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NEWSLETTER

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01 E-payment in Egypt

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***Egyptian president
Abdel-Fattah El Sisi
has approved the new
law initiating
e-payment services in
a decree published in
the country's official
gazette.***

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E-payment in Egypt is a revolutionary payment instrument that has seen much evolution in the previous decades worldwide. This instrument shall help facilitate payments and will provide a faster service in a more reliable, international form which shall take the lead in the next decade. However, the current technological infrastructure and the Egyptian consumers lack of knowledge

may be obstacles for the successful implementation of this technology.

This initiative is incorporated within a larger enhancement of digitalization and it comes in application with the government's purpose to boost the financial and economic situation. The Egyptian government, conscious of the importance of implementation of this new payment method, worked on establishing this new effort, knowing it shall help the economy be more transparent and effective. Successfully implementing E-payment services will help reduce dependence on cash payments.



In March 2019, the Egyptian Parliament approved the **new E-Payment Law No. 18/2019** and consequently declared that it is obligatory for governmental institutions and private companies to start including e-payment as the default form of payment with employees, contractors and service providers. However, an obstacle is still on the horizon since the use of a new electronic payment method is not as steady because this method will need a system that provides all its users with guarantees in order to be applied by every entity at different aspects and levels. Examples include payment of taxes, customs, duties, and fines. The entities are ordered to comply with the new regulations from their date of issuance. Entities are compelled to adopt this method, since the penalty for violations may result in fines of up to 1 Million Egyptian Pounds.

The advantages of implementing e-payment solutions can be assumed for both the public sector and the private sector. The government might reduce the creation of hard currency and will accelerate the flow of business and improve liquidity in the country. Egyptian banks are seeking a partnership with **Visa** to launch a new strategy and expand the application of e-payments in the area. ExxonMobil Egypt has already decided to enter a partnership with Visa and Banque Misr; this cooperation shall permit Visa users to pay their bills electronically at Banque Misr machines installed at some Mobil gas Stations.

On the other hand, the CBE will also be enabled to extend its supervisory role over e-payment companies and non-banking facilities which provide payment solutions. The infrastructure necessary to implement this instrument will not cost the average citizen any additional costs or financial burdens because it requires those who provide public services to the public to provide a means of acceptance for non-cash payment at all service points for no additional costs.

Law No.18/2019 consists of nine articles regulating the electronic payment process, its controls, and penalties stipulated by its provisions. A decision by the Prime Minister, Minister of Finance, and the governor of the Central Bank of Egypt may add additional services or fees to be paid through e-payment. In conclusion, this instrument is considered a new path for towards a more efficient economy which is less reliant on means that may become obsolete in the coming decades.



02 Egypt Child Custody and Child Support: Questions and Answers

WHAT ARE MY CUSTODIAL RIGHTS UNDER EGYPTIAN LAW?

The primary legal reference for the Egyptian family courts is the Islamic Sharia, as interpreted by the legislator in Law No. 25/1920.

The law privileges maternal custody rights over paternal custody rights until the age of 15, at which time the minor has the right to choose the custodial parent. A child is considered a minor until marriage, or until the age of 21, whichever is first.

The non-custodial parent is entitled to a minimum of three hours of visitation per week.

Which factors affect the retention of parental custody under Egyptian law?

A parent can lose custody of their children under Egyptian law if:

1. He/she does not practice the children's religion.
2. He/she remarries, and the new spouse is not biologically related to the children.
3. He/she is deemed physically, mentally or morally unsuitable to raise the children.

If a mother loses custody, guardianship does not pass automatically to the father. Instead, custody passes to the closest female maternal relative, and if there are none, to the female paternal relatives.

Can foreign child custody and child support orders be enforced in Egypt?

Foreign child custody orders cannot be enforced in the Egyptian courts for public policy reasons. Family law in Egypt is governed by the principles of the Islamic Shariah. Children with one Egyptian parent are considered to be Egyptian citizens, even if they have not applied for either an Egyptian birth certificate or an Egyptian passport. Additionally, it is difficult to enforce foreign child support orders. Egypt is not a party to the Hague Child Support Convention. Still, to the extent that unpaid, court-ordered child support is a debt, the concerned party may elect to file an executory order in the Egyptian civil courts.

The five criteria for an executory order are as follows:

1. The underlying court judgement must be binding and final.
2. Both parties must have been notified and received adequate representation during the relevant proceedings.
3. The court issuing the judgment had jurisdiction over the case.
4. The jurisdiction in which the judgment was
5. The judgement must not contradict Egyptian public policy.

These criteria preclude the enforcement of child support rulings issued in absentia. These criteria preclude the enforcement of child support rulings issued in absentia. Paternal child support does not

inherently contradict Egyptian public policy. In fact, Egyptian courts often order the father to pay child support to the custodial parent. However, the courts may find that enforcement of a child support debt implies recognition of the foreign jurisdiction over a matter that is the sole jurisdiction of the Egyptian family courts.

Do I have legal recourse in Egypt in the case of parental abduction?

Egypt is not a signatory to the Hague Convention on the Civil Aspects of International Child Abduction, which mandates the return of any child who has been unlawfully removed from the guardianship of a custodial parent. The convention applies whether the custodial parent is the sole guardian or shares joint custody with the abductor. However, this does not mean that the affected parent is without recourse.

Often, abductors do not file for custody in Egypt. The affected parent can take pre-emptive measures to file a custody suit in the Egyptian family courts. If the custody suit yields a favorable outcome and the abductor does not comply, criminal misdemeanor charges may be filed against the abducting parent.

Olena Shyrokova
Member of Dubai Team



03 New Business Chapter for Russian Investors in Egypt

In November 2015, **Egypt** signed an **Intergovernmental Agreement** with **Russia** to collaborate in the construction and operation of a Russian-designed nuclear power plant in Egypt. By October 2019, Russia allocated \$190M to the infrastructure of the nuclear plant.

The Project will be monitored by the International Atomic Energy Agency (IAEA), which effectively ensures compliance with international standards.

The new Investment Law No.72 of 2017 offers many advantages for international investments. In essence, the purpose of the law is to incentivize new foreigner investments. It allows investors to conduct business and eases the process of doing so by removing procedural and substantive obstacles. It replaces traditional tax exemptions that have not proven impactful.

Further, its aim is to induce economic growth in the developing areas by encouraging investors to build projects that are needed in underdeveloped areas in Egypt.

It also aims to attract foreign investors to the Egyptian market by providing tax and customs exemptions for companies established under its umbrella.

There are different mechanisms wherein a business can be set up in Egypt. Each mechanism serves a particular purpose, and allows for certain functions to be carried out:

→ **Representative Office.**

For instance, a Representative Office has a limited legal capacity. This means it can only carry out limited business activities and transactions that are expressly permitted under its internal rules. Moreover, its capacity is limited to the representation and protection of the interests of the parent company. It is also not permitted to generate any profit.

→ **Branch Office.**

The Branch Office however, can perform activities which may generate profits. It is not a separate legal entity but an extension of the parent company. Its activities must also be the same as the parent company.

→ **Subsidiary Company.**

Alternatively, a Subsidiary Company is owned and controlled by another company, known as the parent company. It is a separate legal entity distinct from its parent company. It can perform activities which are either the same as or different from the parent company.

→ **Limited Liability Company (LLC).**

Another mechanism to set up a business is known as LLC. It is formed by one or more individuals or entities through a special written agreement. LLC is permitted to engage in any lawful, for-profit business or activity other than banking or insurance.

If you plan to establish a business of your own in Dubai, United Arab Emirates, our lawyers at "**Triple A Amira Saeer**" can offer you distinctive legal services, covering all your needs.

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