.).
- **River Transport:**
  - Transportation of passengers, goods, equipment, materials of all kinds, or containers using different means of river transportation.
  - Construction, operation and management of river ports in accordance with the terms and conditions of the River Transport Authority (RTA).
  - Construction, management and operation of river CFS and grain silos.
  - Construction, operation and management of Nile marinas with integrated services necessary for conducting their tourism business and security.
- **Construction, management, utilization, and maintenance of freeways, highways, main roads and tunnels:**
  - Construction, management, utilization, and maintenance of freeways, highways and main roads.
  - Establishment of car refueling stations.
  - Establishment of commercial and recreational services zones.
  - Designing, managing and operating vehicles tunnels.
  - Construction, management and operation of multistorey parking garages under BOT system.

- **Refrigerated Transportation:**
  - Owning and renting Transport Refrigeration Units (TRU) for agricultural crops, manufactured products and foodstuff, as well as the required loading and unloading services.
  - Owning and renting container freight station (CFS), container interchange stations and grain storage silos.
- **Mass Transportation to and from New Cities and Urban Communities, Subject to the Following Regulations:**
  - The minimum transportation capacity of a project is no less than 300 seats.
  - The vehicles used in the project are to be brand new and have never been licensed or used before.
  - As a fundamental condition, the vehicles should run on natural gas, and, for this purpose, importing diesel-fueled vehicles is not allowed.
  - Providing parking garages and maintenance workshops to companies located within the new industrial cities.
  - Business operation zone should be located within a new urban community.
  - Companies must list the routes and schedules of their vehicles, subject to the approval of the competent traffic department.
  - Placing signs at the front of the vehicle indicating the route.
  - Complying with the rules and regulations of the Ministry of Transport regarding vehicle loads and height limits, as well as the other rules and regulations.
  - Complying with the regulations of environment protection and pollution prevention.

- ## Additional Incentives:

Pursuant to Article (13) of Investment Law No. 72 of 2017, upon a decree of the Cabinet, projects stipulated in Article (11) and Article (11 bis.) of this Law shall be granted additional incentives, as follows:

- The State shall bear all or part of the costs incurred by the investor for connecting utility services to the property allocated for the investment project, upon commencement of the project's operations.
- The State shall bear a portion of the costs for the technical training of employees.
- Land may be allocated free of charge for certain strategic activities, in accordance with the regulations established by law for this purpose.
- Projects may be exempted from paying the usufruct fee for land allocated for their establishment for a maximum period of 10 years from the commencement of operations, subject to a proposal by the competent minister.
- Projects may be exempted from contributing to the costs of establishing infrastructure, services, and public utilities, up to a maximum of 50% of such costs, in accordance with the regulations issued by the Supreme Council for Investment.