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Egypt

Payroll & Employment Law Guide

2026 Edition · Last updated June 2026

Labour Law No. 14/2025 (effective 1 September 2025) · NOSI Social Insurance

Overview

A reference for employing in Egypt

Egypt combines a large labour market with a newly rewritten employment framework: Labour Law No. 14/2025 took effect on 1 September 2025 and reshapes overtime, leave, notice and severance. Unlike the Gulf states, Egypt levies a progressive personal income tax, withheld monthly by the employer and remitted to the Egyptian Tax Authority. Alongside tax, employers operate NOSI social insurance, several statutory funds, a mandatory annual raise and mandatory profit-sharing.

Two structural forces shape 2026 payroll: the Law 14/2025 reforms and the NOSI contribution base, which rises by 15% every January through 2028 before indexing to inflation. Each is covered in the sections that follow.

27.5%	48h	29.75%	7,000EGP
TOP INCOME-TAX BAND	MAXIMUM WORKING WEEK	NOSI TOTAL (EMPLOYER + EMPLOYEE)	PRIVATE-SECTOR MINIMUM WAGE

WHAT THIS GUIDE COVERS

I	**Company Setup & Business Environment**	Entity types, the Representative Office limits, and the Employer of Record route.
II	**Working Hours & Leave**	Hours, overtime and the full annual, sick, maternity, paternity and statutory-leave regime.
III	**Tax & Social Security**	Progressive income-tax brackets, NOSI and health-insurance rates, and the contribution caps.
IV	**Employer Levies, Wages & Payroll Ops**	Statutory funds, minimum wage, the gross-to-net illustration and the filing calendar.
V	**Hiring & Termination**	Contracts, probation, notice periods and severance under Law 14/2025.
VI	**Compensation, Benefits & Permits**	Mandatory annual raise, profit-sharing, health insurance and foreign work permits.
VII	**Practical Notes**	The checks that prevent the most common and most costly Egyptian payroll errors.

I

Company Setup & Business Environment

A legal entity is required to process payroll in Egypt. Foreign investors most often use a limited liability company, while multinationals that want to employ staff without incorporating can operate through an Employer of Record. Whichever route is chosen, every employee must be registered with NOSI and the Ministry of Manpower systems.

LEGAL ENTITY TYPES

STRUCTURE	WHEN IT IS USED
Joint Stock Company	Sharika Musahama; public or private offering
▸ **Limited Liability Company (LLC)**	Minimum 1 partner; the most common structure for foreign investors
Branch Office	Direct presence of a foreign company in Egypt
Representative Office	No commercial activity; promotion and liaison only
Employer of Record (EOR)	Employ staff and run payroll through a local partner without a legal entity

THE EMPLOYER OF RECORD ROUTE

International companies that wish to employ staff in Egypt without establishing a legal entity may use an Employer of Record model. The EOR manages payroll, NOSI and Ministry registration, statutory contributions and labour-law compliance through a local partner, while the international company directs the day-to-day work.

> Registration is not optional
>
> The employer must register **every** employee with NOSI and the Ministry of Manpower systems. Employment contracts are prepared in four copies (employer, employee, Ministry of Manpower and NOSI), with one copy submitted to the Ministry.

II

Working Hours & Leave

The Labour Law caps the working week at 48 hours and eight hours per day, though most companies apply 40 hours in practice. Law 14/2025 revised overtime rates upward and reset the first-year annual-leave entitlement. Hours are reduced during Ramadan and outdoor work is restricted in the summer heat.

STANDARD HOURS

- **Maximum:** 48 hours/week and 8 hours/day; most companies apply 40 hours (5 days × 8 hours) in practice.
- **Break:** minimum 1-hour break after every 5 consecutive hours.
- **Weekly rest day:** Friday (Sunday in some sectors).
- **Ramadan:** daily hours reduced to 6.
- **Summer:** outdoor work banned between 11:00 and 16:00 from June to September.

OVERTIME RATES & ANNUAL LEAVE

OVERTIME TYPE	RATE
Daytime overtime	135% of basic wage (Law 14/2025)
Night shift (21:00–06:00)	170%
▸ **Public holiday work**	200%

ANNUAL LEAVE — LAW 14/2025	ENTITLEMENT
First 6 months completed, before end of year 1	15 days (pro-rata)
Year 1 through year 9 (from year 2 onward)	21 working days
10+ years (same or multiple employers combined)	30 working days
▸ **Employees with disability**	45 working days

> What changed
>
> Previous overtime rates were 125% / 150% / 200%; Law 14/2025 raised the daytime and night rates. Under the old law (No. 12/2003) the first year carried 21 days; Law 14/2025 reduced this to **15 days** for the first partial year.

II

Sick, Maternity & Other Leave

Sick pay is administered and funded by NOSI, not the employer. Law 14/2025 extended paid maternity leave to four months, added a new paternity entitlement and preserved nursing breaks that count as working time.

SICK LEAVE

PERIOD	PAY RATE
First 90 days per year	75% — paid directly by NOSI
Days 91–180	NOSI continues; medical certificate required
▸ **Beyond 180 cumulative days**	Employer may terminate (with conditions)

MATERNITY, PATERNITY & NURSING

- **Maternity (Article 54):** 4 months (120 days) paid, up from 90 days; minimum 45 days must be taken after delivery; permitted 3 times during employment (up from 2); no dismissal during leave or the re-entry period; wages may be reclaimed if the employee works for another employer during leave.
- **Paternity (new, Law 14/2025):** 1 day paid on the day of birth; does not reduce annual leave; maximum 3 occurrences per career.
- **Nursing breaks:** 2 × 30-minute breaks per day for 2 years after birth, counted as working time.

OTHER STATUTORY LEAVE

TYPE	DURATION	ELIGIBILITY
Hajj (pilgrimage)	1 month paid, once per career	Muslim employees with ≥ 5 years tenure
Examination leave	Exam day(s) paid; not deducted from annual leave	Enrolled in accredited programme
Marriage	3 working days paid	All employees
Bereavement (close relative)	3 working days paid	All employees

III

Tax & Social Security

Egypt applies a progressive personal income tax, withheld monthly by the employer and remitted to the Egyptian Tax Authority (ETA) by the 15th of the following month. Residents are taxed on worldwide income, non-residents on Egypt-source income only. Personal exemption: EGP 20,000/year (Law No. 7/2024).

PERSONAL INCOME-TAX BRACKETS

ANNUAL TAXABLE INCOME (EGP)	RATE
0 – 40,000	0%
40,001 – 55,000	10%
55,001 – 70,000	15%
70,001 – 200,000	20%
200,001 – 400,000	22.5%
400,001 – 1,200,000	25%
▸ **1,200,001 and above**	27.5%

> **Verify — high earners**
> A non-entitlement (stepped exclusion) rule applies for high earners; consult official ETA guidance for the exact calculation.

NOSI CONTRIBUTIONS (LAW NO. 148/2019)

CONTRIBUTION	EMPLOYER	EMPLOYEE	TOTAL
Social Insurance (NOSI)	18.75%	11%	29.75%
Health Insurance	3.25%	1%	4.25%
Spouse unemployment (married)	—	3%	3%
Per dependent	—	1%	1%

CONTRIBUTION BASE CAPS (2026)

CAP	EGP/MONTH
Minimum social-insurance base	2,700
Maximum social-insurance base	16,700
▸ **Health-insurance cap**	None (uncapped)

> **Verify — indexation**
> The base rises **15% each January** through 2028, then indexes to inflation. Confirm the January 2027 caps once published by NOSI.

IV

Employer Levies, Wages & Payroll Ops

Beyond NOSI, Egyptian employers carry several statutory fund levies and a legally fixed minimum wage. The illustration below shows how a EGP 20,000 gross salary resolves to net pay and to total employer cost in 2026.

ADDITIONAL EMPLOYER LEVIES

FUND / OBLIGATION	RATE	SCOPE
Martyrs & Victims Fund (Law 4/2021)	0.05% of gross	All employees (deducted from employee)
Emergency / Stability Fund (Law 156/2002)	1% of insurance base	Employers with ≥ 30 staff; employer pays
Training & Qualification Fund (Law 14/2025)	0.25% of min. base	EGP 10–30/person/year; employers with ≥ 30 staff

MINIMUM WAGE

SECTOR	AMOUNT (EGP/MONTH)	EFFECTIVE
Private sector	7,000	March 2025
▸ **Public sector**	8,000	July 2026

GROSS-TO-NET ILLUSTRATION (EGP 20,000/MONTH GROSS)

ITEM	CALCULATION	EGP/MONTH
Gross salary	—	20,000
Employee NOSI	11% × 16,700 cap	-1,837
Martyrs Fund	0.05% × 20,000	-10
Estimated income tax	approx.	-2,445
▸ **Estimated net take-home**	—	≈ 15,708
Employer NOSI	18.75% × 16,700 cap	+3,131
Emergency Fund	1% × 16,700	+167
▸ **Total employer cost**	—	≈ 23,298

On the illustration

NOSI is capped at EGP 16,700 regardless of actual salary. A private-sector increase is anticipated, subject to National Wages Council resolution. Figures are illustrative; use ETA's official tool for binding calculations.

V

Filing Calendar, Hiring & Termination

Monthly withholding and NOSI reports fall due on the 15th of the following month. Contracts must be written in Arabic, probation is capped at three months, and Law 14/2025 sets notice and severance by contract type and tenure.

FILING CALENDAR

OBLIGATION	DEADLINE
Monthly income-tax withholding + NOSI report	15th of the following month
NOSI contribution payment	15th of the following month
Quarterly tax summary return	End of month following the quarter
Annual payroll reconciliation	After tax year end

CONTRACTS & PROBATION

- **Contracts:** must be written; Arabic is the legally operative language; bilingual (Arabic + English) contracts are permitted; 4 copies required (employer, employee, Ministry of Manpower, NOSI), one submitted to the Ministry.
- **Probation:** maximum 3 months; either party may terminate without notice; cannot be renewed.

NOTICE & SEVERANCE

SITUATION	ENTITLEMENT
Unlimited-term — tenure < 10 years (either party)	2 months' notice
Unlimited-term — tenure ≥ 10 years (either party)	3 months' notice
Fixed-term — employer early termination	Remaining wages + 1 month per year of service
▸ **Unlimited-term — unfair dismissal**	Minimum 2 months' gross salary per year of service
Termination due to illness	Only after all sick leave exhausted; minimum 15 days' prior notice

VI

Compensation, Benefits & Permits

Law 14/2025 makes two employer obligations explicit: a mandatory annual salary increase and mandatory profit-sharing. Health insurance is being rolled out geographically, and foreign hiring is bounded by workforce quotas administered by the Ministry of Manpower.

MANDATORY RAISE, PROFIT-SHARING & HEALTH INSURANCE

- **Annual salary increase:** at least 3% of the employee's social-insurance base each year (Law 14/2025); National Wages Council minimum floor of EGP 250/month; reduction or deferral requires Council approval.
- **Profit-sharing:** profitable employers must distribute a minimum of 10% of annual net profit to employees; per-employee share cannot exceed one year's total remuneration.
- **Health insurance:** employer 3.25% + employee 1% (uncapped); Universal Health Insurance (Law 2/2018) is being rolled out geographically.

> Verify — health-insurance rollout
>
> The geographic rollout of Universal Health Insurance is ongoing; rates may not yet apply in all governorates. Confirm for the specific workplace location.

WORK PERMITS & VISAS

ITEM	DETAIL
Applying authority	Ministry of Manpower (employer sponsors)
General quota	Maximum 10% of total workforce may be foreign nationals
Management quota	Up to 25% for management / specialist roles
Permit validity	1 year; renewable
▸ **Residence permit**	Must be obtained before work begins

VII

Practical Notes

The obligations in this guide reduce to a short list of checks that prevent the most common and most costly Egyptian payroll errors. Each should be settled before the first pay run.

Contract language	Arabic is mandatory; bilingual versions are accepted, but the Arabic text governs before official bodies.
Fixed-term contracts	Repeated renewal no longer automatically converts to an unlimited-term contract; the old jurisprudence was overturned by Law 14/2025.
Female night work	The night-shift ban for female employees was removed by Law 14/2025; health and safety compliance is still required.
Disability quota	Employers with ≥ 10 staff must ensure 5% of the workforce are employees with disabilities.
Record retention	Payroll records must be kept for a minimum of 5 years from termination, extended from 1 year by Law 14/2025.
e-Tax portal	The e-Tax portal is mandatory for large and medium enterprises from 2024; the phased rollout is continuing.

EOR & PAYROLL, HANDLED

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Progressive income-tax withholding to the ETA, NOSI social insurance and statutory fund levies, the mandatory annual raise and profit-sharing, severance under Law 14/2025 and the foreign work-permit quota, plus in-country EOR. Datassist runs payroll and employment for international employers across Turkey, Egypt and the wider MENA region from a single center.

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7+	1	0%
MENA MARKETS COVERED	SINGLE COMPLIANCE OPERATION	MISSED PAYROLL DEADLINES