

KNOW YOUR TAXES

TIPS & ALERTS FOR OFFSHORE COMPANIES

DESCRIPTION	RATE	DEADLINE	PENALTIES	REQUIRED DOCUMENTS
INITIATING BUSINESS		Within 2 months at the Commercial Register	LBP 2,000,000	<ul style="list-style-type: none"> • مباشرة عمل (Form) • السجل التجاري
TAXES				
CORPORATE TAX ON PROFITS	Exempted			
ANNUAL CORPORATE TAX	LBP 1 million (USD 663) fixed annual tax	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 الاموال (Form)
Capital gain - tax on profits received from the sale of Fixed assets, including financial assets (Shares), Tangible & intangible assets and 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
Tax on income from movable capital (profit distribution)	Exempted			

DESCRIPTION	RATE	DEADLINE	PENALTIES	REQUIRED DOCUMENTS
PAYROLL TAX ¹	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 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,
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) 2-1 ق

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

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

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BUILT PROPERTY TAX (IF APPLICABLE) ³	4-14% <i>(Refer to the Built Property Tax Document)</i>	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	<i>(Form) ك 21</i>
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"> • <i>(Form) تصريح الاسمي السنوي</i> • <i>(Form) تصريح الاشتراكات</i>
STAMP TAX	Stamp duties on overseas business contracts signed in Lebanon are exempted; otherwise, <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	

³ Exemptions on Built property tax
Buildings owned by the government, hospitals, religious authorities, political parties, foreign governments etc.

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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 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)