



**Law No. 2 of 2024 Regarding Investment Incentives for
Green Hydrogen Production Projects and its Derivatives:**
Unofficial Translation

AD SERO

R a g y S o l i m a n
& P a r t n e r s

In the Name of the People,

The President of the Republic,

The People's Assembly adopted the law, and we enacted it:

Article 1 (One):

In applying the provisions of this law, the words and phrases hereinafter have the following meaning:

- **Competent Minister:** The Prime Minister.
- **Green Hydrogen:** Hydrogen produced from the electrolysis of desalinated water using renewable energy.
- **Green Hydrogen Derivatives:** the final products that require Green Hydrogen for their production, such as green ammonia and green methanol.
- **Renewable Energy:** natural forms of energy that are inexhaustible and can be used to produce electricity.
- **The Developer:** the legal person wishing to implement 1 (one) or more Green Hydrogen production projects.
- **The Project Company:** The Joint-Stock company established by the Developer in accordance with existing legislation when implementing this law's provisions for executing 1 (one) or more Green Hydrogen and its Derivatives production project(s).
- **Project Agreements:** Agreements to produce Green Hydrogen and its Derivatives concluded by the Project Company with competent administrative authorities or companies affiliated with the State responsible for managing public facilities.
- **Future Expansions:** Adding new assets that lead to the increased capacity of the project's productivity.

Article 2 (Two):

Notwithstanding the provisions of the Special Nature Economic Zones Law promulgated by Law No. 83 of 2002 and the Investment Law promulgated by Law No. 72 of 2017, the provisions of this law shall apply to projects for the production of Green Hydrogen and its Derivatives in relation to which the Project Agreements are concluded within 5 (five) years from the date of entry into force of this law. Such projects are as follows:

1. Factories producing Green Hydrogen and its Derivatives.
2. Water desalination plants that allocate at least 95% (ninety-five per cent) of their production to the production of Green Hydrogen and its Derivatives.
3. Renewable power production plants that allocate at least 95% (ninety-five per cent) of their production to feed Green Hydrogen production factories and the water desalination plants referred to in items 1 and 2 of this Article.

4. Projects with activities limited to transporting, storing, or distributing Green Hydrogen and its Derivatives produced in the Arab Republic of Egypt.
5. Projects with activities that are directly limited to the manufacturing of production supplies or input necessary for factories referred to in item 1 of this Article and for which a Cabinet decree is issued based on the proposal of the competent Minister after taking the opinions of the Minister of Electricity and Renewable Energy, and the Minister of Finance.

Without prejudice to the provisions of the 4th paragraph of Article 3 of this law, its provisions apply to Future Expansions of the projects stipulated in the first paragraph of this Article.

Article 3 (Three):

The Developer shall establish the Project Company and may establish 1 (one) or more operational branches specializing in one or more of the Company's activities in accordance with the legislation regulating thereof, without prejudice to the rules governing each activity.

Projects for Green Hydrogen and its Derivatives shall be executed in line with the Project Agreements in accordance with the legislation regulating thereof.

Future Expansions of the project shall be executed pursuant to an additional agreement attached to the Project Agreements after obtaining the Cabinet's approval and consulting the Minister of Electricity and Renewable Energy and the Authority with jurisdiction over the land.

Green Hydrogen production projects, their Derivatives, and Future Expansions shall benefit from the incentives provided in this law throughout the validity period of the Project Agreements, provided that the Project Agreements for Expansions are concluded within 7 (seven) years from the date of the project's commercial operation.

Article 4 (Four):

Projects to produce Green Hydrogen and its Derivatives, as well as their Expansions, shall be granted the following incentives:

1. A cash investment incentive called the "Green Hydrogen Incentive" ranging between 33% (thirty-three per cent) and 55% (fifty-five per cent) in the value of the tax paid with the tax declaration on the income tax generated from engaging in the project activity or its Expansions, as applicable. The Ministry of Finance shall disburse this incentive within 45 (forty-five) days from the tax declaration submission deadline; otherwise, a delayed penalty shall be incurred, calculated based on the credit and discount rates announced by the Central Bank on the 1 January preceding the incentive due date. This incentive shall not be considered a taxable income. The categories of the aforementioned incentive and the criteria for granting it shall be determined by a Cabinet decree, based on the proposal of the competent Minister after consulting with the Minister of Finance.

2. Except for passenger cars, the following are exempt from VAT: equipment, tools, machinery, raw materials, supplies, and means of transportation required and necessary for the performance of the licensed activity of projects producing Green Hydrogen and its Derivatives.
3. The exports of Green Hydrogen and its Derivatives production projects are subject to a 0% (zero per cent) VAT rate.

Moreover, the competent Minister, with the Cabinet's approval, may exempt Green Hydrogen and its Derivatives production projects from real estate tax on built properties applying to the properties used in these projects, and from the stamp duty and documentation and registration fees due on the incorporation contracts of companies and establishments, credit facility contracts, related mortgages, and registration contracts of land necessary to establish the Green Hydrogen and its Derivatives production projects, and from customs duties on all required imports to establish Green Hydrogen and its Derivatives production projects, except for passenger cars.

Article 5 (Five):

In addition to the incentives stipulated under Article 4 of this law, Green Hydrogen and its Derivatives production projects and their Expansions are granted the following incentives:

1. The Project Company is granted a single approval (Golden License) in accordance with the regulations provided in the aforementioned Investment Law.
2. Without prejudice to the provisions of the laws, regulations, and resolutions regulating imports, the Project Company has the right to, independently or through third parties, import its needs for establishment, expansion or operations being raw materials, production necessities, machinery, spare parts, and suitable means of transportation without the need to be registered in the Importers' Registry. The Project Company may also export its products independently or through others without needing a license or registering in the Exporter's Register.
3. The Project Company has the right, during the first 10 (ten) years from the date of signing of the Project Agreements, to hire foreign workers up to 30% (thirty per cent) of its total workforce.
4. Special customs zones may be established for the project's exports or imports in agreement with the Minister of Finance.
5. The Project Company is granted a 30% (thirty per cent) reduction in the value of fees and categories for using maritime ports, maritime transport, services provided to ships in Egyptian maritime ports, and for the use of fixed and floating equipment and facilities belonging to the maritime port authorities and the Maritime Safety Authority as well as nonliquid pouring activities, ship provisioning, and electronic services provided by Egyptian Maritime Port Administrations.

6. The Project Company is granted a 25% (twenty-five per cent) reduction in the value of fees for the usufruct right of industrial land allocated for the establishment of Green Hydrogen and its Derivatives production factories. Additionally, a 20% (twenty per cent) reduction in the value of usufruct fees for storage warehouses in ports is granted, without prejudice to the annual increase of the usufruct right under the usufruct contracts and licenses, while adhering to any other regulations established by the authority with jurisdiction over the land.
7. Granting a grace period for the payment of the usufruct right of industrial and storage land plots designated for the project and its Expansions as allocated by the authority with jurisdiction over the land, with the payment starting from the date of commercial operation of the project, without calculating any interest or penalties.
8. The terms of the licenses necessary for implementing Green Hydrogen and its Derivatives production projects are the same as the terms for the usufruct right to the project's lands.

Article 6 (Six):

The following conditions are required for granting incentives to Green Hydrogen and its Derivatives production projects and their Expansions under this law:

1. The project's commercial operation shall start within 5 (five) years as of the Project Agreements' signature date.
2. The project or its Expansion, as the case may be, shall rely on its financing of foreign currency from international project financiers, with an amount constituting at least 70% (seventy per cent) of its investment cost.
3. The project must use locally manufactured components necessary for its implementation whenever available in the local market and with a minimum of 20% (twenty per cent) of its components.
4. The project must also contribute to transferring and localizing modern and advanced techniques and technologies in Egypt, with a commitment to developing and implementing training programs for the Egyptian workforce.
5. The Project Company must put in place a plan for the development of local areas in which it operates by implementing corporate social responsibility rules in accordance with the provisions of Article 15 of the aforementioned Investment Law.

The Cabinet, based on the proposal of the competent Minister, and after consulting with the Minister of Electricity and Renewable Energy and the Minister of Finance, shall issue a decree outlining the requirements to verify the fulfilment of the conditions stipulated in this law.

Article 7 (Seven):

The competent Minister or their delegate shall issue the required certificate to benefit from the incentives provided in this law.

This certificate shall be considered final and effective without the need for approval from other authorities, and all authorities must act in accordance with it and abide by the data contained therein.

Article 8 (Eight):

This law shall be published in the Official Gazette and come into force as of the day following the date of its publication.

This law shall be stamped with the State's seal and enforced as one of its laws.

Issued by the Presidency of the Republic on the 15th of Ragab, 1445 H (27 January 2024).



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