

KNOW YOUR TAXES

TIPS & ALERTS FOR JOINT STOCK COMPANIES

DESCRIPTION	RATE	DEADLINE	PENALTIES	REQUIRED DOCUMENTS
INITIATING BUSINESS		Within 2 months at the Commercial Register	LBP 2,000,000	• مباشرة عمل (Form) • السجل التجاري
TAXES				
CORPORATE TAX ON PROFITS ¹	17%	31 st May of each Fiscal year	A Monthly 5% penalty on the tax up to 100% of the tax amount, with a minimum LBP 750,000	تصريح ضريبة الدخل (Form) لشركات الاموال
Capital gain - tax on profits received from the sale of Fixed assets, including financial assets (Shares), Tangible and intangible assets & real estates classified under Fixed assets	15%	31 st May of each Fiscal year	A Monthly 5% penalty on the tax up to 100% of the tax amount, with a minimum LBP 750,000	تصريح ضريبة الدخل لشركات الاموال

¹ Entities exempted paying Corporate tax on profits

- Educational institutes
- Hospitals, orphanages
- Consumer's cooperative companies, trade unions and agricultural cooperatives of a non-commercial nature
- Agricultural investors not engaged in trading of their products
- Local air and sea transport companies and foreign ones if Lebanese companies receive reciprocal treatment in the foreign country
- Touristic establishments classified as artisanal;
- Profits resulting from the production of new products for which there were no local industry before Lebanon Holding and offshore companies
- Profits that are reinvested

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DESCRIPTION	RATE	DEADLINE	PENALTIES	REQUIRED DOCUMENTS
Tax on Income From Movable capital (profit Distribution), interest on shares and director's representation & dividends distribution ²	10% Withheld from source	1 month Later (after date of Board of Director's Minutes)	A Monthly 5% penalty on the tax up to 100% of the tax amount, with a minimum LBP 750,000	(Form) 3 ص
PAYROLL TAX ³	2-20% According to the salary brackets (Refer to the Payroll Tax Document)	15 th of the month following the quarter due. (for e.g. the deadline for the tax due on the 1st quarter ending 31 st March is 15 th of April)	A Monthly 5% penalty on the tax up to 100% of the tax amount, with a minimum LBP 750,000	(Form) 5ر (Form) 10ر

² Exemptions

- Amounts paid in reimbursement of creditors or shareholders provided they are not taken from the profit and loss account or from reserve funds
- Investments with the Lebanese government, amounts deposited at the Central Bank
- Deposits and accounts opened at the Central Bank in the name of the banks

³ Entities exempted from paying the payroll taxes

- Subject to reciprocity: salaries and allowances of ambassadors of foreign states and their foreign staff
- Disablement pensions
- Wages of agricultural laborers
- Wages of nurses and cleaners in hospitals, orphanages, asylums and other medical and first aid institutions
- Wages of foreign employees in the Union of Arab Capital & financial Markets

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DESCRIPTION	RATE	DEADLINE	PENALTIES	REQUIRED DOCUMENTS
VALUE ADDED TAX ⁴	11%	20 th of the month following the quarter due. (for e.g. the deadline for the tax due on the 1 st quarter ending 31 st March is 20 th of April)	A Monthly 5% penalty on the tax up to 100% of the tax amount, with a minimum LBP 750,000	(Form) ق 2-1
BUILT PROPERTY TAX (IF APPLICABLE) ⁵	4-14% (Refer to the Built Property Tax Document)	31 st March of each Fiscal year	A Monthly 5% penalty on the tax up to 100% of the tax amount, with a minimum LBP 750,000	(Form) ك 21
SOCIAL SECURITY CONTRIBUTION	25.5%	<ul style="list-style-type: none"> • 1 month later (If more the 10 employees: monthly declaration) • 3 months later (If less the 10 employees: quarterly declaration) 	0.5% on each day	<ul style="list-style-type: none"> • تصريح الاسمي السنوي (Form) • تصريح الاشتراكات (Form)

⁴ Zero rated

- Certain goods/services such as export if goods/services
 - International Transport of goods/persons
 - Government/public entity projects funded by international organizations (such as the EU)
- Exemptions on VAT
- Essential goods and services
 - Agriculture, Real Estate, Health, Education, NGOs. Collective transportation of persons, financial services
 - Diplomats and international organizations, foreign business, tourists and some exempt sectors have special refund schemes.

⁵ Exemptions on Built property tax

- Buildings owned by the government, hospitals, religious authorities, political parties, foreign governments etc.

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DESCRIPTION	RATE	DEADLINE	PENALTIES	REQUIRED DOCUMENTS
STAMP TAX	<ul style="list-style-type: none"> • 4% (contracts) • LBP 250 (receipts and vouchers) 	5 working days from the agreement date	5 times the value of the stamp tax amount	
WITHHOLDING TAX ON INTEREST	7%	Deducted directly by Financial Institutions		
NON-RESIDENT WITHHOLDING TAX	<ul style="list-style-type: none"> • 7.5% on services • 2.25% on purchase of Fixed Assets 	Same as Corporate tax on profits (included within)	A Monthly 5% penalty on the tax up to 100% of the tax amount, with a minimum LBP 750,000	تصريح ضريبة الدخل لشركات الاموال
CUSTOM DUTIES ⁶	<ul style="list-style-type: none"> • 0% to 70% (most imports) • 0% to 5% (agricultural goods) 			

⁶ Exemptions on Custom Duties

- Raw materials
- Semi-manufactured goods (total of over 2000 products)
- Computer hardware and software
- Textiles

The following goods & activities benefit from a duty deferral statuses:

- Merchandise in transit
- Customs warehouses
- Free Zones & shops
- Temporary entry
- Temporary Import of Items & personal effects belonging to persons entering Lebanon for temporary stay
- Refund of duties
- Re-export of goods
- Trans-shipment

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DESCRIPTION	RATE	DEADLINE	PENALTIES	REQUIRED DOCUMENTS
AUDITORS REPORT		End of August of each Fiscal year	A Monthly 5% penalty on the tax (corporate tax on profit) up to 100% of the tax amount, with a minimum LBP 750,000	Audit report
FREEZING BUSINESS (عدم مزاولة عمل)		2 Months	LBP 750,000	تصريح عدم مزاولة المهنة (Form)
CLOSING/TERMINATION (التوقف عن العمل)		2 Months	LBP 2,000,000	تصريح توقف عن العمل (Form)