

**Information Technology Industry Development Agency
Export-IT Rebate Program - 2011
Eligibility Criteria, Terms & Conditions and Documentation**

I. Eligibility Criteria

1. Beneficiary Company's Effective Ownership:

More than 50% Effective Egyptian ownership (i.e. Egyptian nationality of individual owners of the company should be proven).

Companies are requested to submit effective ownership structure in order to be able to identify individual owners & their nationalities.

Egyptian owners of companies established abroad will not be included in the effective ownership of companies participating in the program.

Companies with floating shares are requested to submit report from Misr for Central Clearing Depository & Registry (MCDR) شركة مصر للمقاصة والقيد والإيداع المركزي illustrating % of Egyptian ownership as of 31/12/2010.

2. Beneficiary Company Headquarters:

Company should be headquartered in Egypt

II. Terms & Conditions

1. Type of services eligible under the program:

Software development, information and communication technology (ICT) services in addition to ICT enabled services. Pure hardware exports are excluded. Embedded software or devices included in the export sales agreement and necessary for the delivery of the service can be included in the Export rebate calculations.

2. Export Sales Eligibility under the program:

- 2.1. All export sales of the above-mentioned services contracted and made prior to or in year 2010 can be eligible under the program provided that the related export sales proceeds were transferred by importers and collected by the company in year 2010 as evidenced by the statement of company's bank account maintained in Egypt (i.e. cash-bases rather than accrual-bases).

- 2.2. Export proceeds should be Traceable. Transfers to the company's bank account maintained in Egypt should be linked to Export projects (for example: through invoices issued by company to importer).
- 2.3. Export sales should be realized by the company applying for the program (not by affiliate companies located abroad). Export proceeds should be accounted for in the company's financial statement.
- 2.4. Proceeds collected in company's branches/subsidiaries abroad and not further transferred to the company's bank account maintained in Egypt are excluded. It should be noted that export proceeds transferred in company's bank account should be traceable to export transactions.
- 2.5. Exports sales made by the applying company - even if contracted by the company's affiliate/subsidiary located abroad – can be eligible under the program provided that a proper invoicing system is applied and other program conditions are satisfied.
- 2.6. Proceeds collected in personal accounts of one or more of the company's owners are excluded even if the amounts were further transferred to the company's bank account.

3. Export Destination

- 3.1. Export services should be provided to companies located outside Egypt
- 3.2. Services made to companies located in Egypt are considered export services only in one of the following cases:
 - Service provided to a free zone company
 - Service subcontracted by a foreign entity abroad

4. Cost of Revenue

- 4.1. **Cost deducted from export proceeds:** all non-value adding cost directly related to the export transaction such as external consultants fees, license cost...etc. Also travel & accommodation cost explicitly invoiced to the importer is excluded.
- 4.2. **Cost NOT deducted from export proceeds:** Salaries, operating and overhead costs are not excluded from the value of the collected export proceeds. Also, bank charges are not deducted from the collected amounts.

Note: Companies are requested to provide cost of revenue invoices & certificate from their external auditors further detailing cost reported in their financial statements broken down by major cost categories

- 4.3. **For cases where companies receive different grants/incentives from ITIDA covering the company's direct costs of revenue related to export:** Export IT program will finance the uncovered portion of direct cost of revenues to avoid duplicate funding of these expenses. Such grants/incentives should be clearly stated in the Export-IT application form.
- 5. Rebate value:**
- 5.1. Rebate value will be calculated as a percentage of the value-added component with a ceiling of **10%** with maximum of **500,000 USD** per company per year.
 - 5.2. Rebate will be calculated in relation to the percentage of effective Egyptian ownership within each company.
 - 5.3. Exact rebate percentage will be announced at the end of the program according to the budget approved for the entire program and the applications received.
 - 5.4. Maximum export rebate ceiling (500,000 USD) is applied on individual companies applying separately in the program even if these companies are partially owned by the same holding company.
 - 5.5. In case holding company is the one applying in the program, maximum ceiling (500,000 USD) will be applied regardless of the number of companies owned by the applying holding company.
 - 5.6. Total rebate budget for the entire program: **USD 8 Million.**
 - 5.7. Rebate amount (if approved) will be disbursed to eligible companies in **EGP**.
 - 5.8. Rebate amount is **NOT** tax exempted.
- 6. Exchange Rates**
For simplicity foreign exchange rates against the Egyptian pound as of 31/12/2010 are used. Companies should ensure to use rates provided by ITIDA in their calculations (list of exchange rates are sent via e-mail to companies recorded on ITIDA's database).
- 7. Registration on ITIDA's website**
All eligible companies should input/update their company information on ITIDA's website and register under the Export-IT Rebate Program launched in 2011. Registration and completion of company's information should be conducted prior to the registration deadline as announced by ITIDA.
- 8. Submission of Export-IT Application and supporting documents:**
All eligible companies who have successfully input/updated their data and registered under the Export-IT program should submit program application form (copy is sent via e-mail) and supporting documentation within the time frame & guidelines announced by ITIDA.

9. Registration, Documents Submission Timeframe & Venue

Time frame & venue are included in the e-mail sent to companies on ITIDA's database.

10. Documents Review & Rebate Announcement

- 10.1. After closure of the time frame announced for submission of documentation, auditing & financial consultants will be reviewing all documents and conducting assessment and cross validation.
- 10.2. ITIDA's Export-IT team will be contacting companies for any inquiries raised by the program consultants, completion of documentation or submission of additional documents.
- 10.3. Companies' feedback to any of the above should be **within maximum of 5 working days from date of inquiry/request**. After the mentioned timeframe, consultants will prepare their review reports based on the available documentation/information.
- 10.4. Review reports will be presented to the Export-IT Committee members headed by ITIDA's CEO & including members from the public & private sector.
- 10.5. Approval/rejection of the Export-IT application as well as deciding on the rebate amount will be made by the Export-IT committee members based on review reports presented by the program consultants.
- 10.6. Companies will be advised on the committee's decision in due time and upon closure of the program.

11. Additional Information/Documents

ITIDA reserves the right to request additional information & documents in addition to the right to request original documents to be sighted and returned back (if needed).

12. Inquiries

For any information regarding the Export-IT program, kindly contact **ITIDA's call center on 16CIT (or 16248)**.

For accurate and speedy feedback, please ensure to channel all your inquiries through ITIDA's call center which will assist you as appropriate. In some cases and whenever needed, ITIDA's call center agents will communicate your inquiries to ITIDA's management and revert back to you as soon as possible.

III. Export-IT Rebate Documents

Documents required to apply for the Export-IT Rebate program are as follows:

1. Export-IT Rebate Beneficiary Company Transaction Form.

All application pages should be stamped by the company stamp, signed by the company's authorized signatory(ies) as specified in the commercial register. Signature must be verified by the bank of account.

Declaration should be printed on company's letter head, signed by authorized signatory (ies) as mentioned in the company's commercial register and verified by the company's bank of account.

Supporting documents attached to the application are divided into 2 categories (all documents should be stamped by the company stamp):

1.1. Audited Financial Statements

1.1.1 Copy of the complete set of audited financial statements for the year ended Dec 31st 2010 signed and stamped by the company's external auditor (this includes the full set of the financial statements including statement of financial position, income statement, statement of cash flows and accompanying notes to the financial statements). The accompanying notes should adequately disclose the Inter-company transactions.

1.1.2 Original stamped and signed certificate from the company's financial auditor illustrating breakdown of cost mentioned in the financial statements by major cost categories.

1.2. Income tax report

Copy of company's income tax report for the fiscal year ended Dec 31st 2010

1.3. Commercial Register

Copy of recent issue (maximum 6 months old) of the company's commercial register.

1.4. Tax Card

Copy of company's tax card. Tax card should be valid (i.e. not expired).

1.5. Article of Incorporation & all related amendments

Copy of company's **recent** (maximum 6 months old) issue of article of incorporation/investment gazette and all related recent amendments. The purpose of this document is to identify the effective ownership of the company.

In case of non-availability of recent copy of the company's article of incorporation, original signed and stamped certificate from the company's external auditor could be submitted as an alternative document. The certificate should include company's paid in capital, names of company owners, their nationality, owners' share in capital and percentage of ownership as of 31/12/2010.

In case the beneficiary company applying for the Export-IT program is owned by other companies, documents evidencing ownership of these companies should be submitted as well until the effective Egyptian ownership of the individual owners is proven.

Companies with floating shares are requested to submit report from Misr for Central Clearing Depository & Registry (MCDR) شركة مصر للمقاصة والقيود والإيداع المركزي illustrating % of Egyptian ownership as of 31/12/2010.

1.6. Company's 2008 – 2009 Export Lists

Export list should include the following information:

- Export Destination
- Export Service Category/Type
- Export Sales Amount & Currency
- Export Sales proceeds collected Amount & Currency
- Cost amount & currency

Note: companies that participated in Export-IT program-2010 launched last year and submitted 2008 & 2009 list of exports do not have to re-submit mentioned lists this year

1.7. Headcount report per export transaction/project, illustrating number of employees and hours worked.

1.8. Copy of the company's social insurance printout including total number of insured employees استعلام عن بيانات منشأة قطاع خاص

1.9. Transaction supporting documents (separate covering sheet is required for each contract/purchase order in addition to the following documents)

1.9.1 Copy of the documented evidence of an arrangement with the client according to customary business practice. This includes Signed contracts/agreements/ purchase orders/master agreements and all related amendments provided that it should be:-

- Signed by both parties (client and beneficiary company) or evidence of acceptance of both parties of conducting the export transaction should be provided.
- Describing and breaking-down revenue by deliverables

1.9.2 Copy of any side agreements between overseas clients and beneficiary company pertaining to the transactions listed in the application form and covering any side matters (i.e. warranty, returns, products exchange, etc...)

1.9.3 Copy of the related export sales invoices for exported items

1.9.4 Copy of the related cost of revenue & purchase invoices for purchased materials (software licenses...etc.)

1.9.5 Copy of the consultancy contracts/agreements for external consultants (if any).

1.9.6 Evidence of Service/Product delivery, client acceptance and collection of revenue proceeds. This includes:-

- Copy of overseas client sign off or acceptance statement for confirmation of receipt of goods and/or services
- Copy of statement of company's bank account maintained in Egypt illustrating receipt of export proceeds transferred by the importer (company account bank statements, swift transfers to company's account, credit advice to company's account...etc). Bank documents should clearly include remitter (importer) name, transfer date, transfer amount & currency, beneficiary company name & account number.
- For telemarketing or electronically transmitted sales, company should submit copy of bank cheque issued in the name of the exporting company or company's bank account statement illustrating collection of proceeds related to the export transaction.

Notes:

- a. Clients might be requested by ITIDA to submit any other evidence of arrangements (i.e. additional documents other than the above to verify export transactions)
 - b. Notarized contracts by the Ministry of Foreign Affairs (where applicable), should be submitted by the company
 - c. ITIDA has the right to request original documents for review (whenever needed).
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