



**K&K**  
Auditors & Consultants (Civil Co.)

# DOING BUSINESS IN **LEBANON**

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## COUNTRY INTRODUCTION

Lebanon is situated in the Levant on the eastern coast of the Mediterranean Sea with a total area of 10,452 square kilometers and the population is around 4 million people.

The Republic of Lebanon is neighbored with Palestine from the south, and Syria to the north and east.

Lebanon is divided into six governorates, with Beirut as the capital. The currency is the Lebanese pound (LBP). Lebanon is a parliamentary democratic republic.

Throughout history, as today, Lebanon has been a center of contact between various cultures and civilisations, creating a highly cosmopolitan country.

The Lebanese economy is service-oriented, and its main growth sectors include banking and tourism. GDP reached 55USD Billions in 2018, compared to 53USD Billions in 2017, according to the Central Administration for Statistics (CAS).

The government continues to favor a strong role for the private sector in a liberal policy environment.

Arabic is the official language, with French and English widely spoken and used in business.

## LEGAL ENVIRONMENT

The President is elected by the parliament for a six-year term. The President and Parliament choose the Prime Minister. Executive power is exercised through a Council of Ministers appointed by the Prime Minister and approved by the Parliament. The Government determines overall policy, appoints senior administrators and submits proposed legislation to Parliament.

The Legislative Branch consists of a single-chamber Parliament of 128 members.

## ECONOMY

Lebanon has a free market pricing for most goods and services, with no restrictions on the movement of capital and goods by residents and non-residents of the republic.

The Lebanese economy, characterized by freedom of exchange and transfers, is based on private initiative.

The Government has maintained a generally non-interventionist position toward private investment in order to encourage foreign investment. The freedom of exchange in Lebanon allows foreign investors to import and export capital freely in any form they wish.

The most important sector in Lebanon is the service sector, which accounts for approximately 60% of GDP. Major sub-sectors are commerce, tourism, financial services, health care and education.

The banking sector is stable and financially strong, has a key role in the economy by providing the entry point for capital inflows for the region's development until October 2019, starting of the severe economic and financial crisis.



Banks in Lebanon are governed by the Central Bank and the Banking Control Commission, which survey and regulate the activities of banks.

GDP reached 55USD Billion in 2018, making a growth of 3% in that year.

Since the last quarter of 2019, Lebanon is experiencing a severe financial crisis that is impacting the banking sector and, more generally, the economic and business environment in the country which has been intensified by the negative impact of the explosion in the seaport of Beirut in August 2020; the impact includes a significant public debt burden (above 150% of GDP), high interest rates, a level of country risk that is far above normal and increasing unemployment. This has created liquidity pressures in most businesses.

Lebanon's sovereign credit rating was downgraded by international credit rating agencies to imminent default. Commercial banks' rating was initially downgraded to selective default but was further downgraded subsequently. On 7 March 2020, the government announced that it will withhold settlement on the bonds due on 9 March 2020 amounting 1,200,000,000 USD, which was followed by another announcement on 23 March 2020 for the withholding of payments on all of its US Dollar denominated Eurobonds.

The ability of the Lebanese government and the banking sector in Lebanon to borrow funds from international markets was significantly reduced. Banks in Lebanon have restricted access to US Dollars and have frozen company credit facilities, which has in turn created significant liquidity pressure. Banks have implemented their own foreign exchange controls that prohibit US Dollar transfers outside Lebanon and limit the amount of US Dollars that may be withdrawn from accounts, all of which added to the disruption of the country's economic activity, given the extent to which the Lebanese economic model is reliant upon imports and consumption.

Since the beginning of 2020, inflation in Lebanon has increased dramatically, and the three-year cumulative inflation rate at the end of December 2020 exceeded 100%. This fact along with other relevant indicators including the de facto devaluation of the Lebanese Pound constitute the basis for recognizing the Lebanese economy as a hyperinflationary economy.

The US Dollar has been in wide use and circulation over the last 2 decades or more and against which the Lebanese Pound has been pegged throughout that period at US\$ 1 equals LL 1,507.5 ("official exchange rate").

And the BDL Electronic Platform rate started at 3900 LBP /1 USD till the 9<sup>th</sup> of December 2021 then increased to 8000 LBP /1 USD until 1<sup>st</sup> February 2023 then increased to 15000 LBP/1 USD.

The new official peg of (LL 15,000) imposed on a Feb.1<sup>st</sup> 2023 to replace the old one (LL 1,507.5) to be 89500 LL/USD in 2023.

Since October 2019, no serious recovery plan has been implemented by the government and approved by the parliament.





## FOREIGN OWNERSHIP OF REAL ESTATE RESTRICTIONS

The following restrictions apply to foreign ownership of real estate:

- Up to 3,000 square meters does not require Council of Ministers approval.
- Exploitation and normal lease right extending for a period of more than ten years cannot be attained without obtaining approval.
- Real estate owned by foreigners, for which approval has been obtained, cannot exceed, over all of the Lebanese territory, 3% of the total area of Lebanon. In each province, the total area owned should not exceed 3% of its area. With respect to Beirut, the total area owned should not exceed 10% of its area.
- The approval is nullified if not acted upon during a period of one year.
- When approval is granted, the building on the real estate should be constructed within a period of five years (renewable once by the Council of Ministers).

## SETTING UP A BUSINESS IN LEBANON

### Introduction

Although local commercial law is based on the French model, no mechanism exists for an individual or legal entity to incorporate himself or itself and one-shareholder companies are not allowed.

Lebanon's commercial law provides for a range of business entities available to both local and foreign investors.

Investors can choose from a range of companies that are detailed as follows:

### Sole proprietorships

An individual of Lebanese or foreign nationality may engage in a business activity as a sole proprietor. Sole proprietors must abide by the general regulations of the Code of Commerce.

### Partnerships

An individual can be a partner in an existing or newly formed partnership. Such partnerships take the form of a separate legal entity and may transact business in its own name.

**UNDER LEBANESE LAWS THERE ARE TWO DISTINCT TYPES OF PARTNERSHIPS:**

#### 1 General partnerships

General partnerships are formed by two or more persons who are personally and jointly liable for the debts and obligations of the partnership. The insolvency of the partnership automatically results in the insolvency of the partners. The transfer of parts in the partnership is subject to the unanimous agreement of all partners. Parts are not negotiable. General partnerships may be managed by one or more partners or any person designated in the articles of association or in any subsequent agreement.



## 2 Limited partnerships

Limited partnerships are formed by two types of partners:

- General partners with unlimited liability, who are in charge of management.
- Limited partners with limited liability capped to the amount of their capital contribution with no rights to interfere in the management of the partnership.

## Joint-stock companies (SAL)

Lebanese joint-stock companies are permitted to engage in all kinds of business activity. Shareholders of a SAL have no liability beyond their actual capital subscriptions.

The minimum capital requirement is LBP 30 million. With a small number of exceptions (such as real estate companies and exclusive commercial representation), there are no limits on the amount of capital that can be held by foreign investors.

The management of a SAL is entrusted to a board of directors with a minimum of three and a maximum of twelve members. The majority of the board members must be Lebanese, but the chairman may be a foreign national, subject to adequate residency and work permits.

This type of Company is legally required for certain business organisations such as insurance companies, banks and other financial institutions.

When the object of the company is a public service, at least one-third of its share capital should comprise nominal shares held by Lebanese nationals. The same applies to real estate companies.

The financial statements of a SAL must be audited on an annual basis by a principal auditor appointed by the shareholders.

## Limited liability companies (SARL or LLC)

Members of an LLC are partners; the company's capital is divided into parts rather than shares.

Minimum capital is LBP 5 Million. Partners are liable only to the extent of their parts.

A limited liability company is managed by one or several directors (managers) who may be selected from among the partners. The general assembly of partners must meet at least once a year.

Limited liability companies offer the same liability protection as the SAL (joint stock companies), but are subject to smaller capital requirements.

The transfer of parts in a limited liability company is subject to the consent of partners representing at least three-quarters of the capital. Existing partners enjoy priority in the purchase of parts offered for transfer.

It is worth mentioning that insurance, banking, fund management, or air transportation entities may not incorporate as Limited liability companies.

A LLC can be founded by a single partner and can go up to twenty and can be fully owned by foreigners.



## Holding companies

Holding companies must be registered as a SAL and, with a few exceptions, are subject to the same regulations as a joint-stock company. The business objectives of a holding company are restricted to the following:

- To own shares or parts in Lebanese or foreign joint stock corporations and limited liability companies, whether they already exist or are in the process of being formed;
- To manage companies in which the holding company owns shares or parts;
- To lend to companies of which the holding company owns at least 20%, or to guarantee such companies towards third parties. For that purpose, a holding company may borrow from banks or issue debenture bonds, provided that the total value of the bonds issued at any given time does not exceed five times the amount of the holding company's capital and its reserves, as indicated in the last audited balance sheet;
- To own patents, licenses, trademarks and other reserved rights, and to lease them to companies active in Lebanon or abroad;
- To own moveable or immovable properties, provided that their use is confined to the requirements of the holding company's activities and with consideration to existing limits on the foreign ownership of real estate.
- Holding companies require only one auditor.
- Capital can be denominated in a foreign currency with a minimum of LBP 30 million.
- Books of accounts can be kept in a foreign currency.
- Lebanese holding companies are exempt from corporate income tax (CIT) and from tax on dividends. However, they are subject to a lump-sum annual tax of 50 million LBP starting the year 2022 as per 2022 approved budget instead of 5,000,000LBP maximum tax limit on their paid up Capital and reserves (before 2022)

## Offshore companies

A Lebanese offshore company is governed by the Legislative Decree number 46, which defines the offshore company as a Lebanese share holding company which engages exclusively in the following activities:

- Negotiation and signing of contracts and agreements in respect of operations and deals to be executed outside the Lebanese territory, relating to merchandise and materials located abroad or in duty free zone
- Preparation of studies and consultations that will be used outside Lebanon, upon requests from enterprises resident abroad.

Offshore companies require only one auditor.

Offshore companies can be founded by a single shareholder.

They are registered as SAL companies and are exempt from Company income tax (CiT) and from tax on dividends, and are subject to a lump-sum annual tax of LBP 50 million.

Contracts related to offshore activities outside Lebanon are exempt from Lebanese stamp duty.





## Branches of foreign companies

According to article 29 of the code of commerce, any foreign commercial company operating a branch office or an agency in Lebanon is required to register in the trade register.

The registration of a branch or agency in Lebanon should be subject to a resolution of the board of directors, taken in accordance with the article of association of the company; the said resolution should indicate clearly the nature of transactions which will be dealt with by the branch or agency in Lebanon.

The board of directors should also nominate an authorized representative.

**The powers given to the representative should be drawn up in clear and precise terms, authorizing him or her to:**

- a. Representing the company with the public and private administrations and bodies.
- b. Sign on its behalf all documents and petitions.
- c. Represent the company in all courts of law as plaintiff or defendant or in any other capacity, with power of substitution.
- d. Operate any bank account, etc..

In addition to dealing through wholly or partially owned local companies, foreign companies can also choose to establish a branch in Lebanon.

### **Brief facts of a branch office:**

- Foreign companies can open branch offices that can undertake any business activity not illegal under Lebanese law.
- Registration procedures are simple and there are no performance requirements or other conditions.
- Profits of branches are taxed at a rate of 17% and are deemed to be distributed as dividends subject to a dividend distribution tax rate of 10%.
- They are not subject to capital requirements.
- Branch offices require only one auditor.

## Representative offices

Foreign companies may open representative offices in Lebanon. Representative offices are not allowed to engage in activities that would generate profits in Lebanon. Even though they are required to maintain financial records, they are not subject to corporate income tax (CiT) since they do not generate income in Lebanon.

## Joint Ventures

Under Lebanese law, joint ventures are commonly used for specific projects in the construction industry and other sectors, but are not recognized as separate corporate entities under local laws and are established through a contract between two or more local and/or foreign parties.



## ESTABLISHMENT PROCESS OF A BUSINESS

All Lebanese and foreign individuals and companies intending to undertake business in Lebanon must register at a commercial court within two months of the date of commencement of business or acquisition of an official business address.

The information required to be filed upon registration is listed in the article # 26 of the code of commerce.

Any subsequent changes or modifications relating to the nature or ownership of the business must also be registered in the commercial register within two months of the date of their occurrence.

Upon initial registration, a written summary of the memorandum of association should be submitted in two copies containing the stamps and signatures and containing a list of information.

The estimated time to complete the registration is between 10 and 15 days after receipt of the documents appropriately authenticated by the competent authorities and legalized by the Lebanese Embassy or Consulate.

### **Sole proprietorships and partnerships**

Foreigners wishing to operate sole proprietorships or Partnerships must first obtain a work and residence permit.

### **Joint-stock companies (SAL)**

It takes up to a week to register a company once all the required documents are available.

### **Branch offices**

Branch offices are not subject to minimum capital regulations.

If the head of the branch office is a foreigner, he must obtain a residence and work permit.

Applications for the establishment of a branch office should be addressed to the Ministry of Economy and trade. They must include the name of the parent company, the address of its registered head office and details of its capital structure.

### **Representative offices**

Registration requirements for representative offices are the same as for branch offices.

### **Other entities**

Registration costs of a SARL (LLC), holding and offshore entities are approximately the same as for a SAL.

### **Other notes**

Lebanon has been suffering from an economic crisis since October 2019 that led to a rapid devaluation of the local currency and the related purchasing power. The Lebanese Government and Parliament are currently discussing a tax and fiscal reform plan in coordination with the International Monetary Fund (IMF) in order to seek potential solutions for the current crisis.



## TAXATION

Under the income tax law in Lebanon, tax is levied based on income type. Accordingly, the income tax law divides income into the following three categories:

**Chapter I - profits from industrial, commercial, and non-commercial professions.**

**Chapter II - salaries and wages and pension salaries.**

**Chapter III - revenues from moveable capital.**

This chapter mainly covers all types of dividend income, board member appropriations from profits and interest income, including interest on bonds and treasury bill.

The income tax law does not provide for a single tax on income treatment. Accordingly, where a taxpayer has income from different sources, each type of income is taxed according to the tax chapter it falls under.

## TAXPAYERS

### Residency rules

In Lebanon, any individual is considered tax resident in Lebanon if one:

- Has a place of business in Lebanon,
- Has a house in Lebanon permanently available to one's family members (i.e. the spouse and dependent children), or is present in Lebanon for more than 183 days in any given 12-month period. The 183 days will not include days:
  - Spent in transit at the International Airport Beirut, or
  - In Lebanon, if the stay was solely for the purpose of undergoing a medical treatment.

### **Permanent Establishment (PE)**

There are no clear provisions in the Lebanese income tax law to define PE.

## TAXES

### Corporate Income Tax

Not all businesses are taxed in the same manner. Depending on the relative size and structure of a business, the tax method applied is assessed depending on real (or actual) profits or deemed profits.

#### **1 Real profit method**

Tax is computed based on the real profit method on the taxpayer's net profits. The tax rate is fixed at 17% of the taxable result.

#### **2 Deemed profit method**

A deemed profit method is imposed on insurance and savings institutions, taxable transport companies, oil refineries, and public work contractors. For insurance companies, the deemed profit rate ranges from 5 to 10% depending on the type of insurance activities.

For income derived from personal business, tax is levied on deemed profits at progressive rates of 4%-25% for sole proprietorships and partnerships.



## Companies or institutions permanently exempted from Income Tax

Companies and organisations that are granted an indefinite exemption from Corporate income tax include the following:

- Educational institutions,
- Hospitals, orphanages, asylums, and other shelters that admit patients free of charge,
- Shipping, sea, and air transport associations (subject to certain restrictions),
- Farmers, provided they do not display farm produce and cattle outlets or sell products and meat after conversion tax,
- Syndicates and other types of professional associations,
- Miscellaneous non-profit organisations and co-operatives,
- Holding companies and offshore companies,
- Public sector bodies that do not compete with private institutions.

## Non-resident Tax (Withholding Tax)

Revenues earned by non-residents in Lebanon are subject to an effective WHT of 3.4% on revenue from the sale of materials and equipment, and 8.5% on the revenue in the case of sale of services. As per the 2022 Budget Law, new filing forms were introduced. The filing is due on a quarterly basis within 15 days from the end of each quarter (specimen named G10) and then annually along with the income tax return (specimen named G5).

## Capital gains Tax

The 2022 Budget Law imposed a transfer tax, 3% for resident individuals and 5% for non-resident individuals, on capital gains realized by individuals on the disposal of shares in companies in case the disposed shares are shares of one of the following joint stock companies:

- Companies whose primary activity is the acquisition of built and unbuilt real estate properties;
- Companies who engage in the trading and development of built and unbuilt real estate properties;
- Companies that have more than 50% of their fixed assets as real estate properties.

Moreover, Decision no. 323 issued 15 May 2023, addressed the tax treatment of income from disposal of shares realized by an individual as follows:

- 10% Movable capital tax when the shares disposed of are shares of Lebanese or foreign Limited Liability Company;
- 17% Corporate Income Tax when the disposal of shares represents a commercial transaction for the resident individual;
- Exempt from tax when the shares disposed of are shares of Joint Stock Company;
- Exempt from tax when the shares disposed of are not part of any of the above-mentioned scenarios.

## Withholding Tax on Interest

The income, revenues, and interest earned from accounts opened at Lebanese banks and from treasury bonds are subject to a 10% Withholding Tax on Interest that is non-refundable and cannot be carried forward.



## Withholding Tax on Dividends

Tax is withheld from dividends paid to resident and non-resident shareholders/partners at a rate of 10%. The dividend distribution tax rate may be reduced to 5% under specific conditions.

## Moveable capital Withholding Tax

**A 10% Withholding tax is levied on income derived from movable capital generated in Lebanon. Taxable income is comprised of the following:**

- Distributed dividends, interest, and income from shares,
- Directors' and shareholders' fees,
- Distribution of reserves or profits,
- Interest from loans to corporations.

Decision no. 323 issued on 15 May 2023, stated that individuals are subject to 10% movable capital tax if they dispose of shares in Lebanese or foreign limited liability companies when the disposal of shares does not represent a commercial transaction for the seller. In addition, Decision no. 322 stated that taxes on income from foreign shares, bonds and other foreign movable assets should be settled in foreign currency starting 15 November 2022.

## Payroll Taxes

Employers are responsible for withholding and declaring payroll taxes on behalf of their employees. Payroll tax is levied at progressive rates of 2% to 25%.

Payroll tax is subject to the territoriality principle. Salaries and wages are subject to tax in Lebanon when the beneficiary from the salary is resident in Lebanon, when the service against which the salary is paid is performed in Lebanon or when the salary is charged to an entity in Lebanon.

## Social security contributions

**Social security contributions are the following:**

- Borne by the employer: 8% for the maternity and sickness benefit schemes, on a maximum of LBP 90 million per month, and 6% for the family benefit schemes, on a maximum of LBP 12 million per month, in addition to 8.5% of total annual earnings for the end of service indemnity, with no ceiling.
- Borne by the employee: 3% for the maternity and sickness benefit scheme, on a maximum of LBP 90 million per month.

## Value-added Tax (VAT)

The standard VAT rate in Lebanon is 11%. Unless specifically exempt, VAT is levied on all commercial transactions undertaken by business entities. Export of goods and services and export-related services, international transport, and some of the intermediate operations are zero-rated.

Banking, financial services, and insurance operations are exempt from VAT.

Note that since 17 May 2013, the recharge of expenses from an entity in Lebanon to another entity abroad is not considered an export activity and therefore is subject to VAT at 11%.



On 27 April 2023, the Ministry of Finance (MoF) published Decree no. 11230 in the Official Gazette, this decree introduced an amendment to Article 18 of VAT Law no. 7308. Previously, Article 18 stated that VAT should be calculated based on the official exchange rate. However, with the issuance of Decree no. 11230, Article 18 was revised and now stipulates that when the price of a service or good is denominated in foreign currency, and until a unified exchange rate is established, the counter value of the foreign currency for the purpose of calculating VAT should be determined based on the Sayrafa rate then at market rate.

## **Built property Tax (BPT)**

The BPT is an annual progressive tax, ranging between 4% and 14% of net rental proceeds.

Net rental proceeds are defined as gross rental proceeds less allowable deductible expenses, such as depreciation and management costs.

## **Stamp duty**

Two kinds of stamp duties are levied on contracts and agreements. A proportionate stamp duty of 0.4% is levied on all deeds and contracts (written or implied) that mention specific payments or other sums of money. A fixed stamp duty ranging between a minimum of LBP 250 and a maximum of LBP 2 million is applicable on documents in accordance with schedules appended to the stamp duty law.

## **Custom duties**

Customs rates are imposed and modified according to decisions from the Lebanese customs authorities. These decisions are adopted based on the need of the Lebanese markets for some goods and the will to protect national production sectors.

Safeguard measures are provided for in relation to imported goods. The purpose behind such measures is to protect the domestic production sectors when an increase of imports is witnessed when compared to the same period during the previous years.

Customs rates in Lebanon are either determined in percentage or paid as a lump sum per unit of imported products.

The rates are determined based on a specific schedule created in conformity with the Harmonised System of Nomenclature. This conformity with the unified system allows Lebanon to represent an 'importer friendly' environment for importers.

The normal rates are applied where there is no preferential agreement. When the origin of the good or part of the good is from a country with which Lebanon has a preferential customs treatment, preferential rates apply.

The 2022 Budget Law imposed an additional customs fee of 3%, to be applicable for an additional year (i.e. until 31 December 2023). An exemption of customs and 3% additional duty is applied for solar power equipment used to generate electricity from the date this Law is published until 31 December 2023. In addition, a customs fee of 10% is imposed on imported goods with similar substitutes manufactured in Lebanon in sufficient quantities and on imported luxury items. This fee is applicable for a period of 5 years.



## Excise Taxes

Excise taxes are mainly applicable in Lebanon on certain beverages and spirits, tobacco products, gasoline, and vehicles.



## Employees – additional considerations

### Entry to Lebanon by employees

Every foreigner seeking entry to Lebanon to practice a certain profession or work, with or without pay, is required to obtain a prior approval from the Ministry of Labor. The foreigner shall apply abroad, through the official Lebanese mission or an authorized representative of the concerned person in Lebanon. If the foreign applicant is a salary earner, the employer is required to submit to the Ministry of Labor an application wherein he/she declares his/her approval to receive the foreign worker.

### Work Permit

Any foreigner who obtains prior approval from the Ministry of Labor, is required to apply for a work permit at this Ministry within a maximum period of ten days as of the date of his/her entry to Lebanon. The Ministry may revoke the prior approval if the foreigner fails to arrive to Lebanon within a maximum period of three months from the date of approval. The work permit may be granted and renewed for a maximum period of two years from the date of its issuance.

### Residency Permit

Any foreign employer/employee should apply for a residency permit at the General Security Directorate, and submit the required documents.

### Labor Legislation

The Ministry of Labor is the entity responsible for developing and implementing the Labor Law. Employment contracts are generally concluded in written form (although this is not obligatory).

Written contracts shall be formulated in Arabic, but could be translated to a foreign language if the employer or the salaried person is a foreigner and unacquainted with the Arabic language. The standard working time is eight hours per day or the equivalent of 48 hours per week as set by the Labor Law guidelines. The annual minimum paid leave is 15 days.

### Termination of employment

The employer and the employee can mutually agree to break a written work contract at any time, in which case there is no payment for damages or entitlements. However, in situations where one party breaks the contract, the injured party is entitled to seek compensation. If the employee was dismissed without any notification period, he should be compensated for the notification he's entitled to, according to certain brackets.



### Totalization agreements

A foreign national employee working in Lebanon will benefit from the social security fund only if:

- There is a reciprocal agreement between the two countries (i.e. their home country offers the equivalent or better program to Lebanese residents who are employed there) and the employee holds a valid work and residency permit.

Countries with which there is a totalization agreement are:

- France
- Belgium
- Italy
- United Kingdom

## CORPORATE - OTHER ISSUES

### Accounting requirements

All business enterprises are required to maintain adequate financial records which should be maintained in Arabic or French or English.

Companies are required to adopt an accrual basis of accounting for financial accounting purposes and following the International Financial Reporting Standards ('IFRS').

### Electronic filing

Taxpayers are required to submit their payroll tax, VAT, corporate income tax and Built Property Tax declarations electronically.

Taxpayers need to fill an electronic registration by visiting the M.O.F. website [www.finance.gov.lb](http://www.finance.gov.lb)

The M.O.F. provides the taxpayer with an envelope including the e-Pin needed to access his account on the M.O.F. website.







## LEBANON KEY TAX INDICATORS

Tax indicators	Resident	Non-resident
Fiscal year end	Calendar year. However, another year end can be used provided permission is granted in advance by the Lebanese Tax Authorities	Not Applicable
<b>Companies</b>		
Income Tax	For limited liabilities and joint stock companies (SARL, SAL) and branches: 17%; For offshore and holding companies: Exempt (Lump Sum annual Tax); and For sole proprietorship/partnership: from 4% to 25%.	Incomes subject to a withholding tax of: (i) 3.4% for revenues from the sale of materials and equipment and (ii) 8.50% for services.
Tax on capital gains	15% (17% on gains realised from disposal of shares by a company whose main activity is acquisition of investments)	Not Applicable
Value added Tax	There is a flat VAT-rate of 11%. Generally, an exemption may apply to certain financial operations and a nil-rate may apply to exports of goods and services.	Not Applicable
<b>Individuals</b>		
Individual marginal tax rate (max)	Progressive rates up to: (i) 25% for wages and salaries and (ii) 25% for business income.	No non-resident individual income tax, but Lebanon sourced income may attract a withholding tax (see above).
Basis of taxation	Salary paid from Lebanon or abroad or other Lebanese source income	Lebanese source income.
<b>Withholding tax</b>		
Dividends	10%	10%.
Interest	10% on bank deposits and bonds	10% on bank deposits and bonds.
Royalties	Not Applicable	8.5% as withholding Tax on non-resident.
Management service fees	Not Applicable	8.5% as withholding Tax on non-resident.
<b>Customs</b>	Goods: 0% to 39%, Alcoholic beverages: 55% to 100% and 100% on certain luxury goods.	
<b>Municipal Tax</b>	A Municipal Tax is levied on rents of offices at the rate of 7%, and on residences at the rate of 6% of the rent payable.	
<b>Transfer pricing</b>	There are no specific transfer pricing documentation requirements, but transactions should be at arm's length.	
<b>Double Tax treaties</b>	Jordan has entered into income tax treaties with Algeria, Azerbaijan, Bahrain, Bulgaria, Bosnia and Herzegovina, Canada, Croatia, Czech Republic, Cyprus, Egypt, France, India, Indonesia, Italy, Iran, Kuwait, Lebanon, Malaysia, Malta, Morocco, Netherlands, Pakistan, Palestine, Poland, Qatar, Romania, Saudi Arabia, South Korea, Singapore, Sudan, Syria, Tajikistan, Tunisia, Turkey, United Arab Emirates, Ukraine, Uzbekistan, the United Kingdom, and Yemen.	
<b>Treaties awaiting conclusion or ratification</b>	Canada, Cuba, Gabon, Sudan.	