

KNOW YOUR TAXES

TIPS & ALERTS FOR HOLDING 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	Exempted			
ANNUAL CORPORATE TAX	A Gradual tax on capital & reserves ranging from LBP 1.8 Million up to LBP 5 million maximum	31 st 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 الهولدنغ
Taxes on the interest on loans issued to companies operating in Lebanon, if the loan maturity is less than 3 years	10%	31 st 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 الهولدنغ
Tax on capital gains received from: the sale of holding company shares or its participation, in Lebanese companies, it has owned for less than 2 years, Sale of Fixed assets, including Tangible & intangible assets & real estates classified under Fixed assets	10%	31 st 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 الهولدنغ

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Tax on amounts collected from renting patents & on the reserved rights it possesses on a Lebanese company	10%	31 st 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 الهولدنغ
Tax on amounts collected from Management fees	5%	31 st 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 الهولدنغ
Tax on Income From Movable capital (profit Distribution)	Exempted			
PAYROLL TAX ¹	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 1 st 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) 5, (Form) 10,

¹ 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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VALUE ADDED TAX ²	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) ³	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)

² 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.

³ 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 (invoices and receipts) 	5 working days from the contract 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 الهولدينغ
CUSTOM DUTIES ⁴	<ul style="list-style-type: none"> • 0% to 70% (most imports) • 0% to 5% (agricultural goods) 			

⁴ 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)