



ANDERSEN

Tax Insights For
**Content
Creators**
In Egypt

Table of Contents

Introduction	1
The Meaning of Content Creation	1
Types of Content Creators	1
Types of Content Creation Revenue	1
1. Revenue from Creating Visual or Audio Content	
2. Revenue from Advertising and Promoting Products or Services Within the Content	
3. Revenue from Selling Channel-Specific Products Known as Merchandise	
4. Revenue from the Financial Fund Dedicated to Short Videos	
5. Revenue from Collecting Donations from Followers	
6. Other Cases	
Important Concepts	2
Types of Taxes Related to Content Creation	2
1. Income Tax	
2. Value-Added Tax (VAT)	
Classification of Content Creators from the Tax Law Perspective	3
1. Individual (Natural Person)	
2. Companies (Legal Persons)	
Forms of Legal Persons (Companies)	3
1. Partnership Companies	
2. Capital Companies	
Tax Rate According to the Income Tax Law	4
1. For Individuals (Natural Persons)	
2. Legal Persons (Companies)	
The Meaning of Regular Books and Accounts for Content Creators	5
Net Revenue Subject to Income Tax for Content Creation	5
A. In Case of Maintaining Regular Books	
B. In Case of Not Maintaining Regular Books	
When Registration for Value-Added Tax (VAT) is Required	6
1. Goods or Services Subject to the General Rate of 14%	
2. Goods or Services Subject to Table Tax - First	
3. Goods or Services Subject to Table Tax - Second	
4. Exported Goods or Services	
5. Exempt Goods or Services	
Tax Returns According to the Value-Added Tax Law	6
1. Monthly Return Requirements	
2. Zero Return Requirement	
3. Tax Invoice Content	
4. Electronic Invoice System	
The Simplified Principles of Tax Treatment under the Medium, Small, and Micro Enterprises Law No. 152 of 2020 - 7	
1. General Overview	
2. Tax Amnesty	
Tax Treatment for Different Types of Content Creation Revenue	8
1. Revenue from Creating Visual or Audio Content	
2. Advertising of Goods or Services within the Content	
3. Revenue from Merchandise	
4. Financial Fund for Short Videos	
5. Fundraising through Donations via YouTube or Similar Sites and Programs	
6. Other Cases	
Conclusion	11

Introduction

As discussed in our previous article, the topic of taxation for content creators is an emerging area of interest within the tax community. This article aims to delve deeper into the specific tax practices affecting content creators in Egypt, providing a comprehensive guide to help them navigate this complex subject.

The Meaning of Content Creation

Making or creating content, making videos, audio and music clips, songs, or video or audio broadcasts, or through written or video electronic blogs, and publishing and broadcasting information in specific contexts on platforms, various digital or mobile and computer applications such as:

YouTube/ Snapchat/ TikTok/ Twitter/ Instagram/ Vimeo/ like/ Spotify/ SoundCloud/ Facebook.

This is to benefit the public or for entertainment and generate revenues.

Types of Content Creators:

For example, but not limited to:

YouTube: A content creator, either video or audio, on YouTube who earns revenue based on the number of views, interactions, and other conditions.

Bloggers: A creator of written or visual electronic blogs regularly, generating income from them.

Influencer: A person who inspires or guides the actions of others. Some influencers use this influence to generate interest in something specific (such as a consumer product) by posting it on social media.

Freelancers: Those who operate independently without a subordinate relationship with an employer and work for themselves online.

Types of Content Creation Revenue

The most common types of revenue that content creators receive:

1. Revenue from creating visual or audio content

(such as making videos, audio clips, or live streaming on digital platforms or various mobile and computer applications like YouTube, TikTok, Facebook, and Instagram).

2. Revenue from advertising and promoting products or services within the content

in exchange for money or the products or services being advertised, such as with mobile phone reviewers (where some companies give the reviewer the mobile device and thus the reviewer keeps the device).

3. **Revenue from selling channel-specific products known as merchandise.**

4. **Revenue from the financial fund dedicated to short videos**

like the YouTube Fund.

5. **Revenue from collecting donations from followers**

through Patreon, YouTube, or similar websites and programs.

6. **Other cases.**

Important Concepts

1. Any income generated from any profession or activity, whether this income is earned in Egypt or abroad, if Egypt is the center for practicing the profession or activity, is subject to tax.
2. When subject to tax, it is necessary to comply with the provisions of tax laws, the most important of which include the process of tax registration with the Egyptian Tax Authority and then submitting tax returns on their legal due dates.

Types of Taxes Related to Content Creation

1. **Income Tax:**

This is a direct tax imposed on the income of natural persons (sole proprietorships) or the profits of legal persons (companies) generated from practicing non-commercial professions or commercial and industrial activities or providing services, in accordance with the provisions of the Income Tax Law issued by Law No. 91 of 2005 and its amendments.

2. **Value-added Tax (VAT):**

This is an indirect tax imposed on all goods during the stages of trading (buying and selling transactions) or when providing services, except for goods and services exempted from tax, in accordance with the provisions of the Value-Added Tax Law No. 67 of 2016 and its amendments.

Note:

Please be aware that registration for income tax with the Egyptian Tax Authority is required as soon as you start practicing a commercial or professional activity, whether the practice is traditional or electronic.

However, registration for value-added tax has specific conditions that must be met for the activity to be subject to tax in accordance with the provisions of the law.

Classification of Content Creators from the Tax Law Perspective

1. Individual (Natural Person)
2. Companies (Legal Persons)

The Difference Between an Individual (Natural Person) and a Legal Person from a Tax Perspective

1. Individual (Natural Person)

- This refers to an establishment that is created and owned by a single individual who manages it themselves and receives all the profits while bearing all the responsibilities.

2. Legal Persons (Companies)

- These are entities created by a group of shareholders or partners and enjoy legal personality as a legal person. Legal persons are divided into:

A. Partnership Companies, which include:

General Partnerships, Simple Limited Partnerships, and De Facto Companies

B. Capital Companies, which include:

Joint Stock Companies, Limited Liability Companies, One-Person Companies, and Partnerships Limited by Shares

Forms of Legal Persons (Companies)

Forms of Legal Persons (Companies)

1. Partnership Companies, which include:

- **General Partnership:** In this type, all partners are jointly and severally liable with unlimited responsibility for the debts and obligations of the company.
- **Simple Limited Partnership:** This type of company includes two types of partners: general partners, who are jointly and severally liable with unlimited responsibility for the debts and obligations of the company, and limited partners, whose liability is limited to their share of the capital.

- **De Facto Company:** This is a company formed between individuals without taking the legal steps to establish it.

2. **Capital Companies**, which include:

- **Joint Stock Company:** This company’s capital is divided into equal shares, and the shareholders typically elect a board of directors to manage the company.
- **Limited Liability Company (LLC):** In this type, the capital is divided into shares, and the shareholder’s liability is limited to their share of the capital.
- **One-Person Company:** This company’s entire capital is owned by a single person and has a legal personality separate from that of its owner.
- **Partnership Limited by Shares:** This company consists of at least one general partner, who has unlimited liability, and at least four shareholder partners, who are liable for the company’s debts only to the extent of their shares.

Tax Rate According to the Income Tax Law

1. **For Individuals (Natural Persons)**

An annual tax is imposed on the total net income of a resident sole proprietorship for its income earned in Egypt or abroad if Egypt is the center of its commercial, industrial, or professional activity. The tax also applies to the income of a non-resident sole proprietorship for its income earned in Egypt according to progressive tax rates. (Attached are the tax rates for natural persons (sole proprietorships))

Tax Brackets Amended by Law No. 7 of 2024						
Tax Rate	Net income that doesn't exceed EGP 600,000	Over 600,000 EGP Up to 700,000 EGP	Over 700,000 EGP Up to 800,000 EGP	Over 800,000 EGP Up to 900,000 EGP	Over 900,000 EGP Up to 1,200,000 EGP	Over 1,200,000
0%	1 EGP up to 40,000 EGP					
10%	Over 40,000 EGP up to 55,000 EGP	1 EGP up to 55,000 EGP				
15%	Over 55,000 EGP up to 70,000 EGP	Over 55,000 EGP up to 70,000 EGP	1 EGP up to 70,000 EGP			
20%	Over 70,000 EGP up to 200,000 EGP	Over 70,000 EGP up to 200,000 EGP	Over 70,000 EGP up to 200,000 EGP	1 EGP up to 200,000 EGP		
22.5%	Over 200,000 EGP up to 400,000 EGP	Over 200,000 EGP up to 400,000 EGP	Over 200,000 EGP up to 400,000 EGP	Over 200,000 EGP up to 400,000 EGP	1 EGP up to 400,000 EGP	
25%	Over 400,000 EGP	Over 400,000 EGP	Over 400,000 EGP	Over 400,000 EGP	Over 400,000 EGP	1 EGP up to 1,200,000 EGP

27.5%						Over 1,200,000
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2. Legal Persons (Companies)

The tax applies to resident legal persons in Egypt on all profits they achieve, whether from Egypt or abroad, at a tax rate of **22.5%**. The tax also applies to non-resident legal persons on profits earned through a permanent establishment (branch) in Egypt at the same tax rate.

The Meaning of Regular Books and Accounts for Content Creators:

- It refers to keeping a book for purchases, expenses, and costs, as well as a book for revenues (sales), and these books must be supported by supporting documents such as invoices.
- Electronic accounts used as an alternative to paper books and accounts are also acceptable, provided that the original purchase and sales invoices are retained.
- In the case of not keeping regular books and accounts, profits are estimated according to estimated profit rates. Therefore, it is recommended to maintain regular books and accounts.

Net Revenue Subject to Income Tax for Content Creation

A. In Case of Maintaining Regular Books:

Costs and expenses related to the revenue, such as:

1. Maintenance and depreciation expenses for cameras and other filming equipment.
2. Expenses for video editing software.
3. Expenses for domain hosting.
4. Travel expenses if necessary for content creation.
5. Shared expenses (definition provided below).

B. In Case of Not Maintaining Regular Books:

- If regular books are not maintained, 10% of the total revenues are deducted against all costs.

In the case of maintaining regular books, shared expenses refer to those expenses that are split between personal use and business use, resulting from conducting the business from

home where there is no separate place for the business other than the home. Examples include electricity, rent, and internet expenses.

Note:

Shared expenses are recognized for the total expense value as follows:

- Rent expense: 25% of the monthly rental value according to the dated rental agreement.
- Internet bills: 75% of the bill value.
- Electricity bills: 20% of the bill value.

In the case of having a separate place other than the home for conducting the business, all expenses related to that place are fully recognized.

When Registration for Value-Added Tax (VAT) is Required

1. Goods or Services Subject to the General Rate of 14%:

Registration for VAT is required if the value of sales of taxable and exempt goods and services together, reaches or exceeds 500,000 EGP annually.

2. Goods or Services Subject to Table Tax - First:

Registration for VAT is required from the beginning of the activity for goods and services listed in the schedule accompanying the VAT law. These goods and services are taxed at special rates or specific values.

3. Goods or Services Subject to Table Tax - Second:

Registration for VAT is required if the value of sales of taxable and exempt goods and services together, reaches or exceeds 500,000 EGP annually.

4. Exported Goods or Services:

Registration for VAT is required from the beginning of the activity for exported goods or services, which are subject to a zero-tax rate in this case.

5. Exempt Goods or Services:

Registration for VAT is not required if the revenues are derived from the sale of goods or services that are exempt from tax as specified exclusively in the law.

Tax Returns According to the Value-Added Tax Law

1. A person registered for VAT must submit a monthly return for VAT and Schedule Tax due, or either of them as applicable, within one month for the transactions of the previous month.
2. The registrant must submit a zero return even if no sales were made or no taxable or exempt services were rendered during the month.
3. Tax invoices must be issued for the sale of goods or services.

Content of the Tax Invoice

The tax invoice must include the following information:

- Invoice serial number.
- Date of issue.
- Name, address, and registration number of the buyer
- Description of the sold goods or provided services and their value, the applicable VAT rate or Schedule Tax rate and their value, along with the total value of the invoice

Electronic Invoice System

You can join the electronic invoice system and register your sales and receive your purchases on the electronic system of the Egyptian Tax Authority and enjoy the numerous benefits of this system, such as:

- Issuing and modifying electronic invoices using the system.
- Reducing administrative burden, lowering transaction costs, and gradually eliminating the need for paper invoice archiving.
- An electronic invoice is a standardized digital document recognized by the Egyptian Tax Authority, used to document the sale of various goods and services.

To join the electronic invoice system, you can call the Egyptian Tax Authority hotline at 16395.

The Simplified Principles of Tax Treatment under the Medium, Small, and Micro Enterprises Law No. 152 of 2020:

General Overview of the Medium, Small, and Micro Enterprises Law (SMEs)

The Medium, Small, and Micro Enterprises Development Law aims to regularize the status of medium, small, and micro enterprises operating in the informal economy to qualify and encourage them to integrate into the formal economy. Enterprises can operate under this law and benefit from its advantages, as will be explained in the following sections of the guidance manual.

Registration with the Medium, Small, and Micro Enterprises Development Agency, as stipulated in the executive regulations of Law No. 152 of 2020, is required to benefit from the simplified principles for tax treatment, which are divided into fixed and proportional taxes based on the business size, specifically for income tax, as follows:

Annual Sales or Service Revenue	Annual Tax Due
Up to less than 250,000 EGP	1,000 EGP
From 250,000 EGP to less than 500,000 EGP	2,500 EGP
From 500,000 EGP to less than 500,000 EGP	5,000 EGP
From 1 million EGP to less than 2 million EGP	0.5% of sales or business volume
From 2 million EGP to less than 3 million EGP	0.75% of sales or business volume
From 3 million EGP to 10 million EGP	1% of sales or business volume

This applies only to joint-stock companies and partnerships, excluding de facto companies previously mentioned.

Tax Amnesty under the Medium, Small, and Micro Enterprises Law

A tax amnesty is granted to informal economy projects that are not registered with the Egyptian Tax Authority and have applied for a temporary license to regularize their status for the years prior to the date of submitting this application to the Medium, Small, and Micro Enterprises Development Agency.

The tax amnesty means that the taxpayer will not be held accountable for taxes for the years prior to their registration with the Medium, Small, and Micro Enterprises Development Agency.

Regarding the value-added tax (VAT), if benefiting from the simplified principles for tax treatment under the Medium, Small, and Micro Enterprises Law, refer to the previously mentioned cases that require VAT registration.

Tax Treatment for Different Types of Content Creation Revenue

Type 1: Revenue from Creating Visual or Audio Content

First: Income Tax

Content creation can be visual or audio, and it includes videos on social media platforms such as YouTube, TikTok, Facebook, Instagram, and others. These videos are viewed by followers, and the platform places ads on the content without the intervention of the content creator. An example is the YouTube platform, which is linked to an AdSense account.

AdSense involves creating an account on the site to track and monitor the revenue from placing ads on your content if you are the content creator. As The AdSense service can also be used by advertisers.

In this case You must register for income tax with the Egyptian Tax Authority.

As for the applicability of value-added tax (VAT), refer to the previously mentioned cases.

Second: Value-Added Tax (VAT)

1. If the platform is not based in Egypt:

According to the provisions of the VAT law, the tax rate is zero for services provided to platforms not based in Egypt, as these are considered exported services. Therefore, registration for VAT is required from the beginning of the activity.

2. If the platform is based in Egypt:

According to the provisions of the VAT law, the tax rate is 14% for services provided to platforms based in Egypt, except for professional services.

You can deduct the tax paid on purchasing equipment, cameras, and other necessary items for content creation in your monthly returns. It is essential to retain purchase invoices that include the tax to be able to deduct the tax.

Type 2: Advertising of Goods or Services within the Content

Advertising within the content created by the content creator for a fee from the beneficiaries (the advertiser) or in exchange for free goods or services provided by the advertiser requires registration for income tax with the Egyptian Tax Authority. Any activity aimed at making a profit is subject to tax according to Egyptian tax laws.

As for the applicability of value-added tax, refer to the previous explanation for the correct treatment or consult the Egyptian Tax Authority.

Important Note: The following points are clear from the previous discussion:

Regarding Income Tax:

If maintaining organized books and accounts, the tax due is determined in a way that reflects the actual reality. In the case of estimated accounting, the taxpayer is deprived of deducting actual expenses, and the tax is assessed on an estimated basis, which may represent additional burdens on the taxpayer. Therefore, it is advisable to maintain organized books and accounts.

Additionally, the taxpayer has the right to carry forward their losses to be deducted from the profits of the following year up to the fifth year, provided that they maintain organized books and accounts.

Regarding Value-Added Tax (VAT):

In the case of advertising within the content created by the content creator, they are required to register for VAT if the revenue from marketing and promotion services reaches 500,000 EGP or more and is subject to the general tax rate of 14%.

Bear in mind that if you receive revenue from creating visual or audio content from platforms not based in Egypt, you are required to register for VAT from the first day.

Type 3: Revenue from Merchandise

A content creator can showcase their official products on the platform, and this section appears on the video page of eligible channels. Some content creators sell products featuring the channel's logo, such as mugs, T-shirts, and other items. These products are promoted through the channel, video content, a link below the content, or other means. In this case, a commercial activity is established, and the revenue from selling these products is subject to income tax. Additionally, registration for VAT is required, and VAT must be added when selling these products, with the possibility of deducting the tax paid on purchasing these products if supported by tax invoices.

Bear in mind that if you receive revenue from creating visual or audio content from platforms not based in Egypt, you are required to register for VAT from the first day.

Type 4: Financial Fund for Short Videos

This is a fund dedicated to rewarding content creators for their dedication to producing creative short videos or other content. If you receive revenue from this fund, these amounts are subject to income tax. They are subject to a zero VAT rate if the fund is not based in Egypt.

Type 5: Fundraising through Donations via YouTube or Similar Sites and Programs

Adding a donation button, link, or icon to your content or live stream allows fans to donate using the "Donate" button available in these videos or content, or in the live chat.

Donations received by the content creator are subject to income tax. As for VAT, these donations are not subject to VAT, similar to Patreon.

Type 6: Other Cases such as:

1. Launching a Virtual Summit

This is a new form of seminars and conferences conducted through social media or mobile and computer programs. If you receive revenue from these virtual seminars or meetings, this revenue is subject to income tax and also subject to VAT at a rate of 14%.

2. Podcasts

Podcasts are a form of new digital media, using a series of multimedia, audio, or video episodes. Followers can listen to the episodes directly or download and watch them offline. These episodes are available on many public electronic platforms such as YouTube, Spotify, Deezer, Apple Podcasts, and Google Podcasts.

Revenue from podcasts can be generated in various ways, including but not limited to:

- **Sponsorship:** A company or entity pays the podcast creator an amount or the equivalent in services and products to promote them among podcast listeners. This is subject to income tax and also subject to VAT at a rate of 14%.
- **Subscriptions:** Subscribers pay a certain amount to gain access to exclusive audio episodes for members only. The collected revenue is subject to income tax and also subject to VAT at a rate of 14%.

Conclusion

Understanding the tax obligations for content creators in Egypt is crucial for compliance and effective financial management. By adhering to the guidelines outlined in this article, content creators can ensure they meet their tax responsibilities while optimizing their revenue streams.

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