



INVESTMENT DEVELOPMENT  
AUTHORITY OF **LEBANON**

Presidency of the Council of Ministers

# STARTING A BUSINESS

## EMPLOYMENT & SOCIAL SECURITY



## Labor Regulation

### Employment Contract

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. Contracts should comply with the provisions of the Common Law.

Employers who hire fifteen or more salaried persons shall be required to lay down a scheme regulating working conditions in his establishment. The scheme must be ratified by the Minister of Labor, and the regulations must incorporate the Labor Law guidelines.

### Terms of Employment

#### Salaries and Wages

The minimum wage in Lebanon is currently set at 500,000 L.L. (or the equivalence of USD 333). Information on payroll taxes are included in the Corporate & Individual Taxation section

#### Working Hours

**Working Hours.** The standard working time is eight hours per day or the equivalent of 40 hours per week as set by the Labor Law guidelines. The maximum legal duration of work cannot exceed 48 hours per week. Under special circumstances, employers are allowed to add extra hours to an employee's regular shift, contingent on a permit issued from the Ministry of Labor and overtime hours paid 1.5 times.

**Breaks.** The employer shall grant his salaried personnel a minimum of an hour rest that shall be interposed in the middle of the day whenever the duration of work exceeds six hours for men and five hours for women. The salaried persons shall be given a weekly rest that must not be less than 36 consecutive hours. The employer may choose the day of this rest and apportion it among all salaried personnel according to working requirements.

**Leaves.** Every salaried person employed in an establishment for at least one year shall be entitled to an annual leave of fifteen days with full pay. The employer may choose the dates of the leaves according to the requirements of work. The salaried person shall not be dismissed or served with dismissal notice during the mentioned leave.

**Public Holidays.** There are two compulsory public holidays which must be given, with pay, to employees: Labor Day on May 1, and Independence Day on November 22. In addition, there are 13 other government-recognized holidays during which all public offices and most businesses are closed.

### 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 the following

**Table 1:** Required Minimum Notification Periods for Employers and Employees

DURATION OF SERVICE	DURATION OF NOTIFICATION PERIOD
Less than 3 years	1 month
3 - 6 years	2 months
6 - 12 years	3 months
More than 12 years	4 months

Source: Lebanese Labor Law

**The Lebanese Labor Law establishes certain rules for dismissal: The employer may rescind the contract without indemnity or prior notice in the following cases:**

- Dismissal for Business Reasons: If the worker or the employee who engaged in the work as a trainee on probation has not satisfied the employer within the first three months of employment;
- Dismissal for Conduct-Related Reasons: If the salaried employee has committed a proven deliberate act or negligence to cause damage to the employer's material interests. In order to use this cause as a plea, the employer is required to inform in writing the Social Affairs Department of such infringement within three days of the verification of the act;
- If the salaried employee has committed three times in the course of a single year, a serious infringement to the by - law, despite repeated notices served on him in writing;
- If the worker or employee has assumed spurious nationality;
- Dismissal for Personal Reasons: If the salaried employee was absent with no legal excuse or valid reason, for more than fifteen days in a single year or more than seven consecutive days. The salaried employee is required to inform the employer of the reasons of absence within twenty-four hours of his return. The employer shall have to serve written notices to the worker indicating the number of days that shall be counted as absence with no legal excuse;

**The employee is entitled to quit the job before the end of the contract and without prior notice in the following cases:**

- If the employer or a representative has deceived the employee regarding working conditions at the time of concluding the contract. The employee may not avail himself of this right after the expiry of thirty days from the start of his engagement in work;
- If the employer has not fulfilled his obligations towards the employee;
- If the employer or his/her representative has committed a moral crime against the employee personally or a member of his/her family;
- If the employer or his/her representative has committed assault and battery on the person of the employee.

In situations where either party breaks the work contract for reasons of misconduct, the party seeking compensation must file a lawsuit no later than one month after the violation. Firing an employee is considered misconduct or abuse of power if the action is based on an unjust or personal reason.

## Non-Lebanese Workers Special Terms and Conditions

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 (except for artists who shall obtain the approval from the General Security Directorate). 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. The application must be supported by documents and instruments, which corroborate the contents of the foreigner's application, as well as a labor contract certified by a public notary in Lebanon, or by one of the Lebanese Diplomatic Corps accredited abroad.

**A foreigner, who intends to cumulate the quality of partner/shareholder, should fulfill the following conditions:**

- The share of the applicant in the capital should not be less than 100 million LBP
- The applicant must declare the extent of his/her possibilities to employ Lebanese workers. (at least 3 Lebanese workers against each foreigner and register them at the social security service within the first 6 months

## Social Security System

The National Social Security Fund (NSSF) provides employees with national insurance coverage for sickness, maternity care, family allowance, end-of-service pensions, work-related accidents and diseases. Formal employees or laborers from any sector are eligible to enroll in the program. These provisions are included in the Social Security Law enacted in 1963.

Social Security contributions are calculated as a percentage of monthly salaries, including overtime, bonuses, and fringe benefits. All employers in Lebanon are required to register their employees at the National Social Security Fund within one month from the start of operations, and are required to pay social security contributions on their behalf.

In general, all Lebanese employees and workers, regardless of the nature of their employment, are subject to the Social Security provisions, provided their activities are conducted on Lebanese soil.

Foreigners working in Lebanon (holders of work permits) are entitled to social security benefits (**Table 2**), provided their countries of origin offer equal treatment to Lebanese workers (i.e. France, Italy, UK, Syria, and Belgium).

**Table 2:** Employers Social Security Contribution

CONTRIBUTION TYPE	EMPLOYEE'S CONTRIBUTION	EMPLOYER'S CONTRIBUTION
Sickness and maternity	2%	7%
Family allowances	-	6%
End of service allowance	-	8.5%

Source: Social Security Fund

## Exemptions from Contributions

Non-resident foreigners and Lebanese are exempted from Social Security contributions if they are working in Lebanon and following an employment contract concluded abroad with foreign companies, and if their employer produces evidence that they are entitled to social security benefits in their country of residence at least equivalent to those offered in Lebanon.

