Research Study on Streamlining the Egyptian Laws, Regulations and Procedures Governing Registration of Property

International Comparative Study and Recommendations Report

By

Megacom

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1. Introduction

This study was initiated by "Small and Medium Enterprises Policy Development Project (SMEPoL)". SMEPoL is a partnership between CIDA, IDRC and Ministry of Finance. The study is an extension to the study titled "Research Study on Streamlining the Egyptian Laws, Regulations and Procedures Governing SMEs Establishment, Growth, Export and Exit".

1.1. Objective of the Study

The objective of this study is to streamline Egyptian laws, regulations and procedures governing property registration. In this context, the term "Property" refers to both lands and real estates.

1.2. Methodology and Approach

The same methodology used for the research study titled "Research Study on Streamlining the Egyptian Laws, Regulations and Procedures Governing SMEs Establishment, Growth, Export and Exit" is adopted. It is conducted in two phases:

- Phase I: Local Status, International Comparative Study and Recommendations
- Phase II: Action Plan

This report is the output of Phase I. The activities carried out during this phase were organized according to the following sequence:

- **Literature Review**: different publications and researches handling the property registration in Egypt were investigated to be able to draw a picture of the local status.
- **Stakeholders’ Meetings**: data collected was validated to confirm the local status.
- **International Experience**: practices of different countries in the area of property registration were scanned.
- **Recommendations**: are developed to streamline laws, regulations and procedures governing property registration.

1.2.1.1. Literature Review

Different studies about property registration in Egypt were scanned, reviewed and analyzed to better understand the local status.

The information collected during literature review was examined and validated during meetings conducted with different stakeholders. A list of reports, studies and websites visited during this project is included in section "9. Bibliography" on page 67.
1.2.1.2. Stakeholders' Meetings

Different meetings and field visits were carried out to confirm and document the local status. These meetings were as follows:

<table>
<thead>
<tr>
<th>Institution/Authority</th>
<th>Name</th>
<th>Position</th>
</tr>
</thead>
<tbody>
<tr>
<td>Notary Public</td>
<td>Mr. Farouk Awad</td>
<td>Assistant to the Minister of Justice, and head of the &quot;Notary Public Upgrading Project&quot;</td>
</tr>
<tr>
<td>Ministry of State for Administrative Development</td>
<td>Eng. Sameh Bedeir</td>
<td>Head of the Project for &quot;Real Estate Registry for Buildings&quot;</td>
</tr>
<tr>
<td>Real Estate Tax Authority</td>
<td>Mr. Ismail Abdel-Rassoul</td>
<td>First Deputy to the Ministry of Finance, Head of Real Estate Tax Authority</td>
</tr>
<tr>
<td>Real Estate Registry for Buildings (Pilot Project)</td>
<td>Mr. Mohamed Ibrahim Selim</td>
<td>Chief of Enumeration Committees</td>
</tr>
</tbody>
</table>

1.2.1.3. International Experience

To develop the international comparative study, five countries were selected to be scanned. These countries are:

- Canada (as one of the world leaders in streamlining laws and procedures)
- United Kingdom (UK) (as a member of the EU and a world leader in reforming and streamlining laws and regulations)
- Jordan (as a developing country sharing similar economic and geographical characteristics as Egypt)
- Turkey (as a developing country with similar size, economic and culture characteristics as Egypt)
- France (as a member of the EU and as a country sharing the law basis as Egypt)

1.2.1.4. Recommendations

Based on the analysis of local status and studying the international best practices, different recommendations were developed to streamline laws, regulations and procedures governing property registration. The recommendations developed in this report are based on:

- International experience and best practices.
- Stakeholders’ opinions.
- The experience of the project team.
1.3. **Definitions**

Different terms are used throughout this report. Most of these terms are specific to property registration. This subsection lists those terms with a brief description of their meanings.

<table>
<thead>
<tr>
<th>Term</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>A Property</td>
<td>Immovable object, whether land or building</td>
</tr>
<tr>
<td>Registration</td>
<td>The act of officially declaring the transfer of ownership of a property</td>
</tr>
<tr>
<td>A Client</td>
<td>The citizen using any government service through the different phases of property registration.</td>
</tr>
<tr>
<td>A Procedure</td>
<td>A set of activities conducted to fulfill a complete &quot;Business Need&quot; (e.g. registering a sale contract of a property)</td>
</tr>
<tr>
<td>An Activity</td>
<td>A series of steps, conducted in one organization/authority.</td>
</tr>
<tr>
<td>An internal activity</td>
<td>An operation conducted by one or more persons within the organization (official, clerk, receptionist, website, etc.) without interfacing with the client</td>
</tr>
<tr>
<td>Personal Folio System</td>
<td>Registering the ownership or the transfer of ownership through notarizing the documentary proofs (sales contract…) in Notary Public. The system is based on the personal information of the owner</td>
</tr>
<tr>
<td>Real Folio System &quot; El-Segel El-Ainy&quot;</td>
<td>Registering the land/real estate and the ownership based on a unique number identifying the land parcel</td>
</tr>
<tr>
<td>Cadastre</td>
<td>An official register of the quantity, value, and ownership of properties used in apportioning taxes¹</td>
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</tbody>
</table>

¹ Merriam-Webster Dictionary
<table>
<thead>
<tr>
<th>Term</th>
<th>Description</th>
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</thead>
<tbody>
<tr>
<td>Surveying</td>
<td>To determine and delineate the form, extent, and position of a parcel of land by taking linear and angular measurements and by applying the principles of geometry and trigonometry.</td>
</tr>
<tr>
<td>Deed</td>
<td>A “Deed” is the formal written document that transfers ownership rights from seller to buyer. It contains an accurate legal description of the property and is delivered at closing.</td>
</tr>
<tr>
<td>Title</td>
<td>A “title” refers to the rights of ownership and possession of a particular property.</td>
</tr>
<tr>
<td>Enumeration</td>
<td>The process of counting and identifying the location and specifications of properties within a defined area.</td>
</tr>
<tr>
<td>Freehold</td>
<td>A way of holding a title to a property in which ownership is for an indefinite length of time.</td>
</tr>
<tr>
<td>Leasehold</td>
<td>The limited interest/right in a property held by a tenant; primarily the right to inhabit it for a specified period of time. At the end of the lease, the property reverts to the owner or landlord.</td>
</tr>
</tbody>
</table>

The next section presents a brief introduction to the different systems for property registration, namely: Personal Folio System and Real Folio System.

---

2 Merriam Webster Dictionary
4 same source
2. Property Registration Systems

As defined above, the term “Property” refers to immovable objects. An immovable object is legally defined as "An object that cannot be moved without being dismantled or destroyed".

Historically, property registration (mainly for agrarian lands) was created for taxation purposes. By such registry, the state could identify the owners of land and the amount of dues they should be paying as a return for their ownership.

There are two main systems for property registration; Personal Folio System and Real Folio System.

2.1. Personal Folio System

This system registers and records the personal transaction of the property in term of sales contract or inheritance document. The data stored in the registry can only be retrieved through the recorded names.

Using the personal system, there is no way for a client to get the information or to know the owner of a certain property, which gives no guarantee of title.

2.2. Real Folio System (El-Segel El-Ainy)

In this system, a record for each property is created that contains two categories of information:

- Basic information about the property: its map, borders and specification.
- The human-property relation: The current owner, history of ownership, the property usage, mortgage and other human-property relations.

The Real folio system is implemented in two phases:

- Surveying and First Registration
- Registration of Transactions

It is obvious that the real folio system have several advantages over the personal folio system, including:

- Each property has a single record that stores all related information, e.g. its specification, ownership, history and rights.
- Searching the registry is easy since the records are based on the property identification number.
- This system guarantees the title, since all transactions related to the specific property are stored in one place.
With the evolution of economy and emergence of property markets as participating factors in economy development, most countries have already transferred their property registration systems from the personal to the real folio system.

### 2.3. Specifications of Property Registration System

The term "Property Administration" is used to refer to the processes of recording and disseminating information about the specifications, ownership, value and use of property and its associated resources. The information stored by a property administration system could be used for different purposes, e.g. price references and property specification. In this sense, property administration could be considered as a broader term than property registration.

However, as the ToR for this study is labeled "Property Registration", the term "Registration" is used throughout the report, even when discussing features and specifications related to property administration.

A good property registration system should provide the following:

- Guarantee of ownership and security of tenure
- Support for property taxation
- Act as a collateral for credit
- Develop and monitor property markets
- Protect State properties
- Reduce properties disputes
- Improve urban planning and infrastructure development
- Produce statistical data about properties in general

The following sections present a comprehensive study of the registration systems in Egypt and other countries. The discussion is composed of a narration of the local status, followed by international comparison between Egypt and 5 other countries and finally a list of recommendations to enhance the property registration system in Egypt.

Features that better describe the property registration systems are grouped into basic categories. Each category addresses a certain aspect of the system. These categories are:

1. **Organization of Government Authorities**

   This category discusses different authorities involved in the property registration process. It also identifies and categorizes other stakeholders with their roles in the registration process.
2. Registration Procedures and Activities
   This category addresses in details the different procedures that a client has to follow for property registration.

3. Registration Fees
   The category discusses the fees paid as registration fees to different registration authorities.

4. Automation and Transparency
   This category discusses different features that characterize the automation of data and procedures.

5. Conciliation
   Conciliation category discusses different types of informal property ownership and "Unlicensed" buildings that are not eligible for formal registration.

6. Property Taxation
   Finally, this category discusses property taxation for agrarian lands as well as real estates.
3. Organization of Government Authorities

This section discusses different authorities involved in the property registration process. It also identifies and categorizes other stakeholders as well as their roles. In addition, the relation and the role of each authority are discussed.

3.1. Local Status

Egypt applies two systems in registering properties. The Real Folio System is used to register agrarian lands and the Personal Folio System is used to register real estates.

The Real Folio System was introduced in Egypt by Law 142/1964 to be applied on agrarian lands. To date, 80% of the agrarian land in Egypt are covered by the Real Folio system, while the remaining 20% are registered using Personal Folio System.

The Real Estate Registry has started a pilot project recently to apply the real folio system on properties in urban areas. The objective of this pilot project is to apply the "Real Folio System" on real estates in "Dokki" district as a pilot area in Cairo. More elaboration on this subject is included in subsection "4.3.2 Registering Real Estates under Real Folio System (Pilot Project)" on page 26.

Several government authorities are involved in the property registration system in Egypt. However, the actual registration is mainly executed by two main authorities; the "Real Estate Registry", which belongs to the Ministry of Justice and the "Egyptian General Survey Authority", which belongs to the Ministry of Water Resources and Irrigation. Both organizations are involved in registering properties under Personal or Real Folio Systems. The involvement of these two authorities is attributed to historical reasons.

Egypt has been applying the Personal Folio System in registering properties as a legal procedure; thus certifying ownership was handled in the same manner as certifying and notarizing other documents. Accordingly, the Real Estate Registry (El-Shahr El-Akary) is integrated within the Notary Public. Notary Public is responsible for registering properties as well as numerous types of documents. The tasks of the Notary Public include registering:

- Companies contracts (notarizing partners’ signatures)
- Court Resolutions
- Legal proxies
- Marriage contracts
- Other types of documents

When the Real Folio System was introduced for the registration of agrarian land, it was also placed within the same organization. In other words, the department handling the
Real Folio System (Al-Segel-Al-Ainy) was placed with the Real Estate Registry (El-Shahr El-Akary) which was originally integrated with the Notary Public.

The Surveying function belongs to the Ministry of Water Resources and Irrigation. The reason for such organization is probably due to the fact that this function was originally conducted to define borders of agrarian lands for irrigation purposes.

The Personal Folio System is based on registering the documents of the property (sale contract, inheritance documents...). The Survey Authority reviews the application technically, while the Real Estate Registry reviews it legally.

The property registration procedure has other stakeholders. The following figure illustrates the different stakeholders that play different roles in property registration. These stakeholders interact with each other in this area as core and non-core authorities.

![Figure 1 – Core and Non-Core Authorities in Property Registration](image-url)
3.2. Comparative Study (Egypt/International)

The previous subsection presented the local status in terms of organization of government authorities. This subsection presents a comparison between Egypt and other scanned countries.

<table>
<thead>
<tr>
<th>Feature</th>
<th>Egypt</th>
<th>Canada</th>
<th>UK</th>
<th>Jordan</th>
<th>Turkey</th>
<th>France</th>
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<tbody>
<tr>
<td>Agrarian Registration (Personal/Real) folio</td>
<td>PR</td>
<td>R</td>
<td>R</td>
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<tr>
<td>Real Estate Registration (Personal/Real) folio</td>
<td>P</td>
<td>R</td>
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<tr>
<td>Registration and Surveying under the same authority</td>
<td>✗</td>
<td>✗</td>
<td>✗</td>
<td>✓</td>
<td>✓</td>
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<tr>
<td>Authority responsible for property registration</td>
<td>Real Estate Registry</td>
<td>Land Registry</td>
<td>Land Registry</td>
<td>Department of Lands and Survey</td>
<td>General Directorate of Land Registries</td>
<td>Land Registry</td>
</tr>
<tr>
<td>Ministry responsible for registration</td>
<td>Ministry of Justice</td>
<td>Ministry of Service NSs and Municipal Relations</td>
<td>Prime Ministry</td>
<td>Ministry of Finance</td>
<td>Prime Ministry</td>
<td>Ministry of Economy and Finances</td>
</tr>
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5 Nova Scotia
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<thead>
<tr>
<th>Feature</th>
<th>Egypt</th>
<th>Canada</th>
<th>UK</th>
<th>Jordan</th>
<th>Turkey</th>
<th>France</th>
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<tbody>
<tr>
<td>Authority responsible for Surveying/ mapping</td>
<td>General Survey Authority</td>
<td>Surveys Division</td>
<td>Ordnance Survey</td>
<td>Same</td>
<td>Same</td>
<td>Land Tax Center</td>
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<tr>
<td>Ministry responsible for surveying</td>
<td>Ministry of Water Resources</td>
<td>Ministry of Natural Resources</td>
<td>Ministry of Environment</td>
<td>Ministry of Finance</td>
<td>Same</td>
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<td></td>
<td>and Irrigation</td>
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<td>Number of Agencies/Departments involved in properties registration</td>
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<td>1</td>
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<tr>
<td>Number of Ministries involved in properties registration</td>
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<tr>
<td>Registration Authority has a business plan</td>
<td>✗</td>
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</table>

Table 1 – Organization, International Comparison

*Information is not available*
The following table lists the ministries responsible for the land registries and cadastre (Real Folio) in countries of EU community.

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7 Unified Land Registry and Cadastre
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<td>France</td>
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<td>Germany</td>
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<td>L</td>
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<td>Greece</td>
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<td>Iceland</td>
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⁸ Land Registry
⁹ Cadastre
¹⁰ Real Estate Properties
¹¹ Condominium
¹² Mortgages
¹³ Unified
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<tr>
<td>Poland</td>
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<tr>
<td>Moldova</td>
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<tr>
<td>Romania</td>
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<td>Russia</td>
<td>U</td>
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<tr>
<td>Slovenia</td>
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<tr>
<td>Spain</td>
<td>U</td>
<td></td>
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<td></td>
</tr>
<tr>
<td>Sweden (District Courts)</td>
<td>U</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>Switzerland</td>
<td>U</td>
<td></td>
<td></td>
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<td></td>
<td></td>
</tr>
<tr>
<td>Turkey</td>
<td>U</td>
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<td></td>
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<td></td>
<td></td>
</tr>
<tr>
<td>UK</td>
<td>U</td>
<td></td>
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<td></td>
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<td></td>
<td></td>
</tr>
</tbody>
</table>

Table 2 – Ministries responsible for Land Registry and Cadastre (Real Folio System)
3.2.1.1. Registration System

All scanned countries use Real Folio System to register agrarian and real estate properties.

3.2.1.2. Registration and surveying under the same authority

This means functions of property administration; property registration and surveying/mapping are under the same management.

In Jordan, Turkey and France, the functions of property registration and surveying are under the same ministry.

In Canada and UK, each of the functions is under a different authority. Nevertheless, surveying in these countries, as well as in Turkey and France, do not play any role in the registration of property transactions.

3.2.1.3. Authority responsible for property registration

In each of the scanned countries, the land registry is the entity responsible for the registration procedure. In Jordan and France, the land registry is under the Ministry of Finance.

In Canada, UK, Jordan and Turkey, the land registry is an independent agency with developed mission, vision and business plans.

Nova Scotia – Canada allows the registration of personal movable properties (e.g. cars, yachts, machinery, mobile houses...). The records for personal properties are kept in a separate registry.

3.2.1.4. Authority responsible for surveying/mapping

In Jordan, Turkey and France, the authority responsible for surveying and mapping is a division or a department of the same ministry/directorate as the authority responsible for land registration.

3.2.1.5. Registration Authority has a business plan

In four of the scanned countries, the registration authority has a business plan. In Jordan, the Department of Lands and Survey publishes its mission, vision, goals and strategic plan through its website.

In UK, the Land Registry has a strategic plan (for 10 years) and a business plan that is monitored, evaluated, reported and published annually.
In Canada as well, the Land and Property registries (under the Ministry of Services Nova Scotia and Municipal Relations) publish their own plans in addition to annual assessment reports.

### 3.3. Recommendations

To better appreciate the recommendations listed for this section, it is important to present the strategic background on which the recommendations were based.

It is most important to understand the two phases of the Real Folio System, which are:

7. **Survey and First Registration:** that defines the coordinates of each parcel of land, specifications of each building, and identifies the owner of the property. This is the first step in developing a Real Folio System.

8. **Consequent Registration:** that registers different transactions of the property surveyed and first registered in the previous step.

#### 3.3.1. Why to Survey?

In Real Folio System, the role of survey is confined to:

- Defining the coordinates of the property in the first step of developing the Real Folio System
- Providing new accurate measurements of the property when needed
- Surveying new modifications made to the property

But in the "Personal Folio Systems", survey has no role, except:

- Estimating due fees for registration
- Justifying the fees imposed for surveying

#### 3.3.2. Ownership of the whole Property Registration Procedure

Different international studies showed that successful property registration systems place the ownership of the whole procedure (registration, surveying and mapping) under the management of a single authority.

Regardless of being subordinate to which ministry, the authority should be independent in terms of management, finance and planning. Moreover, the management of the authority should be responsible for managing any reforms relating to the property registration.

This does not mean that the authority cannot have the support of a steering committee or that other ministries cannot be involved in the process, but this support or involvement should still be supervised by the single authority.
As an independent authority, it should develop its strategic and business plans, with clear mission, vision, objectives and action plans to achieve these objectives. The head of the authority should be accountable for the managing the execution of developed plans.

As the authority "owns" the property registration procedure, it should be responsible for all property registration procedures & functions including property registration, surveying and mapping. However, the authority may outsource the tasks of surveying and mapping to other governmental agencies (e.g. Egyptian General Survey Authority or Military Survey Authority) or to private surveyors.

If the authority is utilizing private surveyors, they should be registered at and reporting to it rather than reporting to the Egyptian General Survey Authority.

3.3.3. Different Stakeholders of Property Registration

To better understand different relations and roles played by stakeholders, a more structured approach is adopted as illustrated in the following figure.

![Figure 2 – Stakeholders of Property Registration](image)

As the figure above shows, different stakeholders interact with each other and play different roles in the property registration procedure. The role of each stakeholder is defined as being one of the following categories:

9. Property Owners:

- Government Property Owners: such as
  - Ministry of Awqaaf
  - Ministry of Defense
  - General Authority for New Urban Communities
  - General Department of Properties (Amlaak)
• Private Property Owners: whether individuals or companies.

10. Property Regulatory Authorities: such as
• Ministry of Housing and New Urban Communities
• Agrarian Reform General Authority
• Land Reclamation Authority
• General Department for Land Protection
• General Department for Agrarian Possession
• General Department for Housing and Utilities
• Municipalities

11. Real Estate Tax Authority

12. Property Registration Authority:
• Notary Public
• Survey General Authority

It is important to differentiate between the roles of "Property Registration", "Property Regulation" and "Property Ownership". Government authority should only be allowed to play the role of one of the mentioned categories.

While the "Property Registration" role is to maintain an up-to-date record of "what is where" and "who owns what" in addition to executing the rules and regulations stipulated by regulatory authorities, the role of the "Property Regulation" is to develop and apply the necessary regulations to control and organize property ownership and trade.

The "Property Owners" should not play any regulatory role. In this context, the "Government Property Owners" should be treated as private owners; they should not be granted regulatory rights. Moreover, as the "government property owners" are governmental authorities, they should be acting in a manner that encourages and facilitates property registration for their clients.

3.3.4. Strategies for Recommendations

Based on the aforementioned concepts, the following summarizes the strategies adopted in developing the recommendations of this section.

1. Surveying should be confined to the first step in developing the Real Folio System and has no role in the Personal Folio System.

2. Generating fees do not justify imposing separate activities.

3. The ownership of the property registration procedure belongs to the management of a single authority.
4. The property registration authority should be an independent authority with developed strategic, business and financial plans.

5. The said authority is responsible for all property registration functions, with the option of outsourcing surveying and mapping work to governmental agencies or private surveyors.

6. In case of utilizing private surveyors, they will be registered at and reporting to the property registration authority and not the Egyptian General Survey Authority.

7. As the responsibility of surveying and mapping properties belong to the property registration authority, it is logic to consider unifying both property registration authority and Egyptian General Survey Authority in one authority.

8. The government property owners should be treated as private owners; they should not be granted regulatory rights.

9. Government property owners should act in a manner that encourages and facilitates property registration for their clients.

The following paragraphs elaborate on the recommendations developed for this section.

01. Establish an independent agency to assume the responsibility of registering properties

The international experience showed that property registration (whether land or real estate) and surveying/mapping functions should be placed under a "single" governmental authority.

The one and only responsibility of this authority is to manage the property registration system for the whole country. In other words, it should be responsible for recording and updating "what is where" and "who owns what".

The property registry is responsible for managing and maintaining the records of properties whether land or real estate in the whole country.

The property registry should be totally dedicated to the mission of property registration, thus it should not be involved in the other function of the Notary Public, which is certifying documents.

In other words, the property registry should not be doing any function other than property registration, and no other authority should be doing the functions of property registration.

Therefore it is essential to place the ownership of the whole property registration procedure (registration, surveying and mapping) under the management of the same agency.

02. Property registration agency should be independent, with well-developed strategic, business and financial plans and clear deliverables
Regardless of being subordinate to which ministry, the property registration agency should be independent in terms of management and finance. As independent "service provider", the agency should have well-defined strategic, business and financial plans.

The developed plans should include the following items:

- Mission, Vision and Business Objectives
- Current activities and future plans
- Action plan to achieve the business objectives (with responsibilities, timelines and progress updates)
- Financial statements and projections
- Performance targets and measurement indicators

During the period of the strategic plan, it is likely that priorities will change; new action points will be added and completed ones removed. The plans should be dynamic, in other words they should be revised at regular intervals and approved annually.

Changes to strategy and business plans should be published on-line, which would achieve two main objectives:

- Add to the transparency of the authority, and
- Promote the authority reforms and activities

03. Property registration agency should be able to subcontract other governmental or private agencies to provide surveying and mapping services

Being responsible for property registration does not mean that the agency has to do all the work by itself. The agency should possess the necessary flexibility to outsource surveying and mapping tasks.

The agency could subcontract governmental authorities (e.g. Egyptian General Survey Authority or Military Survey Authority) or private surveyors/surveying agencies to provide it with survey and mapping services.

In case of utilizing private surveyors, they should be registered at and reporting to the property registration agency rather than to the Egyptian General Survey Authority.

04 Confine surveying to the first step of developing the Real Folio System (as long as the property has no changes)

As mentioned earlier, the surveying function has no role in the registration procedure. It is only concerned with surveying the property during the first step of developing the Real Folio System.

As stated in the strategies, generating fees should not justify imposing unnecessary activities. Therefore the survey function should be confined to the first step of developing the Real Folio System.
However, surveying may be involved in the procedure if the original property was changed (by development, fragmentation...) or if precise survey measurements are needed.

**05. Ensure the integrity of registered data by the suggested agency**

The Notary Public is in the process of automating the data of notarized documents, including the documents of registered properties. In the mean time, the Real Estate Tax Authority is undergoing the same procedure to automate the contents of "Ledger 32" that contains the properties information used in taxation. This means that there are two authorities recording data that may relate to the same property.

In spite of the potential that data may not be integrated between the two authorities, this might be acceptable in the current time as each authority is functioning in isolation from the other.

However, it is inevitable that implementing the recommendations of this report will require the presence of properties data in a single repository. One authority should be responsible for recording the data and it is logical that it should be the property registration authority. All other authorities would retrieve the data according to their needs.

**06. Consider developing a long-term plan to unify the property registration and survey authorities into a single authority**

Historical reasons cannot justify the continuation of separate authorities handling the property registration and surveying. In most of the countries scanned, these functions are handled by the same authority.

A long term plan should be developed to unify these two authorities under a single authority.

**07. Ensure that government property owners are treated as private property owners**

In other words, government property owners should not be granted any regulatory rights. Moreover, as these owners are government authorities, they should facilitate registering properties sold to their clients.
The following figure illustrates the status being aimed at by the above mentioned recommendations.

**Property Registration Authority**

- **Property Owners:**
  - Government
  - Private
- **Property Regulatory Authorities**
- **Real Estate Tax Authority**
- **Rights Owners:**
  - Mortgagers
  - Banks

**Surveying (Subcontracting)**

- **Property Regulatory Authorities**
- **Real Estate Tax Authority**
- **Third Parties**

Figure 3 – Stakeholders of Property Registration, Recommended Status
### 3.3.5. Recommendations Summary

The following table summarizes the recommendations presented in this section in addition to their scope, level and law(s) affected.

<table>
<thead>
<tr>
<th>No.</th>
<th>Scope</th>
<th>Level</th>
<th>Recommendation</th>
<th>Affected Law</th>
</tr>
</thead>
<tbody>
<tr>
<td>01</td>
<td>0</td>
<td>0,1</td>
<td>Establish an independent agency to assume the responsibility of registering properties</td>
<td>New Legislation for Property Registration</td>
</tr>
<tr>
<td>02</td>
<td>2</td>
<td>0,1</td>
<td>Property registration agency should be independent, with well-developed strategic, business and financial plans and clear deliverables</td>
<td>None</td>
</tr>
<tr>
<td>03</td>
<td>2</td>
<td>0,1</td>
<td>Property registration agency should be able to subcontract other governmental or private agencies to provide surveying and mapping services</td>
<td>Suggested New Legislation</td>
</tr>
<tr>
<td>04</td>
<td>0</td>
<td>0</td>
<td>Confine surveying to the first step of developing the Real Folio System (as long as the property has no changes)</td>
<td>Suggested New Legislation</td>
</tr>
<tr>
<td>05</td>
<td>2</td>
<td>0,1</td>
<td>Ensure the integrity of registered data by the suggested agency</td>
<td>None</td>
</tr>
<tr>
<td>06</td>
<td>2</td>
<td>0</td>
<td>Consider developing a long-term plan to unify the property registration and survey authorities into a single authority</td>
<td>Suggested New Legislation</td>
</tr>
<tr>
<td>07</td>
<td>2</td>
<td>1</td>
<td>Ensure that government property owners are treated as private property owners</td>
<td>Suggested New Legislation</td>
</tr>
</tbody>
</table>

Table 3 – Recommendations on Organization
4. Registration Procedures and Activities

Egypt is applying two systems for property registration, namely Personal and Real Folio System. Egypt has always been depending on the Personal Folio System in registering lands and real estates.

This section discusses the two systems used for property registration as well as the registration procedure itself.

4.1. Registering Agrarian Lands

In 1964, the law of Real Folio System was enacted, defining certain agricultural areas to be subject to this system. Such areas were surveyed and land parcels were accurately measured and given identification numbers.

Newer areas are added to the real folio system by ministerial decrees issued by the Minister of Justice.

In spite of the fact that the Real Folio System law was enacted in 1964, the total space covered by the system is counting to 80% of the total agrarian lands in Egypt. The remaining percentage is still registered under Personal Folio System. The government is expecting that the remaining 20% would be covered within the next two years.

The Real Folio System is based on two Procedures:

1. Surveying and First Registration
   - General Survey Authority to survey land parcels and draw relative maps
   - Real Estate Registry to handle first registration of ownership

2. Registration of Consequent Transactions
   - Real Estate Registry is the sole organization responsible for this procedure.

4.2. Registering Real Estates

The Real Folio System is not applied on real estates. These properties are registered using the Personal Folio System.

However, there is a pilot project initiated by Ministry of Justice in cooperation with Ministry of State for Administrative Development to apply the Real Folio System on real estates in the district of "Dokki". More information about this project is available under the next subsection "Local Status".
4.3. **Local Status**

Property registration in Egypt is governed mainly by two laws: Law 114/1946 (Law for Property Registry and Certification) and Law 142/1964 (Law for Real Folio System).

4.3.1. **Registering Properties under Personal Folio System**

The following diagram illustrates the current procedure of registering a contract of a property under the Personal Folio System.

![Diagram of registering properties under Personal Folio System](image)

**Figure 4 – Registering Properties under Personal Folio System**

4.3.1.1. **Property registration**

Up to now, registering real estates is handled as a legal procedure in the same manner as notarizing other documents.

Registering properties in Egypt is not compulsory by law. Nevertheless, the law does not recognize transfer of the ownership without formal registration of the contract of this transfer.
In other words, the owner of an unregistered property may not obtain formal finance (mortgage) against his/her property.

Moreover, if the transaction was not formally registered, the former owner of the property could sell it to others, which will require long and costly legal procedures to settle the disputes.

Lease contracts are also subject to registration, where the law stipulates that lease contracts exceeding the duration of 9 years should be formally registered.

The Egyptian laws do not provide for indemnification against losses caused by registration errors. However, the law imposes criminal sanctions against fraud or misleading information provided for property registration.

4.3.1.2. **Field inspection by Survey Authority**

The procedure illustrated in Figure 4 shows that the Survey Authority is involved in the registration procedure.

It is responsible for field inspection of the property subject to transaction. This inspection occurs for each transaction of the property, regardless of whether it is modified or not.

4.3.1.3. **Reviews and approvals**

The example stated in the "Proposals to Integrate Extralegal economy into mainstream economic activity in Egypt" report, and the example used by the World Bank to describe the procedure, time and fees for "Registering Property" in Egypt show long time periods consumed during the procedure. These time periods are consumed in internal activities, mainly in reviews and transferring documents between departments and authorities.

4.3.2. **Registering Real Estates under Real Folio System (Pilot Project)**

The Real Folio System is currently applied on agrarian lands only; it is not yet applied on the real estates.

The Egyptian government has initiated recently a pilot project to apply the Real Folio System on real estates in Cairo. The project scope is to cover "Dokki" district.

4.3.2.1. **About the Pilot Project**

The consultation team conducted a field visit to the location of the pilot project to learn more about it.

---

14 ECES/ILD, 2003
The project has started its implementation last week (19/03 to 24/03/2005). The project is an initiative of the Ministry of Justice in cooperation with the Ministry of State for Administrative Development. Other authorities are participating in the project. These authorities are:

- Real Estate Tax Authority, Ministry of Finance
- Egyptian General Survey Authority, Ministry of Water Resources and Irrigation
- Dokky District, Ministry of State for Local Development

In parallel with the pilot project, the Minister of Justice has issued a ministerial decree to establish a "Properties Data Center" to accommodate the computerized Real Folio System.

The data center is located on three floors in the "Real Estate Registry (Al-Shahr Al-Akary" building, Dokki, Giza. The center is equipped with the necessary Information Technology (IT) and communication infrastructure.

**4.3.2.2. The Pilot Project Phases**

The pilot project is designed to be delivered on three phases:

**Phase I: Enumeration and Recording**

Where enumeration committees count the real properties in the "Dokki" area and record the physical information on paper forms. Each committee is formed of representatives of:

- Real Estate Registry
- Dokki District
- Real Estate Tax Authority

The collected information is reviewed with the available records at the Real Estate Tax Authority and the Real Estate Registry, to validate the accuracy of the data. The said data include:

- Location of the property (building number and street name)
- Number of floors
- Number of flats per floor
- The measurements of the flat (if possible)
- Type of tenure
- Owner of the building/apartment

It should be noted that the amount of information collected depends on the voluntary cooperation of the owner/tenant of the property. In many cases people are reluctant even to talk to the committees.

Upon validation of the information, all the property data stored in the database developed for this purpose.
**Phase II: Evaluation and Decision**

It is anticipated that the pilot project will be concluded within the next 6 months. By the end of the pilot project, a full report with evaluation of the project as well as its results will be presented to the Minister of Justice.

Based on the report outcomes, the Minister will issue a ministerial decree to start applying the system on other districts and cities.

**Phase III: Expanding the Implementation**

In this phase, the system will be implemented on real estate properties in other districts in Cairo as well as the other cities in Egypt.

The following figure illustrates the activities conducted to implement the pilot project.

![Figure 5 – Pilot Project for Applying Real Folio System on Real Estates](image)

There are currently 20 enumeration committees working on the project, with additional 20 committees to start training this week (26/03 to 31/03/2005) and commence working within next week (02/04 to 07/04/2005).

Finally, it should be noted that properties in violation with "Building License" will not be recorded in the new system as they are not eligible for registration. This may well leave a substantial part of the properties unregistered.
4.4. Comparative Study (Egypt/International)

This subsection presents the international comparison between Egypt and scanned countries in terms of property registration procedure.

4.4.1. The Procedure\textsuperscript{16}

The activities listed in this comparison are specific to the registration procedure itself excluding other activities relating to information inquiries. Such activities are conducted by the client to ensure the validity of the ownership and registration of the property.

<table>
<thead>
<tr>
<th>Activity</th>
<th>Egypt</th>
<th>Canada</th>
<th>UK</th>
<th>Jordan</th>
<th>Turkey</th>
<th>France</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Agrarian</td>
<td>Real Estate</td>
<td></td>
<td></td>
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</tr>
<tr>
<td>Submit an application at Registry branch</td>
<td>✓</td>
<td>✓</td>
<td>✗</td>
<td>✓</td>
<td>✓</td>
<td>✗</td>
</tr>
<tr>
<td>Submit an application at Survey branch</td>
<td>✗</td>
<td>✓</td>
<td>✗</td>
<td>✓</td>
<td>✓</td>
<td>✗</td>
</tr>
<tr>
<td>Survey field inspection and description form</td>
<td>✓</td>
<td>✓</td>
<td>✗</td>
<td>✗</td>
<td>✓\textsuperscript{17}</td>
<td>✗</td>
</tr>
<tr>
<td>Obtain certified copy of original contract</td>
<td>✗</td>
<td>✓</td>
<td>✗</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td>Obtain inclusions &quot;Moshtamalat&quot; form from Real Estate Tax Authority</td>
<td>✗</td>
<td>✓</td>
<td>✗</td>
<td>✓\textsuperscript{18}</td>
<td>✗</td>
<td>✗</td>
</tr>
<tr>
<td>Obtain &quot;Mokallafat&quot; Form</td>
<td>✓</td>
<td>✗</td>
<td>✗</td>
<td>✗</td>
<td>✗</td>
<td>✗</td>
</tr>
<tr>
<td>Drafting and approval of final contract</td>
<td>✓</td>
<td>✓</td>
<td>✗</td>
<td>✗</td>
<td>✗</td>
<td>✓</td>
</tr>
<tr>
<td>Paying fees, signing and finalizing the contract</td>
<td>✓\textsuperscript{19}</td>
<td>✓</td>
<td>✗</td>
<td>✗</td>
<td>✓</td>
<td>✗</td>
</tr>
<tr>
<td>Obtain registered contract/Registration of the transaction</td>
<td>✗</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td>Total number of activities</td>
<td>5</td>
<td>8</td>
<td>1</td>
<td>1</td>
<td>5</td>
<td>2</td>
</tr>
<tr>
<td>Total time consumed in the</td>
<td>184</td>
<td>193</td>
<td>9</td>
<td>21</td>
<td>26</td>
<td>4</td>
</tr>
</tbody>
</table>

\textsuperscript{16} Procedure to register contracts
\textsuperscript{17} Field inspection and valuation
\textsuperscript{18} Obtain a Tax certificate for the property
\textsuperscript{19} Stamp the contract with "Makboul" stamp
4.4.1.1. **Submit an application at Registry branch**

The client should approach the property registration authority and submit a request to register a property or a transaction.

Only Jordan and Turkey require that the client applies to the land registry for registration of the transaction. Other countries do not impose such requirement.

4.4.1.2. **Submit an application at Survey branch**

An application is submitted to the survey authority to inspect and/or survey the property. Based on this application, a surveyor visits the property to conduct a field inspection and to specify the property coordinates.

Survey authorities do not play any role in the registration procedure in all the countries except Jordan. The surveying architect in Jordan conducts a field inspection of the property for the sole purpose of property valuation and fees estimation.

4.4.1.3. **Survey field inspection and description form**

The survey field inspection report, or description form ("Kashf El-Tahdeed") entails the coordinates of the property in addition to defining the neighboring parcels or properties that surround each property border.

None of the scanned countries apply this feature.

4.4.1.4. **Obtain certified copy of original contract**

In spite of the fact that the original contract is already registered, the client has to obtain a certified copy of the contract at the Notary department.

None of the countries impose such a requirement. However, in France, the client has to obtain copies of all transfer deeds over a 30-years period.

4.4.1.5. **Obtain Inclusions "Moshtamalat" Form from Real Estate Tax Authority**

Table 4 – Registering Activities, International Comparison

<table>
<thead>
<tr>
<th>procedure (days)</th>
<th></th>
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</tr>
</thead>
</table>

30
Inclusions form (or "Kashf El-Moshtamalaat") is drawn from Real Estate Tax Authority, with the "components\(^{20}\)" of the property as registered in "Ledger 32".

None of the scanned countries imposes such requirement. However, Jordan requires a property tax clearance from the Department of Income Tax.

4.4.1.6. **Drafting and approval of final contract**

The final contract for the transaction is drafted with the names of buyer and seller, the geodetic information, the price paid and the rights on the property (if present) and all other necessary information.

This feature is only applied in France, where a "Promise to Sell" is signed by the contracting parties before a notary subject to the following conditions precedent:

- Waiver of the city’s right from pre-emption
- Land Registry search and a 30-year title search

Based on the fulfillment of the above mentioned conditions, a final contract (deed of sale) is drafted. The contract has two parts:

- First part: a standard form containing all information about the transaction. This is the part forwarded to the land registry for registration.
- Second part: can be freely drafted and contains basically a summary of the information/documents collected during the preparation for the transaction.

4.4.1.7. **Paying fees, signing and finalizing the contract**

In Jordan, The sale agreement should be finalized in front of the chairman of the land and property department and be signed by the two parties. Two witnesses, other than the Chairman, must also be present during the signing ceremony.

In UK, the buyer submits the appropriate documents to the Land Registry and pays the Land Registry fees defined upon finalizing the deal.

In France, the deed of sale must be executed before a notary. Failing which, it cannot be registered at the relevant Land Registry. The buyer has full ownership of the property immediately after the deed of sale has been signed before the notary.

4.4.1.8. **Obtain registered contract/ Registration of the transaction**

---

\(^{20}\) Number of floors, flats per floor and rooms per flat
The final contract is reviewed and approved by the property registrar then the registration number is added to it.

In Canada, after the agreement has been prepared and the transaction closed, the parties’ lawyers will complete the registration for transfer of title.

There are two systems of registration in Canada, depending on location of property. In the electronic registration system, the transfer is registered electronically by an authorized licensee at the offices of the buyer’s lawyer. Only lawyers have access to the electronic registration system for security reasons. Where electronic registration is not available, representatives of the seller and buyer lawyers meet at the local land registry office to exchange documentation. The buyer’s lawyer will register the transfer document manually.

In UK, and upon completion of the registration, the Land Registry will send to the buyer's lawyer a title information document (that is equal to registration certificate).

In France, The buyer's notary (a lawyer specialized and authorized by the state only to administer property transactions) applies for registration of the deed of sale at the relevant Land Registry. This step is not required but it makes the transfer opposable to third parties. Simultaneously, the notary pays registration fees and stamp duty on behalf of the purchaser. The original deed of sale remains with the notary indefinitely, but the buyer will receive a copy of the registered title that proves his ownership of the property.

4.4.1.9. Statistics

The following figures present an illustrated comparison between Egypt and scanned countries in terms of number of activities and time consumed in the registration procedure (including searches and obtaining necessary documents.)

![Figure 6 – Total Number of Activities](image-url)
Figure 7 – Total Time consumed by the Registration Procedure
4.4.2. Related Features

In addition to the activities comparison, the following table lists different features related to the registration function.

<table>
<thead>
<tr>
<th>Feature</th>
<th>Egypt</th>
<th>Canada</th>
<th>UK</th>
<th>Jordan</th>
<th>Turkey</th>
<th>France</th>
</tr>
</thead>
<tbody>
<tr>
<td>Registration is Administrative (A) or Legal (L)</td>
<td>L</td>
<td>A</td>
<td>A</td>
<td>A</td>
<td>A</td>
<td>L</td>
</tr>
<tr>
<td>Field inspection is mandatory for each transaction</td>
<td>✓</td>
<td>✗</td>
<td>✗</td>
<td>✓</td>
<td>✗</td>
<td>✗</td>
</tr>
<tr>
<td>Title Insurance/Guarantee</td>
<td>✗</td>
<td>✓</td>
<td>✓</td>
<td>--</td>
<td>✓</td>
<td>--</td>
</tr>
<tr>
<td>Indemnification system for losses due to registry errors</td>
<td>✗</td>
<td>✓</td>
<td>✗</td>
<td>--21</td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td>Mandatory lease registration if more than X years</td>
<td>9</td>
<td>All</td>
<td>7</td>
<td>All</td>
<td>49</td>
<td>12</td>
</tr>
<tr>
<td>System for valuating Properties based on Contract value (C)/ Standard Prices (S)</td>
<td>CS22</td>
<td>C</td>
<td>C</td>
<td>CS</td>
<td>C</td>
<td>C</td>
</tr>
</tbody>
</table>

Table 5 – Registration related features, International Comparison

4.4.2.1. Registration is Admin (A) or Legal (L)

Legal registration means that the property or transaction should be registered by Court or by Notary Public. Administrative registration means that the procedure is carried out in property registry without the need for notarization.

The registration is an administrative procedure in all of the scanned countries, with the exception of France, where the contract should be notarized prior to being registered.

4.4.2.2. Field inspection is mandatory for each transaction

This means the survey authority personnel are conducting field inspection of the property subject to registration for each transaction.

This feature is applied only in Jordan, as the field inspection is stipulated with the objective of valuating the property. This valuation would serve as basis for specifying the fees for registration.

21 Information is not available
22 In cases where contract value is less than value estimates, the standard prices are used for fees estimation
4.4.2.3. **Title Insurance/Guarantee**

Broadly, "Title Insurance/Guarantee" can be defined as a contract of indemnity that protects the insured, up to a certain sum, against defects, liens or encumbrances on the title.

Under title insurance, the buyer pays a premium to obtain the necessary guarantee. If a buyer finds that the title is invalid, the insurance company will pay compensation.

The types of coverage can vary, but generally cover risks like fraud, forgery, alteration or loss of title documents, tax liens, registration issues, local planning issues, and clerical or typographical errors affecting title.

Canada, UK and Turkey are applying this type of insurance through insurance companies, while the presence of such system could not be documented in Jordan and France.

4.4.2.4. **Indemnification system for losses due to registry errors**

In many cases, errors in registering properties could lead to substantial financial losses. Only Canada and France apply an indemnification system to compensate losses due to proven errors in registrations.

4.4.2.5. **Mandatory lease registration if more than X years**

Only Canada and Jordan impose that all lease contracts should be registered, regardless of their time duration.

Each of the remaining countries imposes registration of the lease contracts if they exceed a certain time period.

4.4.2.6. **System for valuating properties based on contract value or standard price**

All the scanned countries, with the exception of Jordan, depend on the contract value for valuating the property for registration.

Moreover, Canada and UK regularly publish updated schedules that list property prevailing prices as means to help the buyer and the seller to better estimate the cost of the transaction (price, fees and taxes.)

In Jordan, the "Lands and Survey Department" depends on contract value in valuating the properties. In cases where the contract value is less that existing price tables, the department depends on the standard price for fees estimation.
4.5. Recommendations

This subsection presents different recommendations on registration procedures and activities.

08. Eliminate the field inspection conducted by Survey personnel in each transaction

As mentioned under subsection 3.3.4 Strategies for Recommendations on page 18, the survey authority has no role to play in the registration procedure. Its role is confined in defining property coordinates and specifications as the first step in developing a "Real Folio System". The survey has no role to play in "Personal Folio System".

If the surveying activity is imposed only to specify or to justify registration fees, then it should be eliminated. In other words, if no modification is applied to the property, then there is no need for surveying.

09. Accept the survey reports issued by professional private surveyors as an optional alternative to the description form issued by Survey Authority

In most countries, whether developing (like Jordan) or developed (like Canada, UK and France), professional private surveyors are involved in the registration procedure.

In the same manner, the registration authority should avail the option for the client to submit a survey report issued by a private surveyor and accept it as an alternative for description form issued by the Survey Office.

The registration authority may develop the necessary mechanism to register and certify/accredit private surveyors to undertake this task.

Based on this, the client may approach one of the certified surveyors to issue a survey report for the property upon finalizing the details of the deal. In this way, the survey report could be attached to the sale contract upon application to register the property and/or the transaction.

10. Introduce the concept of "Tri-Contracts" signed by the seller, the buyer and the right owner

The term "Tri-Contract" refers to contracts that are signed by three parties rather than two. The three parties typically are: the buyer, the seller and the mortgage/right owner.

Introducing this concept would be a valued addition to the property mortgage system that is promoted nowadays, where it would facilitate the registration of properties financed by banks or other financial institutions.

11. Reduce the time consumed by internal activities in registration procedure

The current registration procedure consumes a long time to be concluded. The time is consumed by internal activities in the real estate registry and the survey office.
Most of the time is consumed in review activities and in transferring documents between authorities.

The time consumed by internal activities is too long for the activity conducted. Therefore, it is recommended that the time limits to conduct each activity should be reduced on phases.

The first phase would be the reduction of time consumed for manual operations conducted to 1/3 or the current limit.

As the Real Estate Registry is going through an automation project, it is anticipated that by the conclusion of the automation project, the time for property registration would consume much less time.

4.5.1. Recommendations Impact

When the recommendations stated in this section are approved and implemented, the registration procedure will be reduced to only 3 activities as shown in the following figure.

![Recommended Registration Procedure Diagram](image)

The following graphs illustrate the impact of implementing the listed recommendations, showing the difference in the number of activities and time consumed.
Figure 9 – Impact on the number of activities

Figure 10 – Impact on the time consumed
4.5.2. Recommendations Summary

The following table summarizes the recommendations developed for registration activities in addition to their scope and level.

<table>
<thead>
<tr>
<th>No.</th>
<th>Scope</th>
<th>Level</th>
<th>Recommendation</th>
<th>Affected Law</th>
</tr>
</thead>
<tbody>
<tr>
<td>08</td>
<td>2</td>
<td>1,3</td>
<td>Eliminate the field inspection conducted by Survey personnel in each transaction</td>
<td>Suggested New Legislation</td>
</tr>
<tr>
<td>09</td>
<td>0</td>
<td>0</td>
<td>Accept the survey reports issued by professional private surveyors as an optional alternative to the description form issued by Survey Authority</td>
<td>Suggested New Legislation</td>
</tr>
<tr>
<td>10</td>
<td>2</td>
<td>0,1</td>
<td>Place the role of Survey Office in surveying the property under the Registration Office</td>
<td>Suggested New Legislation</td>
</tr>
<tr>
<td>11</td>
<td>0</td>
<td>3</td>
<td>Avail the option for submitting final contract and survey report with the application for property registration</td>
<td>None</td>
</tr>
</tbody>
</table>

Table 6 – Recommendations on Registration Activities
5. Registration Fees

Financial obligations that are consequent to property registration are categorized as follows:

- One-time paid cost. This would be:
  - Registration Fees
  - Sales Tax
  - Transfer/Purchase tax
- Recurring Fees, or property annual taxes

This section discusses the registration fees and sales tax in specific. Other fees, whether one-time or recurring are discussed in section “8. Property Taxation” later on page 59.

5.1. Local Status

The fees for property registration were originally 12% of the property value. The fees were decreased to 6% by law 6/1991, to 4.5% by law 9/2003 then to 3% of the value by law 3/2004.

The first decrease (to 6%) led to an overwhelming increase of the income generated from property registrations, where it increased from LE 108 Millions to 408 Millions.

However, the second and third decreases did not achieve their objective. This could be attributed to the increase of additional fees charged by the survey authority. The survey fees were originally LE 10, and then they were increased to reach LE 190\(^{23}\).

The "Egyptian General Survey Authority" has been declared as an economic entity, responsible for its own finance. The authority was granted the right to define the fees for obtaining its surveying and mapping services.

Since this declaration, the authority started to impose different types of additional fees in return of its role in the property registration procedure. Now the fees for field inspection and report by the survey authority could reach more than 2% of the property value.

The World Bank included a subsection describing the procedure, time and fees for "Registering Property" in different countries. This subsection is under its online "Doing Business" website\(^{24}\).

For Egypt, it presented an example of registering a property with the value of LE 427,425 (US$ 69,500). The example listed the sum of LE 500 as fees for inspection (survey) application and LE 10,000 as fees for the inspection (survey) report (both paid to the Egyptian General

\(^{23}\) The officially declared fees

Survey Authority). The total fees paid for inspection of the property summed to 2.21% of the property value.

## 5.2. Comparative Study (Egypt/International)

This following table presents the comparison between Egypt and scanned countries regarding registration fees.

<table>
<thead>
<tr>
<th>Feature</th>
<th>Egypt</th>
<th>Canada</th>
<th>UK</th>
<th>Jordan</th>
<th>Turkey</th>
<th>France</th>
</tr>
</thead>
<tbody>
<tr>
<td>Registration fees: Fixed (F)/ Percentage (P)</td>
<td>P</td>
<td>F</td>
<td>F</td>
<td>P</td>
<td>F</td>
<td>P</td>
</tr>
<tr>
<td>Registration fees</td>
<td>5.21%25</td>
<td>61.1826</td>
<td>US$ 74.8 to 1308.8627</td>
<td>5%</td>
<td>US$ 44.6128</td>
<td>0.83%</td>
</tr>
<tr>
<td>Registration fees including survey fees</td>
<td>✗</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td>Institutions responsible for decisions on fees</td>
<td>Ministry of Justice29</td>
<td>Ministry of Service NS30</td>
<td>Parliament</td>
<td>Ministry of Finance</td>
<td>Ministry of Finance</td>
<td>Parliament</td>
</tr>
</tbody>
</table>

Table 7 – Registration Fees, International Comparison

### 5.2.1. Registration fees

In Canada, there is a defined and published list of fixed fees for different services provided by the land registry. The fees for registering a title transfer is CAD$ 74.50.

---

25 Fees in Egypt are paid in two places; Real Estate Registry (registration fees) and Survey General Authority (surveying fees)
26 transferred to US Dollars according to exchange rates of 25/3/2005
27 Based on the value of the property
28 transferred to US Dollars according to exchange rates of 25/3/2005
29 And the General Survey Agency for surveying services
30 Ministry of Service Nova Scotia and Municipal Relations
As for Jordan and France, the registration fees are a percentage of the property value. Turkey charges 60,000,000 Turkish liras as registration fees.

In UK, registration fees would differ based on the value of the property. The next schedule lists the fees charged for property registration.

<table>
<thead>
<tr>
<th>Value (From – to) UK£</th>
<th>Fee (UK£)</th>
</tr>
</thead>
<tbody>
<tr>
<td>0 – 50,000</td>
<td>40</td>
</tr>
<tr>
<td>50,001 – 80,000</td>
<td>80</td>
</tr>
<tr>
<td>80,001 – 100,000</td>
<td>100</td>
</tr>
<tr>
<td>100,001 – 200,000</td>
<td>150</td>
</tr>
<tr>
<td>200,001 – 500,000</td>
<td>220</td>
</tr>
<tr>
<td>500,001 – 1,000,000</td>
<td>420</td>
</tr>
<tr>
<td>1,000,001 and over</td>
<td>700</td>
</tr>
</tbody>
</table>

Table 8 – Registration fees for first time registration, UK

All scanned countries, with the exception of Canada, impose a percentage of the property value as purchase tax/stamp duties on the registration. This duty is addressed under subsection "8. Property Taxation" later on page 59.

5.2.1.2. Registration fees including survey fees

Additional surveying fees are only applied in Egypt. In countries where the Real Folio System is not completely applied, like UK, Jordan and Turkey, the government is responsible for surveying and mapping tasks.

5.2.1.3. Institutions responsible for decisions on fees

None of the scanned countries grant their registries the right to define their own fees. Canada, Jordan and Turkey assign the responsibility of defining fees to the ministries that supervise land registries. In UK and France the parliament assumes this responsibility.

---

31 Ready Reference Guide Registration Services Fees, issued in April 2004 by Land Registry, UK
5.3. Recommendations

This subsection elaborates on the recommendations developed for registration fees.

12. Perceive the registration fees as a value for the rendered services rather than a tool for income generating

One of the main objectives of the Egyptian government is to reduce the administration and financial burdens affecting different aspects of the business environment in Egypt including the legalization of property ownership.

Registration fees are among the reasons behind extra-legal practices in property ownership where owners do not register their ownership to avoid paying the registration and the survey fees.

Many of the scanned countries perceive the registration fees as a value for the service provided rather than a tool to finance the government. Thus, there are countries (like UK for example) that have lowered the fees for registration services in the past year to encourage property registration.

Therefore, it is recommended that the government should re-study the registration fees with the perception that it is a value gained for the service rather than a tool to generate income.

13. Include surveying fees within the registration fees

In spite of the fact that Egyptian General Survey Authority is an economic entity responsible for its own finance, it should not be granted the right to define fees for its services.

In all the scanned countries, the fees for obtaining property registration and surveying services are determined whether by the ministry of finance or even by the Parliament (as in UK).

Referring to the example presented by the World Bank and mentioned earlier under the local status, the fees for surveying services were 2.21% of the property value.

The high fees collected by the Egyptian General Survey Authority are considered among the reasons discouraging property owners to formally register their properties.

Therefore, the surveying fees should be included within the registration fees collected by the property registry (currently 3% of the property value), even if the two authorities are not consolidated yet.

14. Consider applying defined fixed fees instead of the currently applied 3%. Fees could be defined according to the location, area and Type of agriculture (for agrarian properties)
The Egyptian government is seeking to reduce the administration and financial burdens affecting the business environment as well as securing property ownership. Reducing the fees should not be done in isolation of the other streamlining actions. Otherwise, the impact of the decrease will not be high.

Within this concept, the Ministry of Justice, as the ministry responsible for defining registration fees, should consider applying fixed fees for registering properties.

It could be based on different variables, including:

- Location
- Space
- Type of agriculture (for agrarian properties)
- Luxury (for buildings and apartments)

The ministry may utilize the expertise of "Real Estate Tax Authority" in defining and updating fees schedules.

The recommended decrease in the registration fees would encourage owners to legalize their property ownership, which indirectly would achieve higher income to the property registration authority.

15. Registration authority should not change registration fees without the approval of higher authority (e.g. Parliament, Cabinet of Ministers)

As mentioned earlier in recommendation 03, the property registration authority should be an independent agency in terms of finances. However, the authority should not be granted the right to change the registration fees without approval from higher authority, which could be the Parliament or the Cabinet of Ministers.

Although, the government agent should be treated as a separate economical firm, yet due to its monopolistic nature in providing a certain service, it should not be left to the authority to dictate its fees.

As in the case of any monopolistic situation in a free market, the regulator should intervene and protect the client. The regulator in this case could be either the Parliament or the cabinet of Ministries

16. Declare the reforms plan and the fees decrease in the same time

Declaring at the same time the reforms plan and the fees decrease would guarantee a drastic impact on property owners. It would encourage them to proceed with formalizing their ownership and registering their properties.

In the mean time, implementing the recommendations stated in this report, especially those under the "Conciliation" section would encourage owners of informal properties to proceed with legalizing their ownership by registration.
5.3.1. Recommendations Summary

The following table summarizes the recommendations included in this section in addition to their scope, level and affected law.

<table>
<thead>
<tr>
<th>No.</th>
<th>Scope</th>
<th>Level</th>
<th>Recommendation</th>
<th>Affected Law</th>
</tr>
</thead>
<tbody>
<tr>
<td>12</td>
<td>0</td>
<td>0</td>
<td>Perceive the registration fees as a value for the rendered services rather than a tool for income generating</td>
<td>None</td>
</tr>
<tr>
<td>13</td>
<td>2</td>
<td>0</td>
<td>Include surveying fees within the registration fees</td>
<td>None</td>
</tr>
<tr>
<td>14</td>
<td>0</td>
<td>1</td>
<td>Consider applying defined fixed fees instead of the currently applied 3%. Fees could be defined according to the location, area and Type of agriculture (for agrarian properties)</td>
<td>Ministerial Decree</td>
</tr>
<tr>
<td>15</td>
<td>2</td>
<td>1</td>
<td>Registration authority should not change registration fees without the approval of higher authority (e.g. Parliament, Cabinet of Ministers)</td>
<td>None</td>
</tr>
<tr>
<td>16</td>
<td>2</td>
<td>0</td>
<td>Declare the reforms plan and the fees decrease in the same time</td>
<td>None</td>
</tr>
</tbody>
</table>

Table 9 – Recommendations on Registration Fees
6. Automation and Transparency

The typical objectives of a computerized property registration system are:

- Force standardization in the collection and processing of property information
- Speed up the processes of first registration
- Decrease the cost and space required for storing property records
- Prevent unnecessary duplication
- Simplify the preparation of “disaster-recovery” copies of registers
- Facilitate access to property-related data and improve their distribution
- Reduce the time and cost involved in transferring property rights and in processing mortgages
- Facilitate the monitoring and analysis of market and rental values of property
- Provide built-in mechanisms for quality control.

Different studies and publications are using different terminology to describe the automation levels in different countries. This report is trying to use the simplest and most common terminology for the sake of non-IT readers.

6.1. Local Status

This section discusses the level of automation and transparency in relation to property registration. The term “Automation” refers to facilitating and speeding the process of data recording and retrieval by means of computerization.

The discussion differentiates between the automation of data and the automation of the procedure itself.

- **Data automation** means that all the information relating to the property, i.e. specification, ownership and transactions are stored on digital media in a format understandable by computers.
- **Procedure automation** means that the transactions are conducted electronically whether by the registry personnel or by authorized lawyers by means of IT and communications infrastructure.

The Real Estate Registry of the Notary Public is currently undergoing a project for computerizing its branches. 12 branches are already provided with necessary PCs and peripherals, while 15 are still under the process.

The registry has started automating the official registered documents, where approximately 13 million documents were recorded on the database developed for this purpose.
The “Real Estate Tax Authority” is also undergoing a similar project to automate the contents of “Ledger 32”. This ledger holds all the information needed by the authority for property taxation. This issue is discussed in more details under section “8. Property Taxation” later on page 59.

### 6.2. Comparative Study (Egypt/International)

This section presents a comparison between Egypt and scanned countries in terms of automation level for data and for procedure.

<table>
<thead>
<tr>
<th>Feature</th>
<th>Egypt</th>
<th>Canada</th>
<th>UK</th>
<th>Jordan</th>
<th>Turkey</th>
<th>France</th>
</tr>
</thead>
<tbody>
<tr>
<td>Computerized information system</td>
<td>x</td>
<td>✓✓32</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td>Registered information available online</td>
<td>x</td>
<td>x</td>
<td>✓</td>
<td>x</td>
<td>x</td>
<td>x</td>
</tr>
<tr>
<td>Imaging (scanning) of support documents</td>
<td>x</td>
<td>✓✓33</td>
<td>✓</td>
<td>✓534</td>
<td>--</td>
<td>✓</td>
</tr>
<tr>
<td>Digitized maps used for cadastre</td>
<td>x</td>
<td>x</td>
<td>✓</td>
<td>✓</td>
<td>--</td>
<td>✓</td>
</tr>
<tr>
<td>Digitized maps available online</td>
<td>x</td>
<td>x</td>
<td>✓</td>
<td>x</td>
<td>x</td>
<td>x</td>
</tr>
<tr>
<td>Application forms available for download</td>
<td>x</td>
<td>x</td>
<td>✓</td>
<td>✓</td>
<td>--</td>
<td>x</td>
</tr>
<tr>
<td>e-Conveyance</td>
<td>x</td>
<td>x</td>
<td>✓</td>
<td>✓535</td>
<td>x</td>
<td>x</td>
</tr>
<tr>
<td>e-Lodging</td>
<td>x</td>
<td>x</td>
<td>✓</td>
<td>✓✓36</td>
<td>x</td>
<td>x</td>
</tr>
</tbody>
</table>

Table 10 – Automation and Transparency, International Comparison

#### 6.2.1.1. Computerized information system

This term means that the property registry is utilizing Information Technology (IT) capabilities and infrastructure in managing properties records. For example, registries could be storing the property information (specifications and ownership) on a database and utilizing different electronic peripherals (scanners and printers) to handle stored data.

---

32 Offline computerized system, still under development
33 Only on Microfilm
34 Information is not available
35 Under development
36 a Pilot project that started on February 2005
As it is shown by the previous table, all the countries utilize computerized information systems in property registration.

6.2.1.2. Registered information available on-line

To avail property information online, the registry will be utilizing the Internet capabilities to publish stored data.

Usually, only the basic information of the property is available to public, e.g. owner, location and space. Specific information (liens, charges, transactions history, supporting documents …) are provided to public against defined minimal fees.

Both Canada and UK avail an online search engine to enable the client to search for basic data related to a specific property. When the client is satisfied with the basic data, he/she could apply to the registry for all the recorded details about the property.

The application is conducted through an online form, and the fees for the search are paid using credit cards or pre-paid accounts.

The project team verified this feature in UK as a sample of countries providing property information online. An application was made to the "Land Registry" of the UK asking for information about a certain property. Defined fees were paid (£ 4.00) and the team received a PDF\(^{37}\) file through the e-mail with the following information:

- Title Number
- Address of Property
- Registered Owners
- Lenders (for mortgages)
- Land and Estate Description
- Rights to the property
- Ordnance Survey Plan Reference

It is worth noting that the request was handled automatically (with no human interference) and the information requested was delivered to the e-mail in 10 minutes.

6.2.1.3. Imaging (scanning) of support documents

This feature means that the registry is using scanners to transfer hard copies of supporting documents (deeds, contracts, maps…) into electronic format readable by computers. The electronic documents are then linked to the database record of the respective property.

\(^{37}\) Portable Digital Format
While Canada, UK and France are imaging supporting documents, this specific information was not documented for Jordan or Turkey. However, one could assume that the feature is available in both countries since they are using computerized systems.

6.2.1.4. Digitized maps used for cadastre and available online

Digitized maps are drawn electronically (vector drawing) using specialized software packages.

Digitized cadastral maps are drawn and used in Canada, UK, Jordan and France, while this feature was not detectable in Turkey as most of the websites of Turkish registries are in Turkish language without English pages.

Only Canada is publishing its digitized maps online on two levels. The more basic maps (higher scales) are available to public, while smaller scale maps are available only to subscribers who pay defined fees to access the digital maps library.

6.2.1.5. Application forms available for download

Canada, UK and Jordan avail the application forms for downloading through their websites. Again, this feature could not be documented for Turkey due to language barriers.

6.2.1.6. e-Conveyance

The term "Conveyance" in the field of properties means the act of transferring ownership of a certain property from one person to another.

e-Conveyance is the transformation of the current paper based conveyance system into electronic form, using electronic documents, requisitions and signatures. In other words, it is an electronic system for buying, selling and registration of land and real estates.

e-Conveyance systems should have the following main features:

- Electronic conveyance documents
- Utilizing online communications in conveyance processes
- Simultaneous completion and registration.
- Electronic payment to co-ordinate payment of fees
- Increased availability and transparency of stored information.

Land registry in Canada provide for e-conveyance through their websites. However, conducting e-conveyance is restricted to authorized lawyers and conveyancers as regulated by each registry. In UK, the system for e-Conveyance is still under development.

6.2.1.7. e-Lodging
e-Lodging is a feature that complements e-Conveyance in property registration; the term means the ability to transfer electronic documents (PDF files, scanned files or files in any electronic format) to the property registration system by means of online communication.

Canada is the only country providing this facility, again through authorized lawyers. In the UK, this system is under development where a pilot project started in February 2005.
6.3. Recommendations

This subsection presents the recommendations for automation and transparency.

17. Upgrade the computerized registry system on phases

The computerized system should be upgraded on two main phases, which are: Data Automation and Procedure Automation.

- **Phase I: Data Automation**
  1. *Develop and deploy the system* that will record all information related to property and property transaction(s). The system should avail the electronic retrieval of recorded information by different authorities and stakeholders.
    
    1.**P. Publish** basic registered data online.
  2. *Develop a system to image supporting documents* (original deeds and contracts) and relate them to the recorded data for each property.
    
    2.**P. Publish** the imaged documents online.
  3. *Use Digitized maps* and create a link between these maps and the properties records.
    
    3.**P. Publish** digitized maps on-line.

- **Phase II: Procedure Automation**
  1. *Develop a system for “e-Conveyance”*. e-Conveyance means that the person authorized to conduct the property/transaction registration is enabled to undertake the task of transaction registration regardless of his whereabouts, utilizing the capabilities of information technology.
  2. *Develop a system for “e-Lodging”*. e-Lodging means that the person authorized to register the transaction could submit the necessary documents to the registration system by electronic means (e-mail, online submission).

18. Avail registered data (property, maps, mortgages, etc.) for public against defined fees.

The property registration authority, as an independent economic authority is responsible for its own finance. It could follow the international experience in providing specific information related to registered properties as a tool for income generation.

In the same manner, a citizen in Egypt (or even abroad), may apply to the authority requesting information about a registered property. This application could be submitted through a dedicated form available online as in the UK example. The authority would
provide the client with the required information against defined fees, for example LE 30 per request.

6.3.1. Recommendations Summary

The following table summarizes the recommendations on automation and transparency in addition to their scope and level.

<table>
<thead>
<tr>
<th>No.</th>
<th>Scope</th>
<th>Level</th>
<th>Recommendation</th>
<th>Affected Law</th>
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<tbody>
<tr>
<td>17</td>
<td>0</td>
<td>0</td>
<td>Upgrade the computerized system on phases</td>
<td>None</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>• Phase I: Data Automation</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>1. Develop and deploy a system for property information</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>o Publish the basic registered data online</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>2. Develop a system to image supporting documents</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>o Publish supporting documents online</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>3. Use Digitized Maps</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>o Publish digitized maps online</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>• Phase II: Procedure Automation</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>o Develop a system for e-Conveyance</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>o Develop a system for e-Lodging</td>
<td></td>
</tr>
<tr>
<td>18</td>
<td>0</td>
<td>0</td>
<td>Avail registered data (property, maps, etc.) for public against defined fees</td>
<td>None</td>
</tr>
</tbody>
</table>

Table 11 – Recommendations on Automation and Transparency
7. Conciliation

This section discusses different types of informal property ownership and "Unlicensed" buildings that are not eligible for formal registration.

7.1. Local Status

In the last few decades, Egypt witnessed an increasing amount of informal properties (land and real estates) ownership. One could attribute this informality to the following reasons:

- The rapid increase of population in Egypt created a pressure on the old cities as they were originally planned.
- The repetitive internal immigration for residents of agrarian regions towards major cities seeking better living conditions. This created a pressuring need to avail cheap accommodations for new comers.
- The decrease in agriculture revenues versus the increase in building land prices encouraged land owners to stop cultivating their lands and sell or use them as building lands.

These reasons have led to different types of informal ownership of property. These types include:

- Unlicensed Buildings
  - Adding floors to the building more than permitted by the building license.
  - Adding new constructions that were not included in the building license.
- Informal Squatter Settlements
  - Building on outer skirts of the city. These buildings are constructed on desert lands that belong to the government.
- Illegal Buildings
  - Building on agrarian lands, in spite of the law prohibiting such action.

The municipality is the government authority responsible for issuing the building licensing and controlling the "unlicensed" constructions. Accordingly, the municipality is the authority responsible for either removing of the unlicensed construction or conciliating with the unlicensed construction owner.

Most of the municipalities are not taking either action. Accordingly, there are a lot of unlicensed buildings in Egypt. For example, 80% to 90% of the buildings in "Nasr City", which is one of the biggest districts in Cairo, are unlicensed.
As the law does not permit an unlicensed property to be legally registered, a large number of existing properties are not formally registered.

### 7.2. Recommendations

The analysis of the local status lead to developing the recommendations elaborated in this subsection.

The term "Unlicensed buildings" refers to buildings that were constructed in violation to enacted laws or to the issued building licenses. Such buildings are not permitted to be registered, and as a result, approximately 95% of the buildings within cities or on the outer skirts are not registered.

The recommendation to solve this problem is to enforce the law by either removing the unlicensed construction or conciliating with the unlicensed construction owner. The easiest and the fastest solution to make this enforcement, is to manage and execute it in a central way in all cities and districts. However, this will contradict with the decentralization strategies adopted by modern governments including the government of Egypt.

Accordingly, the following recommendations will be based on facilitating all regulations and requirements for the municipalities to end this awkward situation within a certain time limit. Otherwise, the central government would intervene.

**19. Develop a mechanism for conciliating with "unlicensed" properties owners**

This mechanism should target all violations, including:

- Building out of building license limit (higher floors, building out-of-boundaries)
- Building on agricultural land
- Building without building licenses

The mechanism could be developed with the same spirit expressed in the "Tax Conciliation System", where the government conciliates with current violations and maximize the sanctions for new violations.

The mechanism should include a conciliation unit to be responsible for granting updated licenses. Such licenses would be available for the violations considered valid for conciliation on the basis of consent by silence (next recommendation).

**20. Force the municipalities to resolve the "unlicensed" buildings within a certain time limit through Demolition of the building or Conciliation & license change. The municipalities should be given all necessary tools including regulations and equipment**
The municipalities should be forced to resolve this issue within a defined period, for example a maximum of 1 year, where the resolution could be:

- Demolition of the building
- Conciliation & license change

In order to have the municipalities capable of performing such a strategic task, they should be given all necessary tools including regulations and equipment.

The concept of "Consent by Silence" could be applied for this recommendation. After the defined period, the un-resolved properties (where no action was taken) would be considered valid for conciliation or the intervention of the central government.

21. **Encourage conciliated property owners to register their properties within a time limit (by reduced fees for example)**

A special "promotion" licenses granted to conciliated properties should be limited. For example, it could be valid for one year. So this would be used as means to encourage the owners to legalize their ownership and register their property within the time limit.

Certain deductions on registration fees could be applied to encourage conciliated owners for registering their properties within the time limit.

### 7.2.1. Recommendations Summary

The following table summarizes the recommendations listed in this section with their scope and level.

<table>
<thead>
<tr>
<th>No.</th>
<th>Scope</th>
<th>Level</th>
<th>Recommendation</th>
<th>Affected Law</th>
</tr>
</thead>
<tbody>
<tr>
<td>19</td>
<td>0</td>
<td>0,1</td>
<td>Develop a mechanism for conciliating with &quot;unlicensed&quot; properties owners</td>
<td>Ministerial Decree</td>
</tr>
<tr>
<td>20</td>
<td>2</td>
<td>0,1</td>
<td>Force the municipalities to resolve the &quot;unlicensed&quot; buildings within a certain time limit through Demolition of the building or Conciliation &amp; license change. The municipalities should be given all necessary tools including regulations and equipment</td>
<td>Ministerial Decree</td>
</tr>
<tr>
<td>21</td>
<td>0</td>
<td>0,1</td>
<td>Encourage conciliated property owners to register their properties within a time limit (by reduced fees for example)</td>
<td>None</td>
</tr>
</tbody>
</table>

Table 12 – Recommendations on Conciliation
8. Property Taxation

This section discusses the real estate and the agrarian taxation with a focus on real estate.

8.1. Local Status

Income generated from agrarian and real estate properties is subject to taxation as follows:

- Income generated from agrarian properties
- Income generated from real estate properties
- Income generated from letting furnished real estate properties for rent
- Total value of selling real estate properties (within cities cordon)

The new Income Tax Law, which is under discussion in the parliament, is expected to be enacted in the near future. This law addresses the taxation of income generated from agrarian and real estate properties. To ensure that this study is up-to-date, it considers this law as the prevailing law.

8.1.1. Taxes on Agrarian Properties

The law states that income generated from agrarian properties (whether ordinary agricultural or horticultural) should be taxed on the basis of rental value. Rental values are determined according to the rules stated in law 113/1939.

If the farmer is the owner of the property, then he would be subject to taxes based on doubling the rental value.

In all cases, the law provides for deducting 20% of the taxable income for expenses.

8.1.2. Taxes on Real Estate Properties

Real estate properties are taxed on the basis of rental value as stated under law 56/1954. The property owner is entitled for 20% deduction of the taxable income for expenses.

The owners of properties located in special areas, stated in ministerial decrees, are entitled for 40% deduction of taxable income for expenses.

Real estate properties are taxed with different rates (10, 15, 20, 30 and 40%) on the rental value. The law for real estate taxation (56/1954) provides for tax exemptions targeting specific types and purposes of buildings.
8.1.3. Taxes on Furnished Real Estate Properties

Real estate properties let for rent as furnished are entitled for 40% deduction of the taxable income for expenses. This is true whether the property is used for residence or for commercial activities.

8.1.4. Income Tax on Selling Real Estate Property

Article 42 of the new law states that 2.5% tax rate is imposed on values of selling real estate properties within cities cordons. No deduction is available for this type of taxation.

8.1.5. The Procedure for estimating the Real Estate Taxation

The real estate tax authority keeps a paper-based ledger, called Ledger 32. This ledger includes all property information needed for taxation purposes, as follows:

- Date of enumeration
- Name of property/right owner
- Full address of the property
- Status of the property (new, completed, uncompleted, unused…)
- Property description (type of construction, number of floors, flats per floor and rooms per flat)
- Type of usage (each flat, store, shop, garage…)
- Name of tenant of each unit
- The rent estimation for each unit

It worth noting that the authority is implementing a project to automate the data contents of ledger 32.

A global enumeration is conducted each 10 years for real estates, in addition to a yearly enumeration to record modifications or new buildings.

The rent estimation is based on the personal expertise of the authority personnel, where they define the rent as 8% of the estimated cost of building.

Unlicensed buildings are not exempted from taxation; such properties are recorded in Ledger 32 and taxed accordingly.

8.1.6. Developed Communities and New Cities

Article 2 of law 56/1954 confines real estate taxation to cities listed in a schedule attached to the law. The article was amended by law 549/1955 granting the minister of economy the right
to add or delete cities to/from the schedule after the consent of different municipal authorities.

This article has been idled, thus there are new and developed communities that are considered outside the taxed cities cordon, thus are not subject to property taxation.

8.1.7. Surveying Extra-legal Settlements for Tax Purposes (Pilot Project)

During 2004-2005, the authority started a pilot project to create an integrated cadastral system, where the data of the properties (specifications, ownership, space…) are integrated with cadastral maps.

Two areas were selected for this project; "Shobra El-Kheima" and "El-Bassouss". The first area is a formally registered area (in ledger 32), and the second is registered as agrarian lands both in the Property Taxation and the General Survey Authorities.

The project was conducted as follows:

1. Enumeration teams visited the two areas and counted different constructions (more than 290,000 flat).
2. The project team obtained the aerial survey maps (1996 version) that showed the second area as agrarian. Then they obtained and used aerial survey maps of 2004.
3. Surveyors of the authority made the necessary surveys to define the coordinates of each property, and croaky maps were drawn to develop cadastral base maps.
4. The team was divided into two smaller teams, the first team was responsible for developing the computerized cadastral maps and the second worked on automating the properties data.
5. By the end of the work conducted by both teams, the recorded data was linked to cadastral maps to present an integrated Geographic Data System (GDS).

The conclusions of the pilot project were evaluated and reported to the Minister of Finance.

This subsection presented a picture of the current status in terms of property taxation. The next subsection presents the international comparison for the same issue.
### 8.2. Comparative Study (Egypt/International)

The following table summarizes the comparison between Egypt and other countries in terms of property taxation.

<table>
<thead>
<tr>
<th>Feature</th>
<th>Egypt</th>
<th>Canada</th>
<th>UK</th>
<th>Jordan</th>
<th>Turkey</th>
<th>France</th>
</tr>
</thead>
<tbody>
<tr>
<td>Transfer/Purchase tax</td>
<td>2.5%</td>
<td>NA</td>
<td>4%</td>
<td>5%</td>
<td>3%</td>
<td>4.9%</td>
</tr>
<tr>
<td>Real Estate tax is a percentage of Rent (R)/ Value (V)</td>
<td>R</td>
<td>V</td>
<td>R</td>
<td>R</td>
<td>V</td>
<td>V</td>
</tr>
<tr>
<td>Valuation of Land/Real Estate is Actual (A)/ Presumptive (P)</td>
<td>P</td>
<td>A</td>
<td>A</td>
<td>P</td>
<td>A</td>
<td>A</td>
</tr>
</tbody>
</table>

#### Real Estate tax rates

<table>
<thead>
<tr>
<th>Feature</th>
<th>Egypt</th>
<th>Canada</th>
<th>UK</th>
<th>Jordan</th>
<th>Turkey</th>
<th>France</th>
</tr>
</thead>
<tbody>
<tr>
<td>On Rent</td>
<td>10% to 40%</td>
<td>--</td>
<td>22%</td>
<td>15%</td>
<td>--</td>
<td>--</td>
</tr>
<tr>
<td>On Value</td>
<td>--</td>
<td>2.44%</td>
<td>--</td>
<td>--</td>
<td>0.3 to 0.6%</td>
<td>3%</td>
</tr>
</tbody>
</table>

Real Estate tax rates ("On value" rates are normalized to "On Rent" rates)

<table>
<thead>
<tr>
<th>Feature</th>
<th>Egypt</th>
<th>Canada</th>
<th>UK</th>
<th>Jordan</th>
<th>Turkey</th>
<th>France</th>
</tr>
</thead>
<tbody>
<tr>
<td>10% to 40%</td>
<td>30.5%</td>
<td>52.25%</td>
<td>15%</td>
<td>3.75%</td>
<td>37.5%</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Feature</th>
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<th>Canada</th>
<th>UK</th>
<th>Jordan</th>
<th>Turkey</th>
<th>France</th>
</tr>
</thead>
<tbody>
<tr>
<td>Valuation of property for taxation each X years</td>
<td>10</td>
<td>1</td>
<td>--</td>
<td>Upon Sale</td>
<td>5</td>
<td>1</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Feature</th>
<th>Egypt</th>
<th>Canada</th>
<th>UK</th>
<th>Jordan</th>
<th>Turkey</th>
<th>France</th>
</tr>
</thead>
<tbody>
<tr>
<td>Special tax exemptions</td>
<td>✓</td>
<td>✓</td>
<td>x</td>
<td>✓</td>
<td>x</td>
<td>x</td>
</tr>
</tbody>
</table>

**Table 13 – Property Taxation, International Comparison**

#### 8.2.1.1. Transfer/Purchase tax

---

38 As stated in article 42 of the new Income Tax Law
39 Not Applicable
40 [http://www.inlandrevenue.gov.uk/cnr/nr_landlords.htm#33](http://www.inlandrevenue.gov.uk/cnr/nr_landlords.htm#33)
41 Tax rates based on year 2000 calculations. City of Boissevain, Manitoba, Canada
42 on properties used for residence
43 on properties let for rent
44 [http://www.inlandrevenue.gov.uk/cnr/nr_landlords.htm#33](http://www.inlandrevenue.gov.uk/cnr/nr_landlords.htm#33)
45 information is not available
This is a tax paid upon concluding the transaction, usually paid by the seller. All the scanned countries, with the exception of Canada, are imposing transfer/purchase tax.

### 8.2.1.2. Real Estate tax is a percentage of Rent (R)/ Value (V)

As shown in the comparison table, Canada, Turkey and France collect annual property taxes as a percentage of the property value.

UK and Jordan calculate the tax as a percentage of rental value.

### 8.2.1.3. Valuation of land/Real Estate is Actual (A)/ Presumptive (P)

This means that the valuation is based on normalized data driven from real transaction contracts, whether sales or leases. Jordan is the only country that depends on presumptive valuation of the land/real estate for registration fees as well as for annual taxes.

### 8.2.1.4. Real Estate tax rates

In Nova Scotia – Canada, real estate tax rates are calculated based on the property value. Each municipality is responsible for setting its own tax rates. Every year, elected municipal officials determine the coming year's budget for the municipality. The tax rate they set depends on how much money the municipality needs to operate and provide services to its residents. The municipal council determines the tax rate by dividing the total amount of money it needs to raise by the total value of all taxable assessments in the municipality. Tax rates will vary from municipality to municipality, depending on how much money each one needs to raise. Municipalities in Canada impose two rates on real estates, the first is imposed on real estates used for residence, and the second in imposed on real estates that are rented.

In Turkey and France, the value of the building is the base for taxation, while UK and Jordan calculate the taxes on the rental value.

In Jordan, the annual real estate taxes are 10% in addition to 3% as sanitation and another 2% for education duty stamps.

### 8.2.1.5. Real Estate tax rates ( "On value" rates are normalized to "On Rent" rates )

As mentioned earlier, there are countries that calculate taxes on property value, while others calculate it on rental value. In order to compare the taxes imposed by different countries, rates needed to be normalized.

The rent value is defined as 8% of the real estate value. To normalize tax rates to rent value, the following formula was used:
Tax rate = tax rate on property value/rent defined percentage.

8.2.1.6. Valuation of property for taxation each X years

In Canada and France, property valuation is conducted yearly for tax purposes. As for Turkey, the valuation is conducted on 5 years intervals. In Jordan, the valuation is conducted upon registering the real property (First registration and consequent transactions).

8.2.1.7. Special Tax Exemptions

In Canada, mortgage expenses are deductible from the taxable annual rent.

Jordan permits tax exemption in case of mortgage payments. The ceiling for exemptions is 3000 Jordanian Dinars per year. In addition, Jordan grants the deduction of a percentage of due taxes (8% to 4%) to encourage early payment of real property taxes.
8.3. **Recommendations**

Based on the local status and the international experience, the following recommendations are developed for property taxation.

26. **Abolish all exemptions of property taxation**

The real estate tax law provides tax exemptions for certain types and usage of real estate properties. However, these exemptions did not achieve their objective and they were used as means to evade taxation.

Therefore, it is recommended to abolish all tax exemptions in the same manner they are abolished in the new tax law. This goes in alliance with the general strategy adopted by the government recently in applying fair tax rates and eliminating granted exemptions.

27. **Repeal article 2 of law 56/1954, which entitle the Minister of Finance to define cities and villages to apply real estate taxation through a ministerial decree. The article should be modified to include all buildings in all cities and new urban communities without the need to issue a ministerial decree.**

Article 2 of the said law states that property taxes are applied on cities and villages included in ministerial decrees, and that the Minister of Finance may add or remove other cities and villages as he sees fit.

This article is idled; therefore, there are new and developed communities that are considered outside the taxed cities cordon, thus are not subject to property taxation. The said article should be repealed to include new cities established outside the property tax cordon.

It is recommended that a replacing article should be added to the said law. The replacing article should state that a "Building" or a "Construction" is to be subject automatically to property taxation without the need for executive or ministerial decree.

This change could be done on phases:

- Phase I: to cover all new and developed cities
- Phase II: to include conciliated violations under the taxation net

Therefore, newly included properties should be subject to lower taxation rates for a defined period of time (for example 5 years.)

28. **Relate tax rates to a realistic rent evaluation**

The tax rates imposed as stipulated by article 12 of law 56/1954 could reach up to 40% of the annual rent value. Until now, this was not a problem since the rents are estimated with law values based on old rent valuations.
However, it would be more suitable to decrease the tax rates, for example 8% for non-residential and 10% of residential properties. The rent values should also be updated on the basis of realistic estimations.

8.3.1. Recommendations Summary

The following table summarizes the recommendations listed in this section as well as their scope, level and affected law.

<table>
<thead>
<tr>
<th>No.</th>
<th>Scope</th>
<th>Level</th>
<th>Recommendation</th>
<th>Affected Law</th>
</tr>
</thead>
<tbody>
<tr>
<td>26</td>
<td>0</td>
<td>1</td>
<td>Abolish all exemptions of property taxation</td>
<td>56/1954</td>
</tr>
<tr>
<td>27</td>
<td>0</td>
<td>1</td>
<td>Repeal article 2 of law 56/1954, which entitle the Minister of Finance to define cities and villages to apply real estate taxation through a ministerial decree. The article should be modified to include all buildings in all cities and new urban communities without the need to issue a ministerial decree.</td>
<td>56/1954</td>
</tr>
<tr>
<td>28</td>
<td>0</td>
<td>1</td>
<td>Relate tax rates to a realistic rent evaluation</td>
<td>Ministerial Decree</td>
</tr>
</tbody>
</table>

Table 14 – Recommendations on Property Taxation
9. Bibliography

9.1. Websites

The websites listed in the next table are sorted alphabetically.

<table>
<thead>
<tr>
<th>Title</th>
<th>URL</th>
</tr>
</thead>
<tbody>
<tr>
<td>A guide to buying a home from a social landlord in stages</td>
<td><a href="http://www.housingcorp.gov.uk/yourhome/shared.htm">http://www.housingcorp.gov.uk/yourhome/shared.htm</a></td>
</tr>
<tr>
<td>Buying a property in France</td>
<td><a href="http://money.msn.co.uk/planning/life_events/movingabroad/insight/buyingpropertyabroad/buyingapropertyinfrance/default.asp?printer=false">http://money.msn.co.uk/planning/life_events/movingabroad/insight/buyingpropertyabroad/buyingapropertyinfrance/default.asp?printer=false</a></td>
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<tr>
<td>Buying a property in Turkey</td>
<td><a href="http://hanelhome.co.uk">http://hanelhome.co.uk</a></td>
</tr>
<tr>
<td>COST OF LIVING IN NOVA SCOTIA</td>
<td><a href="http://www.gov.ns.ca/cmns/overview/col.asp">http://www.gov.ns.ca/cmns/overview/col.asp</a></td>
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<td><a href="http://www.depinna.co.uk">http://www.depinna.co.uk</a></td>
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<tr>
<td>Department of Lands and Survey</td>
<td><a href="http://www.dls.gov.jo/">http://www.dls.gov.jo/</a></td>
</tr>
<tr>
<td>Inland Revenue - UK</td>
<td><a href="http://www.inlandrevenue.gov.uk">http://www.inlandrevenue.gov.uk</a></td>
</tr>
<tr>
<td>Mortgages UK</td>
<td><a href="http://www.mortgages.co.uk/index.html">http://www.mortgages.co.uk/index.html</a></td>
</tr>
<tr>
<td>Notaires De France</td>
<td><a href="http://www.notaires.fr">http://www.notaires.fr</a></td>
</tr>
<tr>
<td>Property Online</td>
<td><a href="http://gov.ns.ca/snsmr/propertyonline/">http://gov.ns.ca/snsmr/propertyonline/</a></td>
</tr>
<tr>
<td>Property Valuation Office - Inland Rev. UK</td>
<td><a href="http://www.voa.gov.uk/">http://www.voa.gov.uk/</a></td>
</tr>
<tr>
<td>PURCHASING A HOME IN NOVA SCOTIA</td>
<td><a href="http://www.boyneclarke.ns.ca/Law_Letters/homeur.html">http://www.boyneclarke.ns.ca/Law_Letters/homeur.html</a></td>
</tr>
<tr>
<td>Service Nova Scotia and Municipal Relations</td>
<td><a href="http://www.gov.ns.ca">http://www.gov.ns.ca</a></td>
</tr>
</tbody>
</table>
9.2. Reports

The reports listed in the following table are sorted by date

<table>
<thead>
<tr>
<th>Document</th>
<th>Publisher</th>
<th>Date</th>
</tr>
</thead>
<tbody>
<tr>
<td>Land Registry Business Plan 2004-2005</td>
<td>Land Registry - UK</td>
<td>2005</td>
</tr>
<tr>
<td>Citizen Guide</td>
<td>Land and Survey Department - Jordan</td>
<td>2004</td>
</tr>
<tr>
<td>French Tax Facts</td>
<td>French Law Department - De Pinna UK</td>
<td>2004</td>
</tr>
<tr>
<td>Land Registry Practice Guides</td>
<td>Land Registry - UK</td>
<td>2003</td>
</tr>
<tr>
<td>Building and Land Valuation Regulations</td>
<td>Ministry of Finance</td>
<td>2001</td>
</tr>
<tr>
<td>Study on Key Aspects of Land Registration and Cadastral Legislation</td>
<td>UNECE Working Party on Land Administration by Her Majesty’s Land Registry London</td>
<td>2000</td>
</tr>
<tr>
<td>Land Administration Guidelines</td>
<td>Economic Commission for Europe</td>
<td>1996</td>
</tr>
<tr>
<td>Standardized Country Reports 2001</td>
<td>University of Melbourne</td>
<td>2001</td>
</tr>
<tr>
<td>Dead Capital and the poor in Egypt</td>
<td>Egyptian Center for Economic Studies</td>
<td>1997</td>
</tr>
<tr>
<td>Benchmarking Cadastral Systems</td>
<td>UNECE Cadastre and Land</td>
<td>2002</td>
</tr>
</tbody>
</table>
# Action Plan for the recommendations of Streamlining Laws, Regulations and Procedures Governing Property Registration in Egypt

The objective of these recommendations is to streamline the law, regulations and procedures governing property registration in Egypt. Major categories were defined and recommendations were developed for each category as follows:

1. Organization of Government Authorities
2. Registration Procedures and Activities
3. Registration Fees
4. Automation and Transparency
5. Conciliation
6. Property Taxation

## General Notes

Column Headers:

<table>
<thead>
<tr>
<th><strong>Recommendation:</strong></th>
<th>Narration of the recommended action</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Affected Laws:</strong></td>
<td>these are the legal statutes that would be affected by the recommendation and therefore would need to be modified, repealed or added.</td>
</tr>
<tr>
<td><strong>Owner:</strong></td>
<td>the entity that owns the action and is responsible for coordinating with different authorities to manage its implementation</td>
</tr>
<tr>
<td><strong>Actors:</strong></td>
<td>these are the different authorities participating in implementation of the recommendation, whether by:</td>
</tr>
<tr>
<td></td>
<td>1. Approval;</td>
</tr>
<tr>
<td></td>
<td>2. Actual implementation of the recommendation or of a part thereof; or</td>
</tr>
<tr>
<td></td>
<td>3. Providing consultation on how to implement the recommendation</td>
</tr>
<tr>
<td></td>
<td>If the cell contains the sign “__” then it means that the owner is the sole actor for this recommendation.</td>
</tr>
<tr>
<td><strong>Scope:</strong></td>
<td>the term for implementing the recommendation, where:</td>
</tr>
<tr>
<td></td>
<td>1. <strong>Short:</strong> the period from “Zero” to 1 year</td>
</tr>
<tr>
<td></td>
<td>2. <strong>Medium:</strong> the period from 1 to 2 years</td>
</tr>
<tr>
<td></td>
<td>3. <strong>Long:</strong> the period from 2 to 4 years</td>
</tr>
<tr>
<td><strong>Impact/Justification:</strong></td>
<td>to include the expected impact or to justify the recommendation</td>
</tr>
</tbody>
</table>

When defining the term for implementing the recommendation, the following should be considered:
4. Define *Short* term for recommendations that do not need modifications in laws or restructuring departments or authorities
5. Define *Medium* term for recommendations that need modifications in laws or restructuring on the level of departments
6. Define *Long* term for recommendations that need modifications in laws or restructuring on the level of authorities
1. **Recommendations for Organization of Government Authority**

<table>
<thead>
<tr>
<th>Recommendation</th>
<th>Affected Laws</th>
<th>Owner</th>
<th>Actors</th>
<th>Term</th>
<th>Impact/Justification</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Establish an independent agency to assume the responsibility of registering properties</td>
<td>New Legislation for Property Registration</td>
<td>The Cabinet</td>
<td>Notary Public, Egyptian General Survey Authority (EGS), Real Estate Tax Authority (RET)</td>
<td>Medium</td>
<td>The property registry should not be doing any function other than property registration, and no other authority should be doing the functions of property registration.</td>
</tr>
<tr>
<td>2. Property registration agency should be independent, with well-developed strategic, business and financial plans and clear deliverables</td>
<td>None</td>
<td>Suggested Property Registration Agency</td>
<td>Ministry of State for Administrative Development</td>
<td>Medium</td>
<td>To ensure that the agency is achieving its objectives and to avail a mechanism for assessment and development of the performance</td>
</tr>
<tr>
<td>3. Property registration agency should be able to subcontract other governmental or private agencies to provide surveying and mapping services</td>
<td>Suggested New Legislation</td>
<td>Suggested Property Registration Agency</td>
<td>EGS, RET, Military Survey Agency (MSA)</td>
<td>Medium</td>
<td>The agency should be able to benefit from specialized entities in this field, whether governmental or private.</td>
</tr>
<tr>
<td>4. Confine surveying to the first step of developing the Real Folio System (as long as the property has no changes)</td>
<td>Suggested New Legislation</td>
<td>Suggested Property Registration Agency</td>
<td>Notary Public, EGS</td>
<td>Short</td>
<td>The surveying function has no role in the registration procedure. It is only concerned with surveying the property during the first step of developing the Real Folio System</td>
</tr>
</tbody>
</table>

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46 Currently, Ministry of State for Administrative Development is the "General Owner" of developing the Real Folio System for real estate inside city cordon, therefore it is recommended that the current status continue as is until the project is concluded, then the ownership of the recommendations would be transferred to Notary Public until the suggested agency is established.
<table>
<thead>
<tr>
<th>Recommendation</th>
<th>Affected Laws</th>
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<th>Actors</th>
<th>Term</th>
<th>Impact/Justification</th>
</tr>
</thead>
<tbody>
<tr>
<td>5. Ensure the integrity of registered data by the suggested agency</td>
<td>None</td>
<td>Suggested Property Registration Agency</td>
<td>Notary Public, EGS, RET</td>
<td>Medium</td>
<td>Notary Public and the Real Estate Tax Authority (RET) are automating their systems. The suggested agency should ensure an integrated and accurate electronic system</td>
</tr>
<tr>
<td>6. Consider developing a long-term plan to unify the property registration and survey authorities into a single authority</td>
<td>Suggested New Legislation</td>
<td>The Cabinet</td>
<td>EGS</td>
<td>Long</td>
<td>To streamline the procedures and unify the responsibility and avoid redundancy in the procedure</td>
</tr>
<tr>
<td>7. Ensure that government property owners are treated as private property owners</td>
<td>Suggested New Legislation</td>
<td>Suggested Property Registration Agency</td>
<td>Government Property Owners</td>
<td>Short</td>
<td>To achieve equity between property owners, whether government or private.</td>
</tr>
</tbody>
</table>
## 2. Recommendations for Registration Procedures and Activities

<table>
<thead>
<tr>
<th>Recommendation</th>
<th>Affected Laws</th>
<th>Owner</th>
<th>Actors</th>
<th>Term</th>
<th>Impact/Justification</th>
</tr>
</thead>
<tbody>
<tr>
<td>8. Eliminate the field inspection conducted by Survey personnel in each transaction</td>
<td>Suggested New Legislation</td>
<td>Suggested Property Registration Agency</td>
<td>Notary Public, EGS</td>
<td>Medium</td>
<td>The surveying function has no role in the registration procedure. It is only concerned with surveying the property during the first step of developing the Real Folio System.</td>
</tr>
<tr>
<td>9. Accept the survey reports issued by professional private surveyors as an optional alternative to the description form issued by Survey Authority</td>
<td>Suggested New Legislation</td>
<td>Suggested Property Registration Agency</td>
<td>EGS, Private Survey Offices</td>
<td>Medium</td>
<td>Reduce the time consumed in administrative activities as well as reducing the administrative burden.</td>
</tr>
<tr>
<td>10. Introduce the concept of “Tri-Contracts” signed by the seller, the buyer and the right owner</td>
<td>Suggested New Legislation</td>
<td>Suggested Property Registration Agency</td>
<td>Notary Public, Real Estate finance institutes</td>
<td>Medium</td>
<td>To facilitate registering properties that are financed through banks or other finance institutes.</td>
</tr>
<tr>
<td>11. Reduce the time consumed by internal activities in registration procedure</td>
<td>None</td>
<td>Suggested Property Registration Agency</td>
<td>Notary Public, EGS</td>
<td>Medium</td>
<td>To streamline the procedure, reducing activities to only 3 and reducing time to 30 days (from original 193 days).</td>
</tr>
</tbody>
</table>
3. Recommendations for Registration Fees:

Registration fees are categorized as follows:
- One-time paid cost. This would be:
  - Registration Fees
  - Sales Tax
  - Transfer/Purchase tax
- Recurring Fees, or property annual taxes

<table>
<thead>
<tr>
<th>Recommendation</th>
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<th>Term</th>
<th>Impact/Justification</th>
</tr>
</thead>
<tbody>
<tr>
<td>12. Perceive the registration fees as a value for the rendered services rather than a tool for income generating</td>
<td>None</td>
<td>Suggested Property Registration Agency</td>
<td>--</td>
<td>Medium</td>
<td>Impose fair fees to encourage owners to register their properties</td>
</tr>
<tr>
<td>13. Include surveying fees within the registration fees</td>
<td>None</td>
<td>Suggested Property Registration Agency</td>
<td>EGS</td>
<td>Medium</td>
<td>To encourage owners to register their properties</td>
</tr>
<tr>
<td>14. Consider applying defined fixed fees instead of the currently applied 3%. Fees could be defined according to the location, area and Type of agriculture (for agrarian properties)</td>
<td>Ministerial Decree</td>
<td>Suggested Property Registration Agency</td>
<td>Ministry of Justice, RET</td>
<td>Medium</td>
<td>To encourage owners to register their properties, increase the income generated from this process</td>
</tr>
<tr>
<td>15. Registration authority should not change registration fees without the approval of higher</td>
<td>None</td>
<td>Suggested Property Registration</td>
<td>The Cabinet</td>
<td>Medium</td>
<td>Although the suggested agency should be independent, the agency should not be granted the right to</td>
</tr>
<tr>
<td>Recommendation</td>
<td>Affected Laws</td>
<td>Owner</td>
<td>Actors</td>
<td>Term</td>
<td>Impact/Justification</td>
</tr>
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</tr>
<tr>
<td>authority (e.g. Parliament, Cabinet of Ministers)</td>
<td>Agency</td>
<td></td>
<td></td>
<td></td>
<td>change the registration fees without approval from higher authority</td>
</tr>
<tr>
<td>16. Declare the reforms plan and the fees decrease in the same time</td>
<td>None</td>
<td>Suggested Property Registration Agency</td>
<td>--</td>
<td>Medium</td>
<td>To maximize the impact or the reforms and encourage owners to register their properties</td>
</tr>
</tbody>
</table>
4. Recommendations for Automation and Transparency:

<table>
<thead>
<tr>
<th>Recommendation</th>
<th>Affected Laws</th>
<th>Owner</th>
<th>Actors</th>
<th>Term</th>
<th>Impact/Justification</th>
</tr>
</thead>
<tbody>
<tr>
<td>17. Upgrade the computerized system on phases</td>
<td>None</td>
<td>Suggested Property Registration Agency</td>
<td>Ministry of State for Administrative Development (MSAD), Notary Public, EGS, RET, MSA</td>
<td>Long</td>
<td>Apply standard procedures in collecting and categorizing information, and to reduce time and cost by the automated processes, avoid redundancy in the procedure and provide for monitoring and market analysis</td>
</tr>
<tr>
<td>Phase I: Data Automation</td>
<td></td>
<td></td>
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<td></td>
</tr>
<tr>
<td>o Develop and deploy a system for property information</td>
<td></td>
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<tr>
<td>Publish the basic registered data online</td>
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<tr>
<td>o Develop a system to image supporting documents</td>
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<tr>
<td>Publish supporting documents online</td>
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</tr>
<tr>
<td>o Use Digitized Maps</td>
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</tr>
<tr>
<td>Publish digitized maps online</td>
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</tr>
<tr>
<td>Phase II: Procedure Automation</td>
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</tr>
<tr>
<td>o Develop a system for e-Conveyance</td>
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</tr>
<tr>
<td>o Develop a system for e-Lodging</td>
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<td></td>
</tr>
<tr>
<td>18. Avail registered data (property, maps, etc.) for public against defined fees</td>
<td>None</td>
<td>Suggested Property Registration</td>
<td>MSAD</td>
<td>Long</td>
<td>Avail the information to the public and provide an income resource for the agency</td>
</tr>
<tr>
<td>Recommendation</td>
<td>Affected Laws</td>
<td>Owner</td>
<td>Actors</td>
<td>Term</td>
<td>Impact/Justification</td>
</tr>
<tr>
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<tr>
<td></td>
<td></td>
<td>Agency</td>
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<td></td>
</tr>
</tbody>
</table>
## 5. Recommendations for Conciliation:

<table>
<thead>
<tr>
<th>Recommendation</th>
<th>Affected Laws</th>
<th>Owner</th>
<th>Actors</th>
<th>Term</th>
<th>Impact/Justification</th>
</tr>
</thead>
<tbody>
<tr>
<td>19. Develop a mechanism for conciliating with &quot;unlicensed&quot; properties owners</td>
<td>Ministerial Decree</td>
<td>The Cabinet</td>
<td>Notary Public, Ministry for Local Development (MLD), Suggested Property Registration Agency</td>
<td>Short</td>
<td>The mechanism could be developed with the same spirit expressed in the &quot;Tax Conciliation System&quot;, it should ensure resolution to the problems of unlicensed buildings as well as buildings on agricultural land.</td>
</tr>
<tr>
<td>20. Force the municipalities to resolve the &quot;unlicensed&quot; buildings within a certain time limit through Demolition of the building or Conciliation &amp; license change. The municipalities should be given all necessary tools including regulations and equipment</td>
<td>Ministerial Decree</td>
<td>The Cabinet</td>
<td>MLD, Suggested Property Registration Agency</td>
<td>Short</td>
<td>The concept of &quot;Consent by Silence&quot; could be applied for this recommendation. After the defined period, the un-resolved properties (where no action was taken) would be considered valid for conciliation.</td>
</tr>
<tr>
<td>21. Encourage conciliated property owners to register their properties within a time limit (by reduced fees for example)</td>
<td>None</td>
<td>Suggested Property Registration Agency</td>
<td>The Cabinet</td>
<td>Short</td>
<td>To encourage newly conciliated property owners to register their properties during the time limit.</td>
</tr>
</tbody>
</table>


6. Recommendations for Property Taxation

<table>
<thead>
<tr>
<th>Recommendation</th>
<th>Affected Laws</th>
<th>Owner</th>
<th>Actors</th>
<th>Term</th>
<th>Impact/Justification</th>
</tr>
</thead>
<tbody>
<tr>
<td>22. Abolish all exemptions of property taxation</td>
<td>56/1954</td>
<td>Ministry of Finance</td>
<td>--</td>
<td>Medium</td>
<td>To ensure tax equity for all types of properties</td>
</tr>
<tr>
<td>23. Repeal article 2 of law 56/1954, which entitle the</td>
<td>56/1954</td>
<td>Ministry of Finance</td>
<td>--</td>
<td>Medium</td>
<td>To ensure tax equity for all types of properties and expand the tax net.</td>
</tr>
<tr>
<td>Minister of Finance to define cities and villages to</td>
<td></td>
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</tr>
<tr>
<td>apply real estate taxation through a ministerial decree.</td>
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</tr>
<tr>
<td>The article should be modified to include all buildings</td>
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<tr>
<td>in all cities and new urban communities without the need</td>
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<td></td>
</tr>
<tr>
<td>to issue a ministerial decree.</td>
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<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>24. Relate tax rates to a realistic rent evaluation</td>
<td>Ministerial Decree</td>
<td>Ministry of Finance</td>
<td>--</td>
<td>Medium</td>
<td>To ensure tax equity for all types of properties</td>
</tr>
</tbody>
</table>