

**Minister of finance decree No. 296 of**

**2005 on rules of payment of Sales Tax on Machines and Equipment**

Minister of finance,

After taking cognizance of law (11) of 1991 promulgating general sales tax law and the regulations thereof promulgated by decree of minister of finance no. 749 of 2001,

Decided...

**Article (1)**

General sales tax due on machines and equipment used in performing exempted services or manufacturing exempted commodities shall be paid in accordance with the following rules:

- 1- 0.5% of the value taken as abase for calculation of tax on machines and equipment shall be paid on temporary release thereof from the competent customs office.
- 2-the remaining amount of the tax due shall be paid on seven annual equal installments; the first installment thereof shall be paid three years after the date of temporary release of such items. In case of delay of payment of any of such installments,

**Article (2)**

General sales tax due on machines and equipment necessary for projects that under construction and that are meant to manufacture taxable goods or performing taxable services shall be paid according to the following rules:

- 1- 0.5% of the value taken as base for calculation of tax on machines and equipment shall be paid on temporary release thereof from the competent customs outlet.
- 2- The remaining amount of tax due shall be paid within a period not exceeding three months as of the date of commencement of production or carrying out business.

tax credit shall not be applied on the tax previously paid on temporarily released machines and equipment except after assuring that such tax have been paid in full .

The person concerned shall inform the sales tax department of the date of commencement of production or currying out business within fifteen days.

Otherwise, the aggregate amount of tax shall be payable without prejudice to the imposition of the additional tax.

**Article (3)**

For being entitled to apply one of the two rules of payment prescribed in articles (1) and (2) hereof, one of the following guarantees shall be submitted:

- 1- A banker's letter of guarantee or money deposit at the value of sales tax due on the machines and equipment.
- 2- A statement of guarantee of the business assets and branches to guarantee the payment of tax due on the machines and equipment.
- 3- Any other guarantees that may be acceptable by Customs Department.

**Article ( 4 )**

The machines and equipment that sales tax due thereon is paid in accordance with this decree shall not be disposed of except after notifying the sales tax department by a registered letter with a return receipt and paying the remaining amount of tax due .

In case of violating such provision, the full amount of tax due and the additional tax shall be paid without prejudice to any legal procedures to be taken in this regard .

The machines and equipment prescribed in articles ( 1 ) and ( 2 ) herein shall not be finally released before paying the tax due in full .

**Article ( 5 )**

The provisions hereof shall not apply to the machines and equipment previously released by virtue of decrees of tax payment by installments issued before the date of enforcement of low no. 9 of 2005 on the amendment of certain provisions of the fore-mentioned general sales tax law. The terms and conditions applicable on the date of customs release of such items shall be observed. The remaining amounts of the installments due shall be paid on dates of maturity thereof.

**Article ( 6 )**

This decree shall be published in the official gazette and shall come into force as of the next day of publication .

**Minister of Finance**

**Yossef Boutros Ghali**