

KNOW YOUR TAXES

TIPS & ALERTS FOR LIMITED LIABILITY COMPANIES

DESCRIPTION	RATE	DEADLINE	PENALTIES	REQUIRED DOCUMENTS
INITIATING BUSINESS		Within 2 months at the Commercial Register	LBP 1,000,000	• مباشرة عمل (Form) • السجل التجاري
TAXES				
CORPORATE TAX ON PROFITS ¹	17%	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 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	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 500,000	تصريح ضريبة الدخل لشركات الاموال

¹ 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 ²	10% 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
PAYROLL TAX ³	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 500,000	(Form) 5, (Form) 10,

² 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

³ 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 ⁴	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 500,000	(Form) ق 2-1
BUILT PROPERTY TAX (IF APPLICABLE) ⁵	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 500,000	(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)

⁴ 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.

⁵ Exemptions on Built property tax

- Buildings owned by the government, hospitals, religious authorities, political parties, foreign governments etc.

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STAMP TAX	<ul style="list-style-type: none"> • 4% (contracts) • LBP 250 (receipts and vouchers) 	5 working days from the agreement 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 500,000	تصريح ضريبة الدخل لشركات الاموال
CUSTOM DUTIES ⁶	<ul style="list-style-type: none"> • 0% to 70% (most imports) • 0% to 5% (agricultural goods) 			

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