

# KNOW YOUR TAXES

## TIPS & ALERTS FOR OFFSHORE COMPANIES

DESCRIPTION	RATE	DEADLINE	PENALTIES	REQUIRED DOCUMENTS
<b>INITIATING BUSINESS</b>		Within 2 months at the Commercial Register	LBP 2,000,000	• مباشرة عمل (Form) • السجل التجاري
<b>TAXES</b>				
<b>CORPORATE TAX ON PROFITS</b>	<b>Exempted</b>			
<b>ANNUAL CORPORATE TAX</b>	LBP 1 million (USD 663) fixed annual tax	31 <sup>st</sup> May of each Fiscal year	A Monthly 5% penalty on the fixed 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 & intangible assets & real estates classified under Fixed assets	<b>15%</b>	31 <sup>st</sup> May of each Fiscal year	A Monthly 5% penalty on the fixed tax up to 100% of the tax amount, with a minimum LBP 750,000	تصريح ضريبة الدخل لشركات الاموال
Tax on income from movable capital (profit distribution)	<b>Exempted</b>			

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DESCRIPTION	RATE	DEADLINE	PENALTIES	REQUIRED DOCUMENTS
<b>PAYROLL TAX</b> <sup>1</sup>	Payroll tax on 30% of foreign employees' basic salary are exempted. Payroll tax on the salaries of company employees working in Lebanon are subject to 2% 20% According to the salary brackets ( <i>Refer to the Payroll Tax Document</i> )	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 750,000	(Form) 5, (Form) 10,
<b>VALUE ADDED TAX</b> <sup>2</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 750,000	(Form) 2 - 1 ق

<sup>1</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

<sup>2</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

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DESCRIPTION	RATE	DEADLINE	PENALTIES	REQUIRED DOCUMENTS
<b>BUILT PROPERTY TAX (IF APPLICABLE)</b> <sup>3</sup>	<b>4-14%</b> <i>(Refer to the Built Property Tax Document)</i>	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 750,000	<i>(Form)</i> <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>• <i>(Form)</i> <b>تصريح الاسمي السنوي</b></li> <li>• <i>(Form)</i> <b>تصريح الاشتراكات</b></li> </ul>
<b>STAMP TAX</b>	Stamp duties on overseas business contracts signed in Lebanon are exempted; otherwise, <ul style="list-style-type: none"> <li>• <b>4%</b> (contracts)</li> <li>• <b>LBP 250</b> (Invoices and receipts)</li> </ul>	5 working days from the contract date	5 times the value of the stamp tax amount	

<sup>3</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>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 750,000	تصريح ضريبة الدخل لشركات الاموال
<b>CUSTOM DUTIES <sup>4</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>4</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 750,000	<b>Audit report</b>
<b>FREEZING BUSINESS</b> ( عدم مزاولة عمل )		2 Months	LBP 750,000	تصريح عدم مزاولة المهنة (Form)
<b>CLOSING/TERMINATION</b> ( التوقف عن العمل )		2 Months	LBP 2,000,000	تصريح توقف عن العمل (Form)