

# The State has set a Comprehensive Plan to deal with the Economic Repercussions of Corona Virus Crisis



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Third: Government Precautionary Measures for Confronting the Crisis in the Current 2020/2021 Budget

\*Wages and salaries of the State employees increased in the budget of the fiscal year 2020/2021:

**36**  
EGP billion

were allocated in the new draft budget for the initiatives supporting sectors of health, education and social solidarity

**7%**

Periodic premium of the wage or salary for employees governed by the Civil Service Law with a minimum of EGP 75 per month

**EGP 150 - 375**

an additional monthly incentive for employees to improve their standard of living

**12%**

A premium of the basic wage or salary for employees not governed by the Civil Service Law with a minimum of EGP 75 per month

**100%**

is the increase in Ministry of Health budget in the fiscal year 2020/2021 compared with 2019/2020

**Increase in the tax exemption limit in 2020/2021 fiscal budget:**

**Introduction of a new social stratum tax of 2.5% for low-income earners**

Increase in the tax exemption limit from EGP 8 thousand to EGP 15 thousand, in addition to the personal tax exemption limit that amounts to EGP 7 thousand. Hence, the total exemptions reach EGP 22 thousand annually

The government agreed on the 2020/2021 sustainable development plan which has been prepared in the light of the adverse repercussions of the spread of coronavirus on the global economy and their impact on the Egyptian economy

## Sources

Ministry of Finance - Ministry of Planning and Economic Development



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## Fifth: Precautionary Measures adopted by the Central Bank for Confronting the Crisis

Bank Misr and the National Bank issued two new certificates: "Ibn Misr certificate" and "The Annual Platinum Certificate" in consideration of the social circumstances of the people who depend on the return of these certificates in their living :

The Central Bank held an emergency meeting of the Monetary Policy Committee and cut the interest rate by

**300**  
basis points

**30**  
billion EGP  
were collected in one  
week, 90% of the  
amount were  
transfers carried  
out through bank  
accounts or  
electronic means

**15%**  
is the annual  
return on these  
certificates which  
is paid monthly

**lending rate \***

**depositing rate \***

The certificate is  
issued for  
natural persons  
only

Value of the  
certificate is  
**1000**  
pounds and its  
multiples

**12**  
months is  
the period of the  
certificate

20/2/2020

16/3/2020



20/2/2020

16/3/2020



Overnight \*



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## First: The Presidential Decisions

**20**  
EGP billion

have been granted by the Central Bank to support and boost the Egyptian Stock Exchange and to contribute to the recovery of the market. This support has positive impact on the Stock Exchange as it was ranked the third best performer globally at the session of March 23rd, 2020, according to Bloomberg



**50**  
EGP billion

is the amount allocated for the initiative of real estate financing for middle income groups through the banks or real estate financing companies for 20 years



**50**  
EGP billion

has been allocated for supporting the tourism sector in order to replace and renew hotels and to repay obligations of tourist companies and establishments



**100**  
EGP billion

have been allocated from the State's public reserves to deal with the extraordinary circumstances



5 premiums are added to pensioners at a percentage of 80% of the basic wage or salary to improve their conditions:

More than **7** EGP billion

is the annual cost of including 80% of premiums not included in the basic wage of pensioners

**35** EGP billion

is the cost of paying these premiums for the pensioners this year



Extending the suspension of the enforcement of the agricultural land law for two years to protect the most affected groups

Source  
Ministry of Finance

**14%**

Periodic premium of will be granted to pensioners as of next July to improve their financial and living conditions

**4** EGP billion

is the cost of reduction in the tax on wages and salaries (gain of work tax) for all the State's employees and workers

**31** EGP billion

is the cost of the periodic premium and the additional incentives for the employees in 2020/2021 budget





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## Fourth: Key Government Decisions for Supporting Industry and Export Sectors

**1** Reduction of natural gas price for all industrial activities



Gas price for Cement industry (for million British thermal unit)



Gas price for industries, mainly iron and steel industry (for million British thermal unit)

### Reduction of natural gas price for all industrial activities

**2** 10 piasters per kilowatt/hour is the reduction in electricity price for industry of ultra-high, high and medium voltage

**3** Postponing payment of real estate tax due to the government by factories and tourist establishments for 3 months

**4** Lifting administrative attachment on property for all financiers who did not pay the accrued tax against paying 10% of this tax

**5** One billion Egyptian pound have been allocated for exporters during March and April 2020 to repay part of their dues

### Decisions for supporting the capital market

Reducing stamp tax for residents and non-residents

Reducing rate of dividend tax by 50% for companies listed in the stock exchange to reach 5%.

Complete exemption from the stamp tax for the immediate operations on the stocks in order to activate the scale of dealings

Exempting non-residents from the capital gain tax – once and for all – and postponing it for residents until the first of January 2022



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## Second: Government's Urgent Actions for Confronting Coronavirus Crisis

**1** billion Egyptian pounds



The Prime Minister issued a decision to allocate - as soon as possible - for Ministry of Health to make available the urgent basic requirements of preventive facilities

EGP **200** million

were additional appropriation of funds for Ministry of Health and Population plan in 2019/2020 budget

EGP **3.8** billion urgent funds were allocated during March to support the health sector nationwide to confront coronavirus crisis:



EGP **2.6** billion

were allocated to Ministry of Health



were allocated to public and central hospitals affiliated to Ministry of Health, the specialized medical centers and the psychological health hospitals

EGP **427** million

were allocated to university hospitals and El Azhar University hospitals

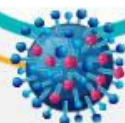


EGP **738.5** million

encouragement rewards for the personnel of the quarantine and the isolation hospitals

EGP **34.1** million

EGP **187.6** million were allocated immediately after the crisis:



EGP **153.5** million

were allocated for purchase of raw materials and requisites to confront the spread of the virus

EGP **15** billion were allocated to finance purchase of local wheat from farmers in next April, in the framework of the State's interest in meeting the country's needs of strategic basic commodities

EGP **8.7** billion urgent funds were allocated to the commodity and service bodies in January and February

EGP **4** billion were allocated to the Authority of Supply Commodity to meet citizen needs of basic food commodities during March



# The State has set a Comprehensive Plan to deal with the Economic Repercussions of Corona Virus Crisis



## Fifth: Precautionary Measures Adopted by the Central Bank to Confront the Crisis - Continued

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**5**

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### Ceiling of payment services through the mobile phone has been adjusted

Characteristic of the clients	Daily limits	Monthly limits
<b>1</b> The natural persons <small>For existing bank customers</small>	30,000 <small>EGP</small>	100,000 <small>EGP</small>
<b>2</b> The legal persons	40,000 <small>EGP</small>	200,000 <small>EGP</small>

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### Changing interest rate for a number of Central Bank initiatives to be 8%, instead of 10%, such as

1

Initiative of the private industrial sector

2

Initiative for supporting the replacement and renewal of accommodation and floating hotels and tourist transportation fleets

3

Initiative of real estate financing for middle-income groups

**Source**  
Central Bank of Egypt



### Civil Aviation

Provision of support loan for civil aviation sector with a grace period of two years

### Exports

Repayment of **30%** of exporter dues at the Export Support Fund - not less than **EGP 5 million** for each exporter- before the end of the current fiscal year

### Investments

**10 billion pounds**

an increase in government investments to provide new job opportunities, pay the dues of contractors and suppliers, and improve the services provided to citizens

#### Sources

- Ministry of Finance
- Ministry of Tourism and Antiquities
- Ministry of Trade and Industry - IMF

### Tourism Sector

Dropping the real estate tax imposed on hotels and tourist establishments for **6 months**

The Central Bank has to consider providing bank financing, at reduced interest rate, for tourist establishments and hotels in order to retain the employees



Continuation of the ongoing work in different projects connected with tourist activities

Postponing repayment of all dues on hotel and tourist establishments for **3 months** without incurring any fines or interests due to delay in repayment

Raising efficiency of the infrastructure of tourist establishments in order to be well prepared for receiving Egyptian and foreign visitors immediately after the crisis of Coronavirus recedes





## Housing

Acceleration of building **250** thousand social residential units



Completion of building **100** alternative residential units for inhabitants of the unsafe areas

## Companies and Establishments in the Affected Sectors

- 1** Payment of taxes imposed on the affected sectors through **3 installments** that end on the **30<sup>th</sup>** of June of the current year 
- 2** Postponing payment or installment of the real estate tax imposed on the affected sectors for **3 months** without incurring any charges for delay in payment 
- 3** Postponing payment of charges imposed for provision of administrative services for the affected sectors for **3 months** without incurring any interests 
- 4** Postponing payment of the social development subscriptions by the affected sectors for **3 months** without incurring any additional sums 
- 5** New Facilitations for Expediting Settlement of Tax Disputes 

Lifting the attachment, resulting from the tax assessment, for not submitting a legal challenge in the due date after paying **1%** of the value of the tax

Lifting the attachment, resulting from delayed indebtedness after payment **5%** of the due tax and installment of the rest\*

\*with the exception of the financier or register in default, or the person under attachment

## Employment



A grant of **EGP 500** for **3 months** given for irregular workers who have been affected by the repercussions of Coronavirus crisis

The **Emergency Fund** at the Ministry of labor Force begins **payment of workers' salaries** in the non-performing establishments

### Sources

Ministry of Finance - Ministry of Housing, Utilities and Urban Communities - Ministry of Labor Force - IMF



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Fifth: Precautionary Measures Adopted by the Central Bank to Confront the Crisis - Continued

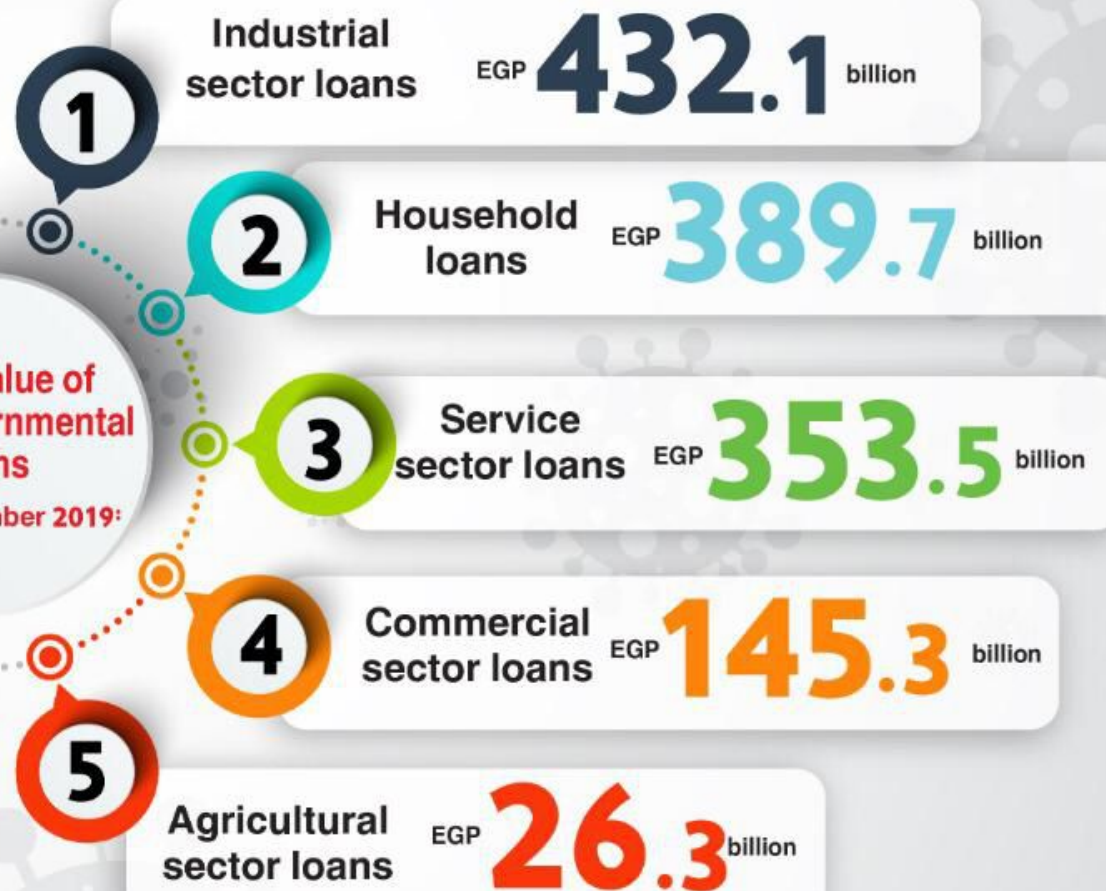
Postponing the credit entitlements of clients (persons or firms) for 6 months without incurring any additional fines or interests due to delay in repayment

According to the Central Bank's initiative for clients who are irregular in repaying loans and whose total irregular indebtedness balance at the banking system are less than one million pounds, procedures taken are:

Waiving all current and mutual legal proceedings at the courts immediately after reaching an agreement between the client and the bank on repayment conditions

When the client pays 50% of the net balance of the indebtedness (whether cash or in kind) he will be deleted from the ban lists and release the non-cash guarantees

Total value of non-governmental loans up to December 2019:



Source: Central Bank of Egypt