

Kabalan & Associates

مكتب المحامي نور الدين قبلان

Lebanon Legal Update

7 March 2017



Summary of Laws issued in February 2017

The Lebanese Parliament and the Lebanese Council of Ministers are pursuing the reform process mainly relating to tax and transparency.

A series of laws and decrees have been issued in February 2017 mainly as follows:

1. Law no 20 issued on 16 February 2017 amending income tax law to add the Lump Sum Income Tax.
2. Law no 27 issued on 16 February 2017 whereby persons already enrolled in the Sickness and Motherhood Insurance Coverage at the National Social Security Fund will start to benefit from such coverage also after their retirement.
3. Law no 28 issued on 16 February 2017 on Right to Access Information.
4. Law no 32 issued on 16 February 2017 amending VAT Laws.
5. Decree no 168 issued on 23 February 2017 determining rules and regulations to adopt one unified number for each citizen to use before all public institutions and municipalities.

Please find below more details relating each of the above laws and decrees.

Noureddine Kabalan
Nadine Azhari

Further advice should be taken before relying on the contents of this note

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Amendment to Lebanese Income Tax

The Lebanese Parliament has enacted new legislation which imposes a new Lump Sum Income Tax (LSIT) applicable starting from 1 January 2018.

Companies and individuals who are liable to income tax in Lebanon will be required to pay a Lump Sum Income Tax (LSIT), in addition to income tax, and irrespective of the financial results of their business activities in Lebanon.

The new LSIT Law no 20/2017 has been published in the Official Gazette on 16 February 2017 confirming the decision of the Minister of Finance Mr. Ali Khalil of 31 October 2016.

Key points to note:

- The LSIT is not applicable to holding companies, offshore companies, nor to entities and individuals exempt from paying income tax.
- The LSIT is not considered as an amount deductible from profits subject to tax.
- The LSIT is charged at the following rates and is applicable to each place of business:
 - Lebanese Joint-Stock Companies: 2,000,000 L.L
 - Limited Liability Companies and other capital companies: 750,000 L.L
 - Personal Establishments and Personal Companies which are subject to real profit tax: 550,000 L.L
 - Lump sum profit taxpayers: 250,000 L.L
 - Estimated profit taxpayers: 50,000 L.L

The LSIT is required be paid by 30 September of each year.

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Insured at NSSF will benefit from sickness and motherhood insurance coverage also after retirement

The Lebanese Parliament has enacted a new Legislation on 16 February 2017 which grants persons already enrolled in the Sickness and Motherhood Insurance Coverage at the National Social Security Fund (NSSF) the right to benefit from such coverage even after their retirement.

Pursuant to this Law no 27/2017:

- The insured should have reached the age of 60 to 64 years old and have permanently left work or was permanently disabled reducing his productivity by at least 30%.
- The insured should not be benefiting from another insurance coverage.
- The insured should have been enrolled at the Sickness and Motherhood Insurance Coverage at the NSSF for at least 20 years.
- The insured should be residing in Lebanon.
- The family of the insured will benefit from such insurance coverage subject to certain conditions.
- Additional contributions will be paid to the NSSF to cover this cost.

Further decrees will be issued to determine the details for application of this Law.

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Right to Access Information

The Lebanese Parliament has enacted a new Legislation on 16 February 2017 which grants any person and/or entity the right to access administrative information and documents which are held at any governmental and municipal authorities.

Pursuant to this Law no 28/2017, a written application should be submitted to the relevant administration by the party requesting access to information and should be answered by the administration within 15 days -renewable for another 15 days. Failure to answer within 30 days as of submittal is deemed to be a refusal and is subject to challenge to be submitted within two months before the Anti-Corruption National Committee.

The right to access administrative information and documents of personal aspect are however limited to such related person.

Additionally, the relevant administrations have been required to publish amongst other matters:

- Reasons for laws and decrees upon publishing such laws and decrees in the Official Gazette.
- Internal administrative decisions and instructions on the website of the relevant administration within 15 days as of their issuance in addition to their publication in the Official Gazette.

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Amendment to VAT Law

The Lebanese Parliament has enacted new legislation which imposes VAT on additional items and will be applicable as of 1 April 2017.

Pursuant to this Law no 32, the following items will also be subject to VAT:

- Importation of used cars and used maintenance parts- the paid VAT will not be deductible. However are exempt from VAT without deduction, the handover of cars and used maintenance parts within Lebanon and the export of cars outside Lebanon.
- Importation of scrap- the paid VAT will not be deductible. However are exempt from VAT without deduction, the handover of scrap within Lebanon and the export of scrap outside Lebanon

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Adopting one unified number for each Lebanese citizen

The Lebanese Council of Ministers has issued on 23 February 2017 decree no 168 adopting one unified number for each Lebanese Citizen before all administrations, public institutions, municipalities and public law entities.

This unified number will be the personal ID number of each Lebanese Citizen as issued by the Ministry of Interior.

This number will be used by the Lebanese Citizen for all paperwork and electronic procedures before the public institutions and will enable the public institutions to exchange information about such citizens by referring to this unified number.

The Ministry of Interior- Personal Status Department will prepare a plan to provide citizens with such numbers – which term will not exceed a 6 month period.

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