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Tax Reform in Egypt

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Abstract: Egypt government had made fundamental reforms in tax legislations like income tax law in 2005, property tax law in 2008 and value added tax law in 2016. This study aims to studying the tax reforms happened in Egypt between 2005-2016. The paper plan to use descriptive-analytical approach to illustrate tax reforms in Egypt in three major tax laws in Egypt. The study going to highlights the content of tax legislation amendments and display economic overview before and after tax reforms. This study concludes that tax reform in Egypt had accomplished by using modern theories in economic. Reducing in tax rate leads to increasing tax revenues. Computerize tax system helped tax administration to improve efficiency. Tax reform aimed to simplicity tax law, increasing level of self commitment, raising tax revenues, encouraging industry, raising exports, attracting new investments and enhancing economic development. This study is very important for scholars, institutes, universities, research centers, organizations and governments which concern to know and studying what happened in tax reforms in Egypt. Also, this study is the first paper talking about tax reforms in Egypt in three tax legislations.

Key words: Tax reform, Egypt, income tax, property tax, value added tax, institutes

INTRODUCTION

In 2005 Egypt government had launched the tax reform by issued a new income tax law. Using modern theories and best rules in tax science. they used new thoughts in taxation which rely on encourage self tax commitment and built a new confidence between tax administration and tax payers, also simplicity tax law to avoid complexity may prevent clear understanding of tax law, also improve tax administration to be more computerized system. The main idea in a new income tax law is reducing tax rate to maximize tax revenues as a result to increasing economic activity and attracting new investments (Al Saedy, 2005).

After that in 2008, the Egypt government had issued a new property tax law. That law aimed to gather all old legislations in property tax together and forced all land lords have properties to pay tax whatever they rent it or not (Sadeek, 2018). Finally, in 2016 the Egypt government had issued value added tax law to avoid disadvantages and Imperfection in sales tax law, also to encourage industrial sector and attract investments (Nosir, 2017).

MATERIALS AND METHODS

Structural of tax system in Egypt before tax reform: Egypt tax system has divided in two major sections. First section is a direct tax and second section is indirect tax. Both of them has contained many other kinds of taxes. Direct tax has contained two kinds of tax. Tax on profits, personal income and property income. On the other hand indirect tax has contain sales tax on goods and services or value added tax, customs tax and other taxes on services like tax stamp (Omran, 2016).

Tax administration in Egypt divided in four departments. Tax on income administration, sales tax administration, customs tax administration and property tax administration. All of them belong to Ministry of Finance in Egypt. In 2006 the income tax administrations and sales tax administration had merged together in new administration, also belong to Ministry of Finance, we will talk about that in details (Abdelsalam, 2005) (Fig. 1 and 2 and Table 1).

Some reasons for tax reform in Egypt: We can summarize reasons for tax reform in many developing countries in the same common problems like, little tax revenues (Tait,1988), tax distortion, remove complexity in tax law, tax structural imperfection (Tanzi, 1987) and improving justice in tax society (Hagemann *et al.*,1987).

Little tax revenues: In Egypt, the tax revenues before 2005 had a very little return comparing to developed countries like; USA and united kingdom. For example between 2000-2004 the average of tax revenues percentage to GDP is 13.8%. While the average of tax revenues percentage to GDP in the USA in the same period is 26%, United Kingdom 32%, Germany 35%, France 43% and Denmark 45% (data. OECD.org) Table 2 and Fig. 3:

Tax structural imperfection: We can notice in developing countries raising of indirect taxes revenues comparing to direct taxes revenues. On the other hand the

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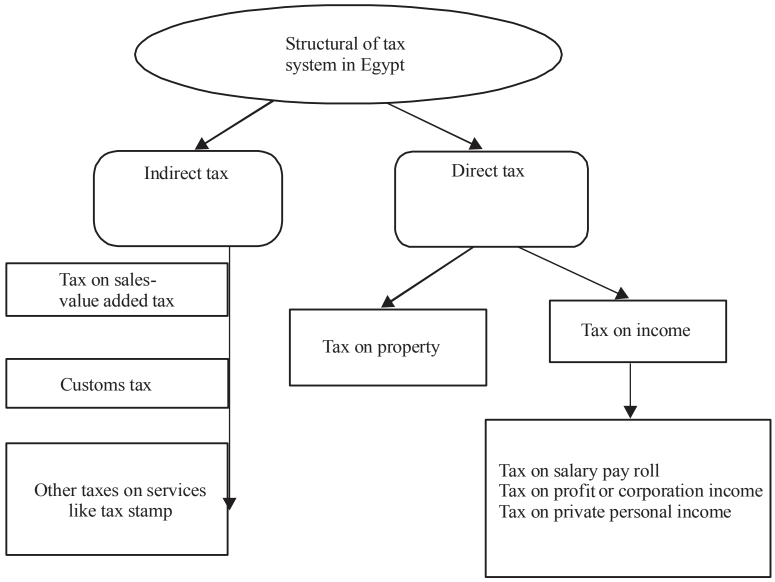

Fig. 1: Structural of Tax system in Egypt (Omran, 2016)

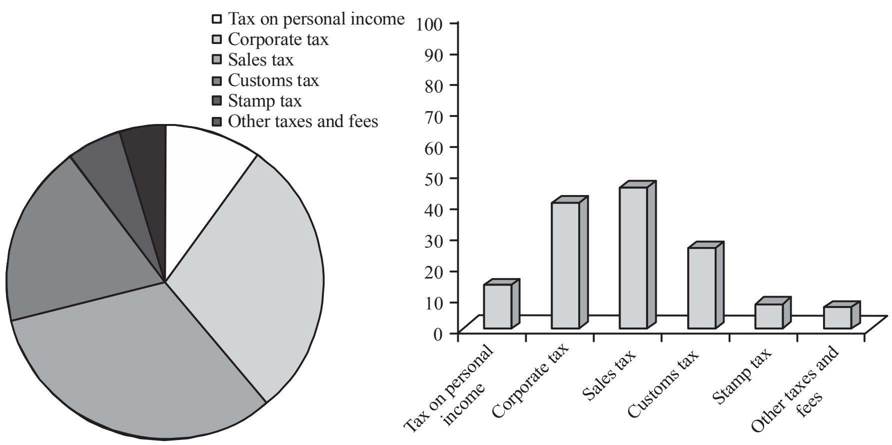

Fig. 2: Percentage of different kind of taxes to total tax revenues; Data Ministry of Finance in Egypt from 2001- 2005

Table 1: Percentage of different kind of taxes to total tax revenues

Years	Tax on personal income	Corporate tax	Sales tax	Customs tax	Stamp tax	Other taxes and fees
2000	8.8	28.8	32.8	18.2	5.5	5.9
2001	9.3	29.9	32.6	17.8	5.6	4.8
2002	11.5	27.5	33.4	17.7	6.0	3.9
2003	10.2	28.1	32.8	18.5	5.5	4.9
2004	10.0	31.0	30.6	18.0	5.0	5.4
Average	9.9	29.0	32.4	18.4	5.5	4.8

Data Ministry of Finance in Egypt from 2001-2005

developed countries have direct taxes revenues excess indirect tax revenues maybe double or triple (Tanzi, 1987).

Tanzi (1987), study has contained 86 developing country. He found direct tax in developing countries assessed around 30% to total taxes revenues while indirect taxes estimated around 60% to total tax revenues. Tanzi found the developing countries rely on indirect taxes revenues, especially, taxes on imports from goods and services. That happened because those countries low capacity producing, weakness in economic structural and increasing lean on Foreign trade, especially, importing also in Egypt percentage of indirect taxes revenues to total taxes revenues it was 63% average years between 1995-2004. That's indicate to imperfection of tax structural (Table 3 and Fig. 4)

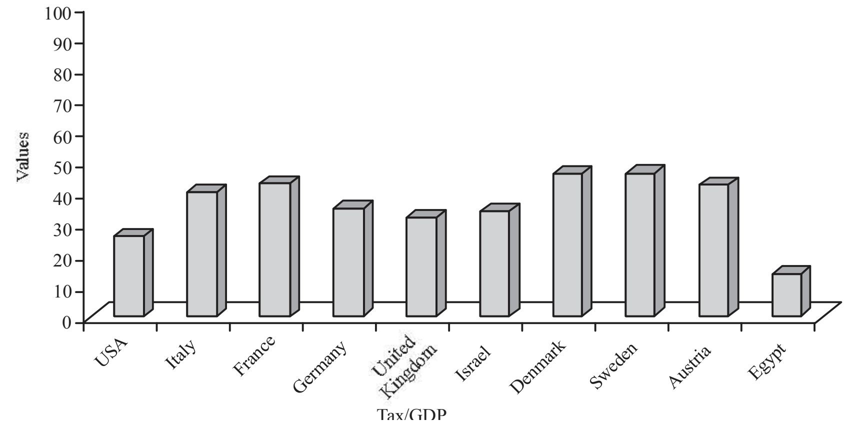

Fig. 3: Tax revenues percentage to GDP in Egypt and some of OECD countries between 2000-2004; Data OECD.org

Table 2: Tax revenues percentage to GDP in Egypt and some of OECD countries between 2000-2004

Years	Egypt (%)	USA	Italy	France	Germany	United Kingdom	Israel	Denmark	Sweden	Austria (%)
2000	14.5	28.20	40.60	43.43%	36.24	32.92	34.89	46.88	48.98	42.28
2001	14.3	27.16	40.30	43.10	35.01	32.58	34.74	45.92	46.83	43.89
2002	13.4	24.94	39.75	42.40	34.38	31.55	33.96	45.41	45.17	42.70
2003	13.3	24.40	40.07	42.24	34.61	31.27	33.29	45.58	45.47	42.41
2004	13.8	24.62	39.33	42.41	33.86	32.28	33.33	46.39%	45.65	41.96

Data OECD.org

Table 3: Percentage of direct tax and indirect tax to total tax revenues in Egypt

Years	Direct tax percentage to total tax revenues (%)	Indirect tax percentage to total tax revenues (%)
1995	34.40	65.6
1996	35.20	64.8
1997	35.50	64.5
1998	36.00	64.0
1999	33.50	66.5
2000	37.60	62.4
2001	39.20	60.8
2002	39.00	61.0
2003	38.30	61.7
2004	41.00	59.0

Official statements and official general budget published by Ministry of Finance in Egypt 1996-2005

It's clear to see tax structural in Egypt it's obviously rely on indirect tax revenues: We can see taxes structural in OECD countries in years between 2000-2004 and we can notice the difference between developed countries and developing country like Egypt in tax structural.

Tax law complexity: When you have old legislations issued before many years ago and that law has many amendments over years that's lead to make the law is very complicated to understand. both of them people and tax administration they face complexity to understand or to obey that law. For that tax reform aim to simplicity and gather all old legislations in new one to make the new law easy to understand. For example in Egypt the law which regulate tax on income had issued in 1981. After that the government had made 6 amendments in years 1983, 1993, 1995, 1996 and 1997. Also, sales tax law had issued in 1991 after that the government had made 7 amendments in years 2005 , 2012, 2014, 2015 and three amendments in 2011. For that the the Egypt government saw they need to start a new tax reform to make the legislation more easy and avoid the complexity (Official Gazette Egypt, different years) (Table 4 and Fig. 5).

Income tax law reform (Law 91/2005): In 2005, the Egyptian government had issued a new income tax law. A new law had totally removed old income tax law had issued in 1981. The Egyptian government want to open a new era with all tax payers, also applying new public finance theories which enhance justice, simplifying for tax law, attracting new investments, encourage self commitment and maximizing tax revenues. In order to achieve all of those goals the philosophy of a new tax law has several points (Al Saedy, 2005; OGE., 2005).

Enhancing self commitment: In modern tax system self commitment is an indicator on the tax policy has succeeded to convince people about their national duty. Also indicate on the public services have reached to all people that may be reason for raise loyalty and self commitment for tax payers (IMF Fiscal Affairs Department, 1988). A new income tax law aimed to simplifying tax law by accept file tax return whatever tax payer admit it. That's mean the tax declaration is an evidence and tax administration should accept it. If tax administration not accept tax declaration given by tax payer they should show evidence behind why they not approve the tax declaration (Article 89 income Tax Law 91/2005).

Simplifying tax law: Gathering all kind of income whatever it comes from working, capital, investment and property for same person, after that deduct cost and impose one tax rate one time. That's simple and clear to understand, instead of dealing with each kind of revenue separate like what happen before in old income tax law which had many tax rates for many kinds of revenues (Al Saedy, 2005).

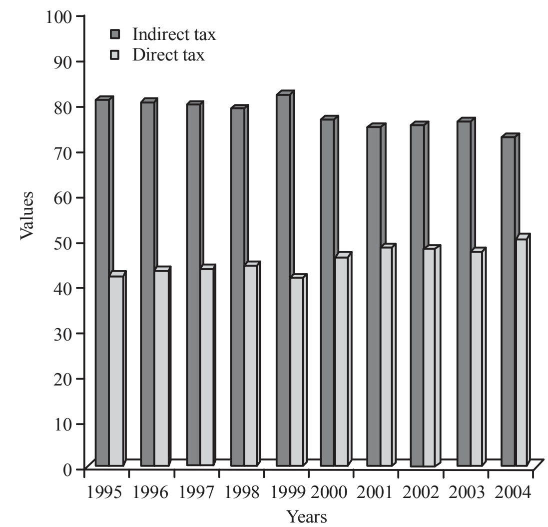

Fig. 4: Percentage of direct tax and indirect tax to total tax revenues in Egypt between 1995-2004; data Ministry of Finance in Egypt in Egypt from 1996-2005

Justice: Reallocate national income is an important job for tax system because the huge difference in income between people may be obstacles for economic development, also it could to request more spending on social security benefits and subsidies for poverty reasons. Sometimes the governments use tax policy for that reason but in developing countries the tax system is very far from that purpose because the tax system in those countries may leads to make high income tax payer pay tax less than low income taxpayer because they have tax benefits, exempted and tax vacation (Zee, 2005). Some governments use the tax progressive rate to impose high income tax payer to pay more than low income tax payer. For that in the new income tax Law (91/2005) it has imposing progressive tax rate to achieve more justice to reducing tax levy on little income tax payers and obligate high level income tax payer to pay tax more than small income tax payers (Article 89 income tax Law 91/2005). That's help to reallocate resources and increasing effective demand and consumption to enhance productivity and economic growth (Pressman,1997).

Computerized tax system: Computerize tax system is very important issue in developing countries, for that Egypt government had established a new intelligent tax center to prevent tax evasion. The intelligent tax center had established data base to help tax administration by connect all tax administration departments on one data base to help them to serve tax payers and gather all data related to tax payers, also to forecast upcoming tax revenues trend (tax culture news paper, May, 2009).

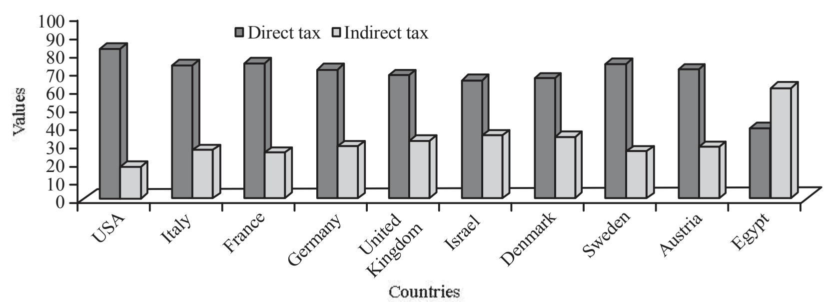

Fig. 5: Percentage of direct tax and indirect tax to total tax revenues in Egypt comparing to some of OECD countries from 2000-2004; data. OECD.org

Table 4: Percentage of direct tax and indirect tax to total tax revenues in some of OECD countries from 2000-2004

	Direct tax percentage to GDP					Indirect tax percentage to GDP				
Countries	2004	2003	2002	2001	2000	2004	2003	2002	2001	2000
USA	81.7	81.6	82.2	83.6	83.9	18.3	18.4	17.8	16.4	16.10%
Italy	73.6	74.3	73.1	73.2	72.2	26.4	25.7	26.9	26.8	27.8
France	74.4	74.4	74.3	74.7	74.2	25.6	25.6	25.7	25.3	25.8
Germany	70.9	70.7	71	71.3	72	29.1	29.3	29	28.7	28
United Kingdom	68.4	67.3	67.7	68.7	68.5	31.6	32.7	32.3	31.3	31.5
Israel	63.7	63.8	64.3	67.1	66.9	36.3	36.2	35.7	32.9	33.1
Denmark	66.3	66.1	65.5	66.4	67	33.7	33.9	34.5	33.6	33
Sweden	73.9	73.3	73.1	74.3	75.3	26.1	26.7	26.9	25.7	24.7
Austria	71.1	71.2	71.1	72.2	71.1	28.9	28.8	28.9	27.8	28.9

Data OECD.org

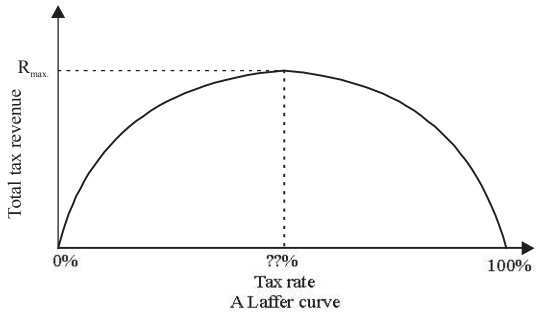

Fig. 6: Laffer curve explain relation between tax rate and total tax revenues (Laffer, 2004)

Open a new era between tax administration and tax payers: That's mean all cases opened before a new law will close, dispute and dismiss. That for seeking for new beginning to help tax payers and administration to build new confidence and make economy more active to create jobs and attracting new investments (Article 5 income tax Law 91/2005).

Reduce tax rate to maximize tax revenues: The new income tax law had used modern theories in public finance which said to maximize tax revenues you have to reduce tax rate to let market expanding also to attracting new investments and raise economic growth. On the other hand if you raise tax rate that's effect on market and reducing investments and economic growth (Laffer, 2004) (Fig. 6).

In order to apply that idea income tax Law (91/2005) has reduced tax rate from 42% in pervious income tax law to (Last amendment in 2018 has raise the rate to 22.5%) 20% only in new income tax law (Article 8 income tax Law 91/2005). For that tax revenues achieved growth rate 29% in 2006 next year to applied new income tax rate (Ministry of Finance in Egypt in Egypt Data, 2007).

Unifying tax administrations: Administration reform is a part of tax reform it should be considers when you think about any tax reform. In 2006 the Egyptian government had issued executive order to merge "income tax administration" and "sales tax administration" to establish a new tax administration called Egyptian tax administration. Merge administrations aimed to raise efficiency, facilitating and improving service for tax payer to save time and reduce cost of tax collection (Law 154/2006).

Developing natural resources: Tax rate can use to effect on investment decision for reasons related to protect environment. Government may use high tax rate to discourage industry they don't like to increase, for example, industries have pollution emission. On the other hand government can use low tax rate to attracting some industries work to develop nation resources (Easson, 2001). For that income tax Law (91/2005) has exempted any company work in reclamation desert lands for 10 years. Also they exempted companies work in farm production and animal production like chicken, bees and cows from paying tax for 10 years. That for improving natural resources and encourage investors to increase productivity from lands and animal wealth (Article 31 income tax Law 91/2005).

Encourage saving and investment: Income tax law has exempted all returns from investment in stock markets like bonds and equities to attract local and Foreign indirect investments to enhancing economic growth. Also tax law has exempted interest rate on bank accounts to increase deposits and boost available money to loans which increase economic activity and economic growth (Article 31 income tax Law 91/2005). Also the new tax law encourage investments by accept huge depreciation rate add to expenses like all kinds of computers have depreciation rate 50% each year, all machines have 30% depreciation rate first year and 25% next years and other assets have 25% depreciation rate each year except lands have 5% depreciation rate. The purpose behind high rate depreciation is encourage investments to increase economic growth (Article 25 income tax Law 91/2005).

Encourage small enterprises: New income tax law has exempted small enterprises from paying tax on his profit up to 5 years from starting his business to help some fresh entrepreneurs to start business that very important to give them confidence to invest and starting their business (Article 31 income tax Law 91/2005).

Property tax reform (196/2008): In 2008, the Egypt government had issued a new property tax law to continue reforming tax system. The new property tax law, we can summarize it in some points (OGE., 2008):

Simplicity property tax law: Before 2008 tax property was regulated by old legislation issued in 1954, it was very old has many amendments and others legislations interfere to regulate the property tax. That leads to make property tax law complicated to understand from tax payers and tax administration. For that the new property tax law aimed to gather all different old tax property legislations in new law to make it easy and clear to understand (Sedeek, 2018).

Generalize tax property on all buildings: Except which exempted explicitly in this law the property tax law aimed to generalize imposing property tax on all building without waiting for executive order from the mayor in each city to determine which buildings subjecting to pay tax property (Sedeek, 2018).

Tax rate: The property tax rate is 10% from rent amount after deducting 30% for cost from rent amount (Article 12 property tax Law 196/2008).

Tax pay on estimated rent: That's meaning the tax administration has to estimate rent price for building or apartment and calculate the tax on rent estimated not on the real price rent (Article 4 property tax Law 196/2008).

Paying tax even if you not lease your property: The tax have to pay to tax administration whatever if owner lease his properties or not (Article 4 property tax Law 196/2008). The philosophy of that aimed to force owners to offer their properties to rent in market to help them paying tax property which leads to increasing in properties supply or units offering to rent which meaning decreasing in rent prices.

Exemption: Exempted from paying tax property all hospitals, schools, government buildings, worship buildings, building for public use, private home unite occupied for tax payer and buildings for political parties (Article 18 property tax Law 196/2008).

Allocation of tax revenue: Tax property law allocates tax revenues between central budget government and local city office. The 75% from tax property revenues are going to public budget for central government and 25% going to local city office (Article 28 property tax Law 196/2008).

Due of tax property: The property tax is due on January first each year and you can pay it in two equal installments. First until the end of June and the second until the end of December, in addition, taxpayer if he likes he can pay them in full in first installment.

Open a new era: The property tax law aimed to close old cases opened or appealed before issued a new property tax law to let tax payers and tax administration work together and build trust between each other (Article5 property tax Law 196/2008).

Value added tax reform (Law 67/2016): In 2016, Egypt government had issued value added tax law to complete transition from sales tax to value added tax. Egypt government aimed from value added tax to avoid imperfection or problems in sales tax system. Also encourage exports, increase productivity and attracting investments (Nosir, 2017). We can summarize a new value added tax law in next points (OGE., 2016):

Imposing value added tax for all goods and services: VAT impose general rate for all goods and services. When merchant sell his goods or services or when merchant and company import goods and get it out off customs, a new law obligate them to collect or pay VAT for all goods and services in general. Except which goods or services exempted explicitly in this law (Article 2 VAT Law 67/2016).

Tax rate: The tax rate for value added is 14% in general. except machines use to produce merchandise subject to VAT paying only 5%, also free zones area exempted from paying VAT to attract direct investment (Article 3 VAT Law 67/2016).

Deducting system: Any business firm purchases things from other business firms, works on those things with its own labor force, utilizing its own capital equipment and working capital and sells the product. The difference between what the firm gets in sales proceeds and what it has spent in purchasing things from other firms is the value that it adds to those things every business firms in the economy, thus, adds value to what it buys from other firms. The total of value added by all business firms is the value of the total product of the economy. A general tax on value added is thus a tax on the total product , the total output of the community (Shoup, 1955). The value added tax allow firms to deducting tax paid on their purchasing from tax they collecting from their sales, to reducing their cost and control the market (Musgrave and Musgrave, 1973).

Artical 22 in value added tax in Egypt (Law 67/2016) said the tax payer have to deduct tax he had paid on his purchasing from tax he has collected from customers and pay the difference to tax administration. Deducting tax is a major advantage in value added system to reducing cost for firms and control the markets.

Enhancing welfare: VAT exempted many merchandise from paying tax like milk, tea, sugar, eggs, coffee, kids food, pasta, flower, bread seasons, beans, all grocery goods and medical equipments. Many goods and merchandise exempted in this law listed 57 goods and services in tables belong to law. All of those goods are very important and basic goods for Egyptian people (Article 22 VAT Law 67/2016).

Encourage industry: When someone open a new company always he purchase some row materials or equipments to use it in his company and paid VAT for that. To help investments VAT encourage industries by return back tax thay paid on machines which used to produce goods and services subject to VAT (Article 30 VAT Law 67/2016).

Encourage exports: VAT has encourage exports by allow to return back VAT paid on goods if those goods are exported to abroad or if that goods used to produce merchandise exported to abroad. That for encourage exports and enhancing industry and economic growth (Article 30 VAT Law 67/2016).

Book keeping mandatory: VAT law obligate companies registered in VAT system they should have book keeping system if he would like to use VAT benefits like deducting system or return back VAT in case of exports (Article 13 VAT Law 67/2016).

Avoid disadvantage and imperfection in sales tax law: In old sales tax Law (11/1991) the sales tax system was not allowed in some cases for merchant, producer, firm to deduct tax he had paid on his purchases from tax he collected from his customers. Like machines he used to produce goods subject to VAT that may lead to increase cost of production and raise final price for his goods or services (Article 23 sales tax law in Egypt 11/1991). For that the new VAT law came to avoid all problems and imperfections in old sales tax Law 11/1991 by deduction system which allowing firms to deduct tax he had paid from tax he collected to reduce his cost production and lower final price for his goods and services.

RESULTS AND DISCUSSION

Over view after tax reform: After a new tax law had issued in 2005, we can notice the great impact on Egypt economy. The total tax revenues had hit a new record of tax revenues growth and increasing in Foreign direct investment after a new tax law issued.

Increasing in Foreign direct investment: Foreign direct investment had increased from 0.41 billion of dollar in 2004 to 3.9 billion dollars in 2005 and continued to increase steadily to reach about 13.2 billion dollars in 2008 (Central bank of Egypt annual report Data, 2009) (Table 5 and Fig. 7).

Net FDI to GDP: Also net FDI to GDP had increased from 0.5% in 2004 to 4.5 % in 2005 and 5.7% in 2006 only 1 year after new income tax law had issued in 2005, then net FDI continued to increase to 8.1% in 2008 (Table 6 and Fig. 8).

Doing business report: As result of tax reforms Egypt had refine and improved her rank in doing business report from 165 in 2006 to 126 in 2007 then 114 in 2008 and continued developing rank to reach 94 in 2010 in the world. But after Arab spring when Egypt had some difficult times with a new revolution in 2011, the rank of Egypt in doing business report had deteriorated to 110 in 2011 and continued fluctuate between increasing and decreasing to reach rank 120 in last doing business report 2019 (Anonymous, 2019a, b) (Table 7 and Fig. 9).

World investment report 2008: In world investment report 2008-unctad-Egypt had occupied first country in FDI inflows in North Africa, second country in Africa continental and third country in Arab world after Saudi Arabia and United Arab Emirates (Fig. 10).

Table 5: Net of Foreign direct investment in Egypt between 2001-2008

Years	Billions of dollars
2004	0.41
2005	3.90
2006	6.11
2007	11.05
2008	13.23

Central Bank of Egypt annual report data 2002-2009

Table 6: Net of Foreign direct investment to GDP in Egypt between 2001-2008

Years	Net direct investment /GDP
2004	0.5
2005	4.5
2006	5.7
2007	8.5
2008	8.1

Central Bank of Egypt annual report data 2002-2009

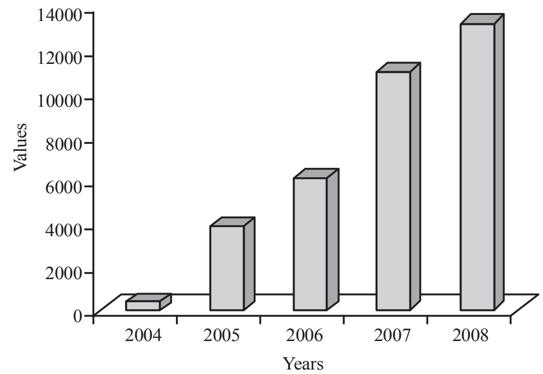

Fig. 7: Net of Foreign direct investment in Egypt between 2004-2008; Central bank of Egypt annual report data 2002-2009 (Millions of dollars)

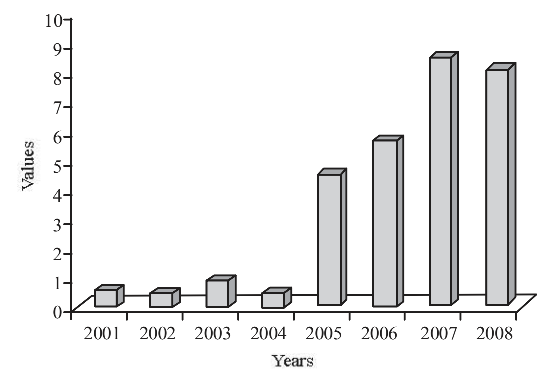

Fig. 8: Net of Foreign direct investment to GDP in Egypt between 2001-2008; Central Bank of Egypt annual report data 2002-2009

Also in world investment report 2008-unctad-Egypt had occupied the 20th country in the rank contained 141 countries for performance indices for business which measured years 2006-2007 that means improving in business environments and economic growth Fig. 11.

Raising tax revenues: Tax revenues had increased after applied a new income tax Law (91/2005). In 2006, next year to applied income tax law. The tax revenues had increased to 29% from previous year and continue increasing in next years 2007, 2008, 2009 (Table 8 and Fig. 12).

Table 7: Doing business rank for Egypt between 2006-2010

Years	Doing business rank
2006	165
2007	126
2008	114
2009	106
2010	94

Doing business report data 2006-2010

Table 8: Tax revenues growth rate 2006-2010

Years	Tax revenues (billions of Egypt pound)	Tax revenue growth rate (%)
2006	97.77	29.0
2007	114.32	16.9
2008	137.19	20.0
2009	163.22	18.9
2010	170.49	4.4

Ministry of Finance in Egypt in Egypt data 2006-2010

Also after applied value added tax Law (67/2016) the VAT tax revenues had hit historical exceptional growth rate reached to 52.8% in 2017 and 40% in 2018 (Table 9 and Fig. 13).

Also the total tax revenues had increased as a result to applied VAT. The total tax revenues had reached to 31% in 2017 then 36% in 2018. That first time the total tax revenues had made Growth rate like that (Table 10 and Fig. 14).

Table 9: Value added tax revenues growth rate 2010-2018

Years	VAT revenues by Egypt pound (billions of Egypt pound)	VAT growth rate
2010	73.5	16.3
2011	83.3	13.4
2012	95.1	14.12
2013	106.8	12.25
2014	106.7	-0.1
2015	105.5	-1.1
2016	120.0	13.7
2017	183.4	52.8
2018	255.7	40

Ministry of Finance in Egypt in Egypt data 2010-2018

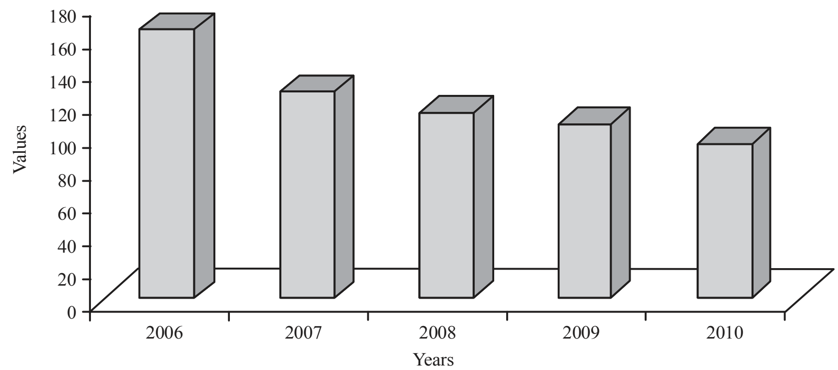

Fig. 9: Improving Egypt doing business rank between 2006-2010; doing business report data 2006-2010

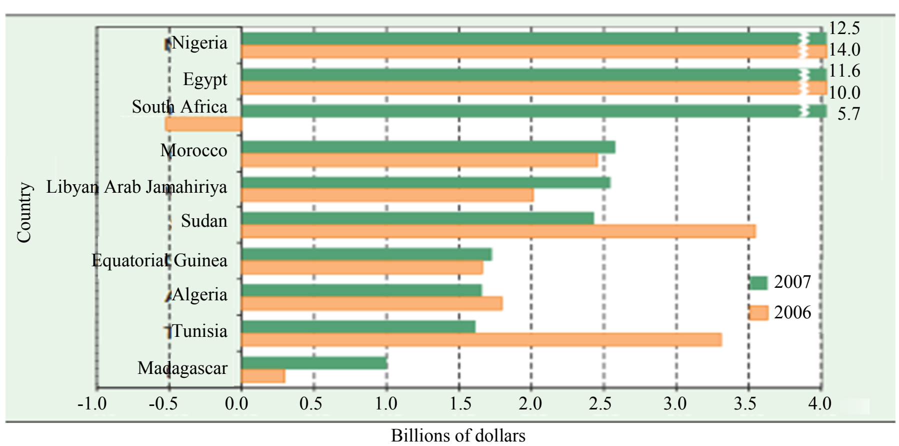

Fig. 10: Africa: top 10 recipients of FDI inflows, 2006-2007. UNCTAD, FDI/TNC database (www.unctad.org/fdistatistics) and annex table B.1. *Ranked by magnitude of 2007 FDI flows

Inward FDI Performance Index ranking			Outward FDI Performance Index ranking		
Economy	**2006**	**2007**	**Economy**	**2006**	**2007**
Hong Kong, China	2	1	Luxembourg	3	1
Bulgaria	3	2	Iceland	1	2
Iceland	4	3	Hong Kong, China	2	3
Malta	5	4	Switzerland	4	4
Bahamas	8	5	Panama	5	5
Jordan	7	6	Belgium	7	6
Singapore	6	7	Netherlands	6	7
Estonia	9	8	Kuwait	12	8
Georgia	15	9	Bahrain	11	9
Lebanon	13	10	Singapore	8	10
Guyana	20	11	Ireland	9	11
Bahrain	12	12	Sweden	13	12
Belgium	10	13	Spain	14	13
Gambia	11	14	France	18	14
Panama	16	15	Estonia	17	15
Mongolia	19	16	United Kingdom	21	16
Tajikistan	18	17	Israel	15	17
Cyprus	24	18	Norway	16	18
Moldova, Republic of	27	19	Austria	23	19
Egypt	31	20	Denmark	33	20

Source: UNCTAD, annex table A.I.10.

[a] Countries are listed in the order of their 2007 rankings. Rankings based on indices derived using three-year moving averages of data on FDI flows and GDP for the three years immediately preceding the year in question including that year.

Fig. 11: Top 20 ranking by inward and outward performance indices, 2006 and 2007

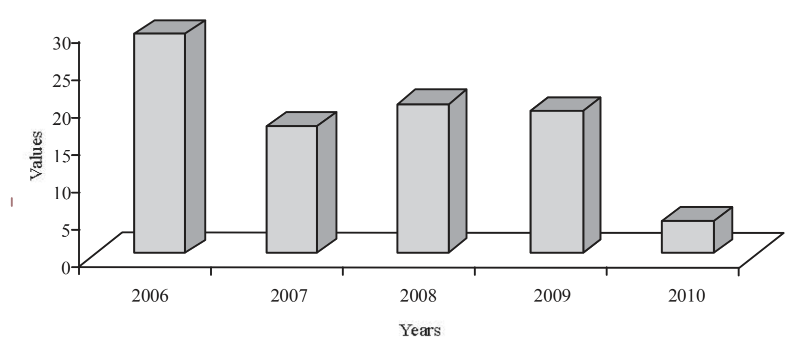

Fig. 12: Tax revenues percentage of growth rate after applied a new income tax law 2006-2010; Ministry of Finance in Egypt in Egypt data 2006-2010

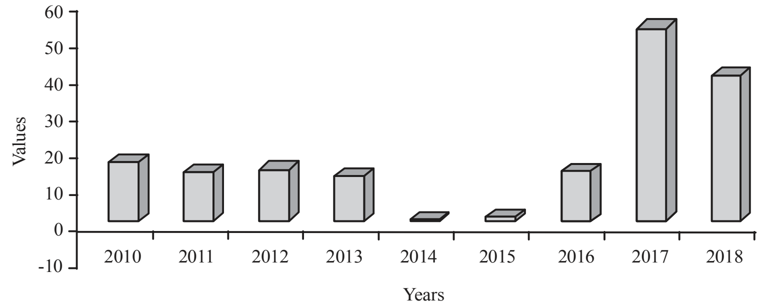

Fig. 13: Value added tax revenues growth rate 2010-2018; Ministry of Finance in Egypt in Egypt data 2010-2018

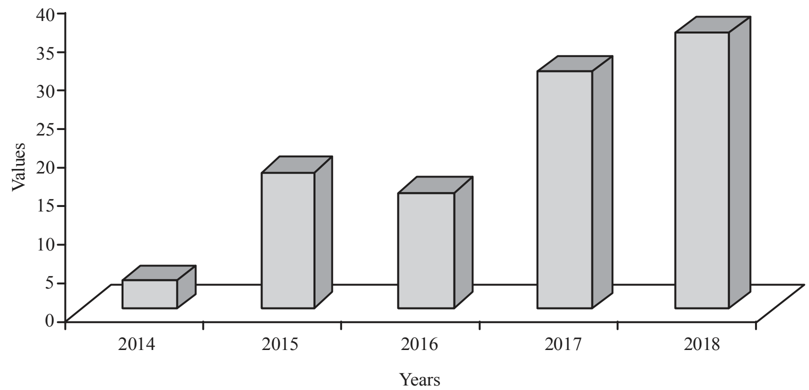

Fig. 14: Total tax revenues growth rate 2014-2018; Ministry of Finance in Egypt in Egypt data 2014-2018

Table 10: Total Tax revenues growth rate 2014-2018

Years	Total tax revenues growth rate
2014	3.6
2015	17.5
2016	15.1
2017	31.1
2018	36.2

Ministry of Finance in Egypt in Egypt data 2014-2018

CONCLUSION

This study concludes that tax reform in Egypt has made by using modern theories in economic like reducing tax rate leads to increasing tax revenues, enhancing self commitment for tax payers, simplifying tax law and used progressive tax to achieve justice, also the tax reform opened a new era to increase trust between tax administration and tax payers. Moreover income tax reforms aimed to unifying tax administrations and computerize tax system to improve the effective and efficiency. Also paper concludes the tax reform in value added tax aimed to enhancing welfare, encourage industry and raising exports by return tax paid on purchases used to produce merchandise exported to abroad in value added tax system firms allowing to deducting tax paid on their purchasing from tax they collecting from their sales to reducing their cost and control the market. The study concludes the tax reform was reason to attract investments and increase tax revenues to enhance economic growth, also tax reform was reason to improve Egypt rank in international economic reports like doing business report and world investment report. All of that meaning the tax reform has succeeded to achieve his goals to improve economic development.

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