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The Role OF Tax Policy in Attracting Foreign Capital to push Economic Development

A thesis to be submitted for having the Doctorine Degree in Law

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The Study in Breif

Local and foreign investments have a great importance. They represent the vital and active element to achieve economic grow and development. Direct foreign investment have become especially with current world challenges and transformations the most types of economy that reflect international partenership and the prevailed type in out funding for development.

The world faced during recent years conflects and competitions to attract direct foreign investments which had increased importance as the world economies direct towards more libral economy and eleminating obtacles hindering international trade. As well as subsdising competion withdrawing the role of countries and driving toward the free market economics. These new systems rely to great extent on attracting private investment as it is one of basic mechanisms to achieve reform and economic development.

As a result the tax policy became one of the most important tools for financial policy which is considered among the elements of the country economic policy to be able to have the aims of economic and social development be accomplished, pushing the economic grow, income and treasures balance, competence in use and allocating economic resources, and promoting the competability of national economy and evolvment in world economy.

So the study dealt with the role of tax policy in attracting and encouraging foreign investment in the developing countreis. This may be done by analysing and assessing tax incentives and exemptions of the Egyption law and some other countries and to what extent they may affect investment.

The study is divided into preparatory chapter and two volumes preceeded by an introduction and ended with conclusion. The prepartory chapter deals in first section with explaining the tax policy (concpet, aims, tools) and its relationship with investment. The second section deals with investment (concept, different kinds, variables and determinants attracting it) and incentives and obstacles of investment.

The first volume deals with tax incentives role in encouraging investment in three chapters. The first one concerns these incentives and their forms in the Egyptian law and some other countreis. The second

presents the tax exemptions in the Egyptian tax law either in direct or indirect tax legislations. The third chapter discusses the development of legislation to encourage investment in Egypt with tax incentives mentioned in investment laws. Analysis and assessing all advantages and incentives with their effects on home and foreign investment was done in this chapter.

The second volume deals with the economic effects of tax policy and foreign investment in three chapters.

The first chapter concerned the effect of tax policy on foreign investment by explaining what are the resulted effect of applying tax incentives policy on foreign investment. The study tried to devote a strategy to reform tax policy in the light of variables and international conditions and economy reform programs.

The second chapter presents most important economic effects resulted from policy of encouraging foreign investment and to what extent they were effective in pushing economic grow and development. The third chapter dealt with most important effects of the policy to encourage foreign investment on the Egyptian economy and how this may achieve the economic and social aims.

Results and conclusion come in the end of the study with some recommendations such as tax incentives are not the only vital agent to attract and direct investment in Egypt. The matter does not concerns only with tax incentives but also with the availability of suitable invironment and investment climate attracting and pushing different investments protected by security, political and economical circumstances of stability considered world changes and competitions many countries exert to have foreign investment.

So, we should set bases and clear principles that make these incentive positive and have effects on instrument of directing foreign investment economically and socially. These bases and principles must be focused on deep economic studies determine how national economy make advantages of them by analysing cost and profits, choosing suitable mix of them, determining economic priorities and reforming tax system in big strategy related with different economical policies match world changes and challenges.

Abstract

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Abstract:

Direct Foreign investments became the most type represent international economic partnership in the light of recent world challenges and transformations. It is the prevailed type now in out funding for development. As it has a great effect on the type of world production and forming international economic relations its importance has been increased so much.

Developing countries recognized that direct foreign investments is not restricted to attracting capital and transforming modern techniques and organizational skills. Its role extended to have a great share in improving economic competence of the hosted countries by increasing competition ability and supporting their exporting abilities.

This may require some policies to prepare the environment to receive investments by processing the role of tax policy as it is considered one of the most important instruments of financial and economical policy of the country supported by incentives and exemptions of tax policy that must be effective in attracting and pushing home and foreign investments.

The study showed the important role tax policy may play in attracting and pushing foreign investments in developing countries and Egypt is one of these countries. The study explained to what extent tax policy affect on other determinates of investment in any country. The study analysed and assessed policy of incentives and exemptions mentioned in the Egyptian legislation and some other countries and how they may be affected by world changes.

Tags:

Tax policy, tax inactives, tax system, tax management tax reform, foreign investment, types of investment, investment climate, economic grow, economic development, accumulated capital, technology transferring, balance of payments.