

## **Section One**

### **The Profits Tax Of The Industrial And Commercial And Other Than Commercial Professions And Crafts/ The Actual Profit Taxpayer Category /.**

#### **Chapter One**

##### **Persons subject to taxation**

###### **Article 2:**

a- The tax covers the taxpayers stated below for their profits resulted from practicing the professions and industrial, commercial crafts and other than commercial, and all commercial businesses even if they are casual, and other income sources which are not subject to another income tax nor to real estate revenue taxes:

- 1- The Public Sector establishment and its companies and plants of various kinds.
- 2- The Financial establishments including the banks and currency exchange business, insurance & reinsurance companies and saving establishments.
- 3- Joint stock companies and limited liabilities companies whatever the kind and purpose may be.
- 4- The commercial and industrial establishments, which are under the control of establishments located outside the Syrian Arab Republic, and the commercial and industrial establishments affiliated with establishments located outside the S.A.R.
- 5- The commercial and industrial plants which have at least one branch in other administrative unit ( city ) where it works.
- 6- The Importers & Exporters, wholesales merchants, brokers other than the normal middlemen. The semi-wholesale merchant is categorized as a wholesale merchant if wholesale is the majority of his activities.
- 7- The agents of the national and foreign factories and the agencies representing national or foreign establishments.
- 8- The constructed or non constructed real estates trade and contracting works.
- 9- Customs agents.
- 10- Gas and flammable substances and service stations.
- 11- Medical equipment sale, clinics and labs. Equipment.
- 12- Medicines, chemicals , perfumes and cosmetics factories.
- 13- Alcohol factories
- 14- The industrial plants not included in the paragraphs above, if the total value of the plants and machinery used for industrial purposes exceeds Syrian Pounds two million, as per the valid

tax assessment imposed on real estate revenue.

- 15- Private hospitals
- 16- First class Cinema as per the categorization of the Finance Depts. related to collection of the taxes imposed on nightclubs and hotels of international level and of high, first and second classes and restaurants of the same class as per the classification of the Ministry of Tourism.
- 17- Art production, films, drama series and advertisement films and similar.
- 18- Local and foreign Art Production distributors.
- 19- Nightclubs of first and second class as per the categorization of Ministry of Tourism.
- 20- The investors of the places of entertainment, landscape sport clubs and circus..
- 21- Tourist motels of international level of high and first and second class, and all what may be attached to these motels of restaurants, chalets, casinos, independent seaside resorts of international level and super and first class.
- 22- Tourism offices.
- 23- Accounts Auditing bureaus and the chartered accountants
- 24- Economical and Financial studies bureaus,
- 25- The consultants in accounting and financial matters.
- 26- Practitioners of sea services and vessels and ships supply.
- 27- Tourism Companies using tourist busses.
- 28- The profession of renting and re-renting the industrial, commercial plants and crafts or some of their sources..
- 29- Cows and Poultry houses.
- 30- Goods transportation bureaus.
- 31- Main University professional units.
- 32- The private universities, schools institutions of various stages and kindergartens.
- 33- Every taxpayer subject to actual profit tax, in accordance with the provisions of this Law.
- b- Taxpayers, based on the fixed income, have the right to request levy of real profit tax provided that their request shall be endorsed by the Minister of Finance.

- c- Minister of Finance has the right to exclude, by means of a resolution he issued, some of the professions or some of the taxpayers based on the fixed income, and to consider them as real profits taxpayers.
- d- The resolution, stated in b & c above will become valid as of the beginning of the year following the year in which the resolution is issued, and will be announced and published in the public media.
- e- If the taxpayer practices more than one activity, then every one of these activities shall be subject to a definite category of income tax / fixed income / real profits /, and his profits shall be added for all activities, and the tax shall be imposed progressively in the category of the tax for which the taxpayer is ordered to keep books, duly kept for the higher category.

**Article 3:**

The tax shall be imposed on all natural and legal entities resulted from their business within the Syrian Arab Republic, in their selected domicile on the 1<sup>st</sup> of January of the year of imposition. If a taxpayer has more than one branch the tax of the headquarter is imposed on the profits of all branches either their accounts and business are the same or they have separate accounts, and if the headquarter is located outside the S.A.R. a tax will be imposed on all branches located within the S.A.R. in the center branch located in the Syrian Capital or in the branch of greater activity.

**Article 4:**

- a- the following will be exempted from the tax:
  - 1- Cooperative investment and consumption associations, which business is limited in gathering the requests of their members and distributing the materials, products and the outcomes requested from their stores.
  - 2- Agricultural investors who gather and sell the crops and fruits of the lands they take possession of, or they invest. The exemption includes the animals which they graze, feed or breed in these lands.
  - 3- The Cooperative Agricultural associations which business is limited to the collection of the crops of their members, transferring and selling them. This exemption does not include any other business other than these business

related to agricultural investment if carried out by the members themselves individually under the same conditions.

- 4- The cooperative societies which aim at purchasing the agricultural equipment and tools, and invest them in the lands of the members. This exemption does not include the profits resulted from the investment of the equipment and tools in the lands of the others, not members of the society.
  - 5- Persons practicing one of the following businesses: composition, playing on a musical instrument, musical composition, hand drawing, sculpture.
  - 6- Nursery schools
  - 7- The foundations and institutions of the Persons of Special needs
  
  - 8- 75% of the annual net profits of the air marine transportation activities. Persons other than Syrian are subject to this exemption only in case of reciprocity.
  
  - 9- 50% of the net annual profits of the cow and poultry houses only
- b- In contrast with the Provisions of Article 1 of the Law No 242 dated 03.05.1956, the private hospitals govern by the provisions of that law shall be subject to income tax and the tax on real estate only after two years of the commencement date of investment.
- c- The tax imposition stated in b of this Article shall be valid as of the beginning of the year following the year in which this law becomes valid for the private hospitals that two years have passed as of the date of initial investment or more. As for the private hospitals which less than two years have passed as of the date of investment by the time in which this law becomes valid, they shall complete the remaining period for the said exemption.

## **Chapter two Imposition Basis**

### **Article 5:**

- a- The tax is imposed based on the net profit achieved during the business (financial ) year starting from January the first till 31<sup>st</sup> of December.
- b- The financial year is considered as the year of tax imposition.
  
- c- It is possible to consider the beginning of the financial year on a day other than January the first, if the work nature of the establishment or the taxpayer justifies that; and in that case the establishment or the taxpayer has to submit a statement

with the profits achieved within the period starting from 1<sup>st</sup> January of the year in which the year of imposition has been changed to the beginning of the new year . The tax is due within thirty days as of the beginning of the new year.

- d- The dates of statements submissions and their duration shall be changed, where tax stipulated in Article 13 of this Law shall be paid in accordance with the new year of imposition.

**Article 6:**

- a- each taxpayer has to keep well organized and complete accounting records that show the actual entries and results.
- b- Minister of Finance may render a resolution that defines the applied accounting rules to specify the net results.

**Article 7:**

- a- The net profit includes the total amount of revenues of the taxpayer's various kinds of business subject to this tax after deducting the costs and expenses required for practicing these activities or which are attached to the kind of work.

- b- Some of the costs and expenses that may be deducted are the following:

- 1- The rental fees of the shops assigned for work practicing or the rental value / if they are owned by the taxpayer / based on the fees or the values on which the tax is imposed on the constructed real-estates.
- 2- The wages and salaries and the incentives that are paid to the employees and workers for their services.
- 3- The paid amount for the employer portion in the social security
- 4- The amounts saved for paying of the dismissal indemnity or the bonus of end of the working period, or emergency allowance as per the Labor Law.
- 5- The consumption accepted in general according to the technical rules applied in every kind of industry and trade, professions and crafts, except the consumption of the real estate and the allocations which are considered as real and definite burden.
- 6- The taxes and fees imposed on the taxpayer in the S.A.R., paid in the year in which the profits were achieved, except the net profits imposed under this act.
- 7- Donations paid by the taxpayers against official receipts to an officially recognized public or private parties that they are of public welfare, are considered as costs that can be deducted from the net profits provided that both parties the donator and the receiver keep accepted official records

approved by the income tax depts. with an amount not exceeding 3% of the net profits.

c- The reserve amounts not used as whole or part for the purpose they are assigned or which there is no reason to keep in the next year, shall be added to the profits of the stated year.

**Article 8:**

The charges and expenditures that can not be deducted or reduced are the following:

- a- The capital expenditures increasing the value of the assets
- b- Personal expenditures or the amounts that the employer or his partner considers them as his salary for managing the business.
- c- The amounts that the partners in a joint liability company or in a limited partnership consider these amounts as their salaries for managing the business.

**Article 9:**

The tax is imposed on the insurance and reinsurance companies and the savings establishments and associations collecting capitals based on the total net income including the achieved net profit from the various activities and investments.

**Article 10:**

The accounts of the natural or the legal entities who are located in foreign countries and practice, inside the

Syrian Arab Republic, business that are subject to net profits tax are not accepted unless these accounts show directly the achieved profits resulted from practicing these businesses, otherwise the profits shall be determined by comparing the results of the business of similar establishments.

**Article 11:**

The establishments under the control of establishments located outside the Syrian Arab Republic, and the establishments located outside the S.A.R. that are affiliated with establishments, and which transfer their profits indirectly to these establishment located outside the S.A.R. either by increasing the prices of purchase or sales or reducing them, or by any other means, are subject to the tax after the entry of the stated profits into the results of their accounts.

In case of lack of explicit elements that enables the stated corrections in the previous paragraph the costs are measured by means of a comparison with similar establishments invested in a normal manner.

**Article 12:**

If there has been a deficit in a year it can be considered a burden on the next year and can be deducted from the achieved profits during that year. If the profit does not suffice to cover the deficit the remainders are subtracted from the profits of the year coming after the year in which the deficit occurred. If there is still, it can be transferred to a third year and so on till the fifth year after the deficit occurrence.

**Article 13:**

- a- The taxpayer has to submit to the Finance Depts. a written statement concerning the net profit and loss during the previous year in the following terms:
  - 1- till 30<sup>th</sup> June of each year for the joint stock companies, the limited liabilities companies, the general establishments and companies and plants.
  - 2- Till 30<sup>th</sup> April of each year for the other taxpayers.

Minister of Finance, in exceptional cases he assesses, may offer additional period not exceeding 60 days, and in case of deficit he submits a statement with its amount within the same terms and conditions.

- b- Minister of Finance issues the tax statement model stipulated for in the previous paragraph / a / and its attachments.

**Article 14:**

- a- The taxpayers have to submit, with the statement, copy of the operating account / for the industrial plants /, trading account, profits and loss accounts and copy of the balance sheet, a table with the amounts taken from the profits under the entry of consumption and a table showing the detailed consumption.
- b- The taxpayers of other than the industrial and commercial professions / in case they do not have a balance sheet or a profit and loss account / have to submit an evidence supporting their table including the total gross of their revenues and all costs related to their professions, and the charges that can be reduced and the net of their profits during the previous year. It is sufficient for the craftsman, whose craft is subject to secrecy, to state the description of the amounts that they collected and paid and the date thereof.

- c- The taxpayers have to present to the Finance Dept. all accounting documents, the inventory lists, collecting and payment vouchers and the purchasing and selling invoices. In general all documents that may support the correctness of their statements, and all documents and entries issued by the computer based on its records for the taxpayers that use the pc.
  
- d- The taxpayer has to pay to the treasury, within 30 days after the closing date of submitting the statement stated in Article 13 of this Law, the tax of the declared profits in the statement, where the paid amounts under this Article shall be considered as part of the tax defined by the competent tax committees .
  
- e- The Finance Dept. may request the taxpayers to pay a tax prepayment during the year of practicing

the business subject of tax, provided that the account of the prepayment is to be settled after the tax committees issue their resolutions and imposition becomes absolute. Minister of Finance sets the rules and the controls of this paragraph applications, and the basis of calculating the prepayment by means of a resolution he renders.

#### **Article 15:**

If the taxpayers liquidate part or all of their establishments, or assign them to others or integrate them with other establishments, then the tax on profits which has not been imposed yet shall be imposed on the liquidators, the assignors or the integrated establishments.

Imposition shall be based on the net profit achieved as stated in Articles 5,7,8,9,10,11,and twelve, covering the period from the last day of the previous imposition period and the day on which the liquidation or assignment become final. The taxpayers have to submit a statement to the Finance Dept. within 30 days as of the date of liquidation or assignment, and have to observe, during the same period, the obligation stipulated for in Article 13 & 14, and they have to make clear the identity of both the assignee or the receiver and his address in case of assignment to the others . The impositions set forth within the specific conditions in this Article shall be executed as a whole at once.

### **Chapter Three**

## **The averages of tax: confirmation and maturity**

### **Article 16:**

- a- the tax shall be imposed on the net profits according to the following rates, (including the additions of the national defense, the fees of the schools and the portion of the municipality) the contribution in war effort other than the local administration fee.

10% of part of the net profits between the minimum exempted limit up to Syrian Pound 200000

15% of part of the net profits exceeding SP. 200000 and up to SP. 400000.

20% of part of the net profits exceeding SP. 400000 and up to SP. 700000.

23% of part of the net profits exceeding SP. 700000 and up to SP. 1000000

26% of part of the net profits exceeding SP. 1000000 and up to SP. 2000000

29% of part of the net profits exceeding SP. 2000000 and up to 3000000

35% of part of the net profits exceeding SP. 3000000

- b- The income tax is imposed on the net profits achieved by a joint stock company which shares are placed on the market for underwriting of a percentage not less than 50% in the private and combined sectors, and which their headquarters are located inside the Syrian Arab Republic, for all of their activities with a rate of 20% including the war effort contribution, this tax shall not be added for the benefit of the local administration. Also the income tax is imposed on the net profits achieved by the industrial joint stock companies and the limited liabilities companies in which the value of the machinery used in the industrial business exceeds SP. five million, as per the financial assessment invoked in collecting the tax on real-estates, and which are located inside the SAR in both the private and the combined sectors, and for all of their activities with an average 25% including the war effort with exception of the addition for the benefit of the local administration. The stated percentage can be increased by means of a resolution by the Prime Ministry.

- c- The tax averages stipulated for in Article No. 16 of this Law and the minimum limit exempted as per Article No. 20 thereof, are applied on the imposition going back to the business of the year in which this law becomes valid and thereafter. As for the taxpayers whose years of impositions are amended on seasonal basis, the stated averages shall be applied on the profits of the seasonal year which starts during the year in which this Law becomes valid and the year after.

**Article 17:**

- a- The taxpayers stated in Article No. 2 of this Law shall submit statements with their annual profits stipulated in Articles 13,14,15,& 23 of this Law, to be endorsed by a chartered accountant other than the employees of Ministry of Finance.
- b- Judicial pursuit against the chartered accountants, referred to in paragraph /a/ above, shall be carried out by means of a resolution issued by Minister of Finance, these chartered accountants are established that they have approved the statement or submitted reports or certificates that are inconsistent with reality, and incompatible with the accounting rules with the aim to evade payment of tax.
- c- If the taxpayer submits statements not approved as stipulated by the provisions of Paragraph /a/ of this Article, he shall be notified to comply with the rules. If he does not comply with this within 30 days as of the date of notification his unendorsed statement shall be ignored, and additional fine of 10% of the tax , shall be added to his tax, and it might be reduced to 5% if the taxpayer complies with the procedures within the period stated.

**Article 18:**

With full observation of the Provisions of Article No. 17 above:

- a-
  - 1- If the taxpayer does not submit, within the defined period, the stipulated statement in Article 13,15, & 23 thereof, he then shall be sent a notification ordering him to observe the Provisions of the Law. If he does not comply with the provisions within 15 days as of the date of the sent notification, a fine shall be added to the tax equal to 20% of the value of the tax. That percentage can be reduced to 10% if he complies with the provisions or if he presented the statement after the legal period before the date of the notification.

- 2- If the taxpayer does not produce the accounting records stipulated for in Article No. 6 of this Law, or if he rejects to produce the documents stipulated for in Articles NO. 14,15 and 23 thereof, then he shall be sent a notification ordering him to comply with the Provisions of the Law . If he does not comply within 15 days as of the **date of notification, provided that** his compliance with the provisions of the Law shall be confirmed in writing by a letter to be registered at the Finance Dept. within the defined period, in that letter he declares his readiness to produce the records.

The Finance Depts. Assess his direct profits as per his activities and works **and other information available to the Finance Dept. not less than double of the highest annual profits that imposed during the recent five years, and in this**

case a fine shall be imposed on the taxpayer equal to /50%/ of the assessed tax value for the year of imposition . It is not allowed to adopt, for the application of this paragraph, imposition on the basis of double the amount of the annual profits.

**B- If the taxpayer produces his profits statement** within the legal time limit, and produces the accounting documents he keeps with all documents and records, and it is confirmed to the Finance Dept. that they do not comprehend some of the taxpayer activities, his profits are assessed directly, and a fine shall be imposed equal to two doubles of the tax discrepancy imposed on the undisclosed profits. This fine shall replace the defined tax under Paragraph b of Article 31 of this law.

- c- If the taxpayer produces his profits statement within the legal time limit and produces the accounting records he keeps, with the supporting documents and records, and the Finance Depts. accept them as basis of imposition in principal, and the departments are satisfied with only amending the results, then the tax shall be imposed under the final resolution issued by the competent tax committee with the legal interest in accordance with Paragraph B of Article No. 31 of this Law if the amendment is confirmed with the increase of the tax, while the extra amount without interest shall be returned to the taxpayer if the amendment is confirmed with decrease of the tax.

**Article 19:**

- a- In addition to the fines stipulated in Paragraph A of last Article, very taxpayer produces his accounting records to support his statement, and these ledgers or records include information that are established as not correct, and he used in preparing them deceptive methods with the aim to evade payment of tax as part or a whole, then he shall be prosecuted by means of a resolution by Minister of Finance, and shall be imprisoned for one month, and deprived of the import and export licenses, while his membership with the Chamber of commerce, industry and agriculture shall be frozen for one year as of the date on which the judgement becomes final.
- b- The punishment stipulated for in this Article shall be duplicated if the breach is repeated.

**Article 20:**

- a- An amount of SP. 50000 minimum free from tax shall be reduced if the taxpayer is natural person, this margin is divided into a percentage of the imposition period which is less than one year.
  
- b- Every partner shall benefit from the reduction to the lowest limits free from tax, and that is in the joint liability company, while every partner is responsible with no limit in the limited partnership company. A partner shall not benefit from this reduction in more than one company, if he is partner in more than one.
- c- The reduction stipulated for in paragraph A of this Article is contingent on the taxpayer and whether he executed the obligations stipulated in Articles 6,13,14,15, & 23 of this Law, and the establishment or the company shall be registered at the Commercial registrar.

**Article 21:**

- a- The income tax imposition includes the profits resulted from every real-estate sale transaction carried out by the persons practicing this profession. The real-estate dealer is every natural person or legal entity who starts the business of purchasing, selling and constructing real estates at his account to achieve profits and he is considered as a merchant due to his being involved continuously in this profession.
  
  - b- A tax of 5% shall be imposed on the real estate assignment transactions or disposal regardless their type and whether the transaction covers part or the whole of the real-estate. The value of the real estate or part thereof as the case may be according to the financial records of the Financial Dept. which are the basis of the tax imposition on real-estate.
  
  - c- The actions of the inheritor shall be exempted from the provisions of Paragraph B above, and presenting the real estate as a contribution in kind in the capital of the joint stock companies provided that the donator shall not dispose of the shares he gained in  
  
return during the coming five years after his contribution in kind .
  
  - d- The following shall be subject to the tax stated in paragraph B of this Article:
    - The disposal of the present or donation to other than the descents or descendants.
- The following shall not be subject to tax:
- Compulsory sale administrative or judicial

- Expropriation or confiscation for public welfare or for real estate decoration
  - The donation to public establishments and companies and public organizations.
  - The donation to the religious institutions
  - The donation to descents or descendants
  - The donation to the charity organizations and the scientific corporations.
  - The cases in which the owner, who is not practicing the profession of trading with the real estates, sells an apartment he lives in whatever the number of sales be.
- e- The tax stated in paragraph B of this Article is considered as burdens that may be reduced in connection with the definition of the net profit subject to the income tax imposed on the practitioners of the real estate trade.

**Article 22:**

The real estate owned by many persons shall be considered as a unit in relation to tax imposition.

**Article 23:**

In case of companies or establishments are integrated or transferred to the others either this integration or transfer is compulsory or optional, free of charge or through payment, the successor shall be responsible jointly with the predecessor for paying the tax imposed on the latter.

The provisions of this Article and Article No. 15 shall be applied in case of the death of the taxpayer, and the inheritors have to submit the required statement to deduct the tax up to the third month after the death, and they have to pay tax within 30 days as of the date of statement submission . The successor shall not be responsible in case of the money of the bankrupt transferred to him through compulsory execution.

**Article 24:**

- a- The tax department undertakes to check the statement to be produced under this Law, and shall have the right to seek clarifications and to discuss the subject with the persons concerned if deems appropriate, and if the taxpayer accepts the remarks of the Finance Depts. The amendment is then considered as integrated part of his statement, and this shall be verified in writing.
- b- The statement produced by the establishments and companies of the public sector shall be subject to office audit at the Finance Dept., and tax shall be imposed on the basis of the announced profits after being checked or audited.

The tax is calculated in its final form based on the balance sheet of the establishments or the company for which a consent resolution is issued by the Central Institution for Financial Control.

**Article 25:**

When the Finance Dept. approves the statement of the taxpayer without amendment, the tax is assessed on the declared basis otherwise it shall be imposed on the basis of the amendments which the stated financial depts. deem necessary to add to the statements according to the results of the investigation.

**Article 26:**

The Financial Depts. have the right to carry out or to request somebody to carry out every audit and verification that highlight and request from them and from the other taxpayers and from the general establishments and companies, all accounting documents and the lists and contracts. He who has the information and the documents requested by the Finance Depts. under the previous paragraph and refuses to produce them, he shall be charged with a cash fine equal to SP. 5000 for every breach and under a resolution by the Minister of Finance. If the breach is repeated the fine will be duplicated.

**Article 27:**

The taxpayer is sent a written notification that is considered as a temporal imposition including the terms of the tax, and he shall be given a copy of the imposition report if it is requested, unless it contains confidential information, or if the taxpayer refuses to produce the records and documents, then he shall be given the imposition basis only .

**Article 28:**

- i- The taxpayer may be given 30 days to submit his objection to the local Finance Dept. starting from the day after the date of notification of the temporary imposition.
- ii- If the taxpayer does not object the temporary imposition it shall become final. If the taxpayer submits his objection on the imposition within the period stated, he shall show in his objection the assessment he accepts and has to submit the documents that verify his claim within 15 days as of the date of the expiry of the objection submission period.

**Article 29:**

- i- In case the periods stipulated for in the previous Article have expired, the temporary imposition, which is not objected, is brought before the financial management committee composed of the Director Of Finance and the Income

Section Head and a reporter to be nominated by a resolution issued by Minister of Finance to fix the imposition or to increase it if required. If it is increased objection can be submitted on the resolution before the Review Committee.

ii- Additional Financial Management Committees can be formed by means of a resolution by Minister of Finance or the person he delegates, provided that the position of both members shall not be lower than that of the section head.

iii- The objected taxation shall be brought before the Tax Imposition Committee which shall judge about in accordance with the provisions of Article No. 30 of this Law. This committee is formed in every governorate center and it shall be composed of the following:

1- Director of Finance or his deputy in his absence, and shall be the chairman of the committee. It is possible to nominate a senior staff to be dedicated to that purpose.

2- A representative of one of the management or public incorporations and the companies of the public sector which are relevant to the profession which is subject to imposition , as member . this member is nominated by Minister of Finance from a list issued yearly with the agreement of the concerned parties.

3- An expert nominated by minister of finance from experts lists prepared by Ministry of Finance yearly with the cooperation of the concerned Syndicates or the chambers of commerce and industry, as member.

4- The competent income controller is considered as reporter member, and does not participate in voting.

iv- It is possible to have more than one imposition committee in every governorate. These committees are formed by a resolution issued by Minister of Finance or his delegate, provided that the chairman of every committee shall be of section head position at least, and in this case the tasks and jurisdictions are distributed among the committees by the Director of Finance.

The Imposition Committee convenes upon an invitation by the Chairman of the Committee, and its resolutions shall not be valid unless all members attend. The resolutions of the committee are taken by the majority of votes of members.

v- The chairmen of the imposition committees shall invite the representative of a public administrations or public incorporation, public companies and establishments in replacement of the expert member in these committees when reviewing and examining the costs of the public and combined sectors.

### **Article 30:**

The committee of tax imposition shall study all objected temporary impositions and has to check all statements and taxations imposed by the Finance Directorates directly and the objection of the taxpayers submitted within the time limit defined in Article No. 28. The committee, when necessary, may invite the objecting taxpayer to hear their oral statements, and may request the finance controllers or experts approved by

Ministry of Finance in every governorate, to carry out all checks and investigations that may help the committee, and may ask all information under the Provisions of Article No. 14. the committee shall endorse the imposition after amendment either by increasing or decreasing the taxations.

### **Article 31:**

- i- the taxation tables endorsed by the tax imposition committee or the committee of financial management become valid by means of resolution issued by the senior finance staff in the governorate or the area without the need for any additional process. The taxations stated shall be considered final with respect to the finance depts.. and the taxpayers, except the cases stipulated for in Article No. 32. the resolution is advised to the Directorates of Finance which also make it public by placing it on the notice boards in the centers of the Directorate of Finance in all Governorates and the areas, or by publishing it in the local newspaper in addition to that every objecting taxpayer or the taxpayers whom the committee amend their taxation, shall be sent an individual notification to be attached to a copy of the resolution of the tax imposition committee or the committee of the financial administration.
- ii-
  - 1- the final taxations are considered due within the period stipulated for in Article No. 13 of this Law, and an interest of 7% shall be added to the unpaid amounts within the period stated as of the date following the closing date of this period up to the end of the month preceding the date of issuance of the resolution of the tax imposition committee or the financial management committee.
  - 2- The fine stipulated for in Article No. 106 of this Law shall replace the fine stated in paragraph 1 above for the imposed tax on the profits declared.
- iii- The maximum interest stipulated for in B above shall be defined as 14% in case the tax statement is submitted within the time limit stipulated for in Article No. 13 of this Law.
- iv- If the taxpayer delays in submitting his tax statement, the interest stipulated for in paragraph b of this Article shall be calculated for the period preceding the submission of the statement whatever the amount be, and an interest of 7% annually shall be added after the date of statement submission provided that the interest shall not exceed 21% other than the interest resulting from the previous period.
- v- The tax statement submitted by the taxpayer within the legal period stated in Article No. 13, is considered as final imposition if the finance dept. delays in proceeding with the taxation procedures after five years from the date of the statement without any interest nor fines, and it is unchallengeable.

## **Chapter Four Reviewing and Correction**

### **Article 32:**

i- The taxpayers whose objections have been turndown or their temporary taxation have been amended, have the right to request review of taxation within 30 days, and the finance dept. has the right to practice the right to request review of the resolutions of the tax imposition committee and especially in the following cases:

- 1- when the resolution is based on incorrect documents.
- 2- When imposition relied on assessment of the net profits.
- 3- If imposition was not in line with the legal texts or with the instruction of the Ministry of Finance.
- 4- When the resolution is taken by majority.

In this case the stated departments shall notify the taxpayer in writing.

ii- The period of 30 days shall start as of the date following the date of the individual notification. If the Review Request is not submitted within the stated period the taxation endorsed by the tax imposition committee and the financial committee shall be final.

### **Article 33:**

i- Review Request shall be presented to the Finance Dept. which has to state its opinion and then to be sent to the Review or reconsideration committee which is formed in the Ministry of Finance as follows:

- Deputy of Minister of Finance for the revenue affairs – chairman
- A judge in the capacity of appeal consultant to be nominated by Minister of Justice – member
- One of the managers of the central administration - member
- A representative of one of the administration or public incorporations and the companies of the public sector which are relevant to the profession which is subject to imposition, as member, to be nominated by the concerned authority and approved by Minister of Finance, provided that he shall be in a position not less than deputy manager.
- An expert selected by Minister of Finance from the experts list stated in Article No. 29 of this Law other than the expert nominated for the tax imposition committee – member.

The committee has a reporter with good experience in income tax, but he does not participate in voting. He is nominated by Minister of Finance

The Reconsideration Committees Chairmen shall invite one of the representatives of the public establishments, companies or incorporations which are relevant to the subject of taxation, to be nominated as replacement of the expert in these committees when reconsidering the taxation of the public and combined sectors.

ii- The Reconsideration Committee, stated in Paragraph a above, is considered as the main reconsideration committee. However it is possible, when necessary, to form additional reconsideration committees having the same jurisdiction of

the main committee, provided that each of the committees shall be headed by at least a manager in the central administration of the Ministry of Finance, and be formed as per the formation of the main committee, provided that the financial aspect shall be represented in the committee by one of the finance staff in the position of deputy manager or department head at least with good experience in taxation affairs to be nominated by Minister of Finance.

- iii- The tasks and works are distributed among the “Review or Reconsideration Committees “ by the Main Reconsideration Committee “.
- iv- The Reconsideration Committee shall convene by a calling for a meeting by the Chairman. Its resolution shall not be valid unless four members including the chairman of Committee, Profession representative, while the resolution are taken by majority of votes, and if votes are equal then the vote of the chairman is the casting vote.
  
- v- The Reconsideration Committee may hold its sessions in the centers of the governorates related to the taxation presented to the committee.

**Article 34:**

- i- The reconsideration request shall not hinder collection. The committee shall not approve a request unless it is attached to a voucher verifying that the taxpayer has paid a guarantee amounting to SP. 1000 to the treasury.
- ii- The guarantee shall be settled within the time limit of the reconsideration request, correction or appeal at the risk of rejection.

**Article 35:**

- i- The Committee shall check the Reconsideration requests based on schedules and on the supporting documents. It has the right to request additional investigations or to assign experts in accordance with the Provisions of Article No. 26 of this Law, if it deems necessary or upon the taxpayer request clearly confirmed in the reconsideration petition and in the latter case it is provided that the taxpayer shall have paid the prepayment within 10 days as of the date of the notification he received from the chairman of committee.
  
- ii- The Reconsideration Committee shall judge the requests and shall render justified final resolution. The taxpayer has the right to request correction and appeal stated in Articles No. 37 & 40 of this Law under the conditions stipulated in both Articles.

**Article 36:**

The costs of investigations and the expertise are defined by means of the committee resolution and shall be charged to the party which is not rightful, if both parties are not rightful then every party shall cover part of the costs equal to the degree of non-rightfulness.

The guarantee shall be returned to the consignor if it appears that he is rightful otherwise it shall become a treasury revenue.

**Article 37:**

- a. The Finance Depts. And the taxpayer have the right to submit a correction request in one of the following cases:
  - 1- If the resolution is based on fake documents.
  - 2- If a judgment is rendered against one party for he does not produce a definite document that is in his possession.
  - 3- If the rules defined in this Law are not observed during investigations and judgment.
  - 4- If the Reconsideration Committee has not determined about one of the legal reasons that is demonstrated by one of the parties.
  - 5- If the Reconsideration Committee resolution includes a physical fault that may affect the judgment.
- b. The correction request shall be submitted within six months, in the first case, and within 30 days in the other cases, as of the date following the date on which the taxpayer is notified with the resolution to be corrected.

The acceptance of the correction request shall be subject to the rules and the provision stipulated in Article 34,35 and 36.

**Article 38:**

- i- A general panel for the income tax Reconsideration Committees is to be formed as follows:
  - The Chairman of the main Reconsideration Committee–Chairman
  - Two judges representing Ministry of Justice in the stated committees, to be nominated by Minister of Finance - members.
  - The Income manager and the chairman of one of the subsidiary Reconsideration Committees, to be nominated by Minister of Finance – members

This panel shall settle the cases brought before it by the Main Reconsideration Committee if there is a variation in jurisprudence between the committees about the principle issues which are to be settled or if a committee requested refrainment from an established jurisprudential principle.

The meetings of the panel shall not be valid unless all members attend, while the resolutions are made by majority of votes.

- ii- All income tax committees, of various levels, shall adhere to the jurisprudences issued by the General Panel of the Reconsideration Committees, at the risk of appeal in front of the Reconsideration Committee or request for correction under the Provisions of this Law.

**Article 39:**

With preservation of the special Provisions stated in Articles 14,15 and 23, the tax is paid all at once within the two months after the month in which the resolution of the Director of Finance is announced in regard to the execution of the table of taxation.

**Article 40:**

i- Taxpayers or Minister of Finance can appeal, before the competent courts, within thirty days as of the date following the date of taxpayer notification with the resolutions of the reconsideration committees.

ii- The cases that can be appealed before the competent courts are defined as follows:

1- Appeal the legal basis of taxation, whether being subject to taxation or not.

If the resolution of the reconsideration committee includes an increase or decrease of the taxpayer profits for a percentage of 25%  $\pm$  than what have defined by the taxation committees and the committees of the Financial Administration.