

# KNOW YOUR TAXES

## TIPS & ALERTS FOR LIMITED LIABILITY COMPANIES

DESCRIPTION	RATE	DEADLINE	PENALTIES	REQUIRED DOCUMENTS
<b>INITIATING BUSINESS</b>		Within 2 months at the Commercial Register	LBP 1,000,000	• مباشرة عمل (Form) • السجل التجاري
<b>TAXES</b>				
<b>CORPORATE TAX ON PROFITS <sup>1</sup></b>	<b>17%</b>	31 <sup>st</sup> May of each Fiscal year	A Monthly 5% penalty on the tax up to 100% of the tax amount, with a minimum LBP 500,000	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 and real estates classified under Fixed assets	<b>15%</b>	31 <sup>st</sup> May of each Fiscal year	A Monthly 5% penalty on the tax up to 100% of the tax amount, with a minimum LBP 500,000	تصريح ضريبة الدخل لشركات الاموال

<sup>1</sup> 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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Tax on Income from Movable capital (profit Distribution and Income on shares) & dividends distribution <sup>2</sup>	<b>10%</b> 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 500,000	(Form) 3 ص
<b>PAYROLL TAX</b> <sup>3</sup>	<b>2-20%</b> According to the salary brackets (Refer to the Payroll Tax Document)	15 <sup>th</sup> of the month following the quarter due. (for e.g. the deadline for the tax due on the 1 <sup>st</sup> quarter ending 31 <sup>st</sup> March is 15 <sup>th</sup> of April)	A Monthly 5% penalty on the tax up to 100% of the tax amount, with a minimum LBP 500,000	(Form) 5, (Form) 10,

### <sup>2</sup> 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

### <sup>3</sup> 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
<b>VALUE ADDED TAX</b> <sup>4</sup>	<b>11%</b>	20 <sup>th</sup> of the month following the quarter due. (for e.g. the deadline for the tax due on the 1 <sup>st</sup> quarter ending 31 <sup>st</sup> march is 20 <sup>th</sup> of April)	A Monthly 5% penalty on the tax up to 100% of the tax amount, with a minimum LBP 500,000	(Form) <b>ق 2-1</b>
<b>BUILT PROPERTY TAX (IF APPLICABLE)</b> <sup>5</sup>	<b>4-14%</b> (Refer to the Built Property Tax Document)	31 <sup>st</sup> March of each Fiscal year	A Monthly 5% penalty on the tax up to 100% of the tax amount, with a minimum LBP 500,000	(Form) <b>ك 21</b>
<b>SOCIAL SECURITY CONTRIBUTION</b>	<b>25.5%</b>	<ul style="list-style-type: none"> <li>• 1 month later (If more the 10 employees: monthly declaration)</li> <li>• 3 months later (If less the 10 employees: quarterly declaration)</li> </ul>	0.5% on each day	<ul style="list-style-type: none"> <li>• <b>تصريح الاسمي السنوي (Form)</b></li> <li>• <b>تصريح الاشتراكات (Form)</b></li> </ul>

<sup>4</sup> 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.

<sup>5</sup> 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
<b>STAMP TAX</b>	<ul style="list-style-type: none"> <li>• <b>4%</b> (contracts)</li> <li>• <b>LBP 250</b> (receipts and vouchers)</li> </ul>	5 working days from the agreement date	5 times the value of the stamp tax amount	
<b>WITHHOLDING TAX ON INTEREST</b>	<b>7%</b>	Deducted directly by Financial Institutions		
<b>NON-RESIDENT WITHHOLDING TAX</b>	<ul style="list-style-type: none"> <li>• <b>7.5%</b> on services</li> <li>• <b>2.25%</b> on purchase of Fixed Assets</li> </ul>	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 500,000	تصريح ضريبة الدخل لشركات الاموال
<b>CUSTOM DUTIES <sup>6</sup></b>	<ul style="list-style-type: none"> <li>• <b>0% to 70%</b> (most imports)</li> <li>• <b>0% to 5%</b> (agricultural goods)</li> </ul>			

<sup>6</sup> 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
<b>AUDITORS REPORT</b>		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 500,000	<b>Audit report</b>
<b>FREEZING BUSINESS</b> (عدم مزاولة عمل)		2 Months	LBP 500,000	تصريح عدم مزاولة المهنة (Form)
<b>CLOSING/TERMINATION</b> (التوقف عن العمل)		2 Months	LBP 1,000,000	تصريح توقف عن العمل (Form)