



VAT Decree Introduces Digital Refunds and Addresses High-Risk Electronic Goods

By Omar Sherif, Passant Ashraf and Zaina Morad

Introduction

On 20 May 2025, the Minister of Finance issued Decree No. 190 of 2025 (the “**Decree**”), introducing amendments to the Executive Regulations of the VAT Law issued under Ministerial Decree No. 66 of 2017 (the “**Executive Regulations**”). The amendments presented aim to ease the procedures regarding the refund of VAT credit balances and to widen the compliance scope of high-risk goods through the mandatory use of tax labels. The Decree entered into force on 21 May 2025.

Key Highlights

I. Digitalized Refund Requests

The Executive Regulations provide that a registered taxpayer may request a refund where the credit balance has remained outstanding for more than six consecutive tax periods. In addition to the existing option of submitting this request in writing, the Decree now allows for the refund request to be submitted electronically, and mandates electronic submission in the case of a registered taxpayer dealing with integrated tax centers.

II. Mandatory Tax Label for High-Risk Electronic Goods

The Executive Regulations establish a requirement for all manufacturers and importers of specified high-risk goods, including tobacco and alcoholic beverages, to attach secure and verifiable tax labels indicating payment of VAT and/or Schedule Tax (non-default VAT rate applicable to specific products), prior to their circulation in the market. The Decree expands the scope of the goods subject to this labeling requirement to now include high-risk electronic goods, namely, electronic liquids, heated tobacco products, and disposable electronic cigarettes.

Conclusion

The Decree reflects the government’s ongoing efforts to modernize the tax administration system in addition to ensuring tax compliance in high-risk and high-demand sectors. In this regard, taxpayers are encouraged to adjust to electronic filing procedures. Similarly, manufacturers and importers of high-risk electronic goods, which are becoming increasingly prevalent in the Egyptian market, must aim to comply with the updated marking obligations in a timely manner.

Market Reaction

The introduction of electronic refund submissions is expected to be positively received by registered taxpayers, particularly in light of the broader shift towards digital transformation within the tax administration system. In addition, the inclusion of electronic goods within the scope of the tax labeling requirement aligns with the growing supply and demand for such products in the Egyptian market. However, a transitional period may be necessary for manufacturers and importers to begin complying with said labeling requirement.