

**VAT**  
**DRAFT LAW**

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## **Section 1:** **Charge of the value added tax**

### **Article1: Introduction of the value added tax**

An introductory tax called “the value-added tax” is charged, paid and collected in accordance with the provisions of this law.

The expression “Tax”, whenever mentioned in this law, means the value-added tax.

The expression “Lebanese territory” or “Lebanon” whenever mentioned in this law, means the Lebanese territorial lands, atmospheres and waters.

## **Section 2:** **Scope of the tax**

### **Article2: Taxable supplies**

Are subject to VAT:

1- The supply of goods and services transactions carried out by a taxable person within the Lebanese territory;

The transactions, provided for in articles 8&11 of this law, are considered as the supply of goods and services for consideration.

2-Import transactions undertaken by any person, whether taxable or not.

### **Article3: Taxable persons**

A taxable person is every natural or juridical person who, in the course of an independent economic activity, excluding the exempted activities provided for in article 16 of this law, supplies goods and services for consideration but under the condition of achieving a total turnover exceeding 500 million LBP and covering four successive quarters.

The persons, whose turnovers vary between 250 million LBP and 500 million LBP, can opt to the tax. In order to preserve the competitiveness of the market, the Minister of Finance may lower the turnover specified above below 250 million LBP.

### **Article 4: Calculation of the turnover**

The turnover, mentioned in article 3 of this law, consists of the following amounts:

- The value of taxable transactions, excluding VAT;
- The value of transactions provided for in articles 19, 20 and 21 of this law.

The calculation of this turnover does not take into consideration the following amounts:

- The value of transfer of capital assets;
- The value of transactions provided for in articles 16 and 17 of this law.



**Article 5: Persons and transactions outside the scope of the tax**

The transactions dealing with non-built lands are outside the scope of the tax

Are also outside the scope of the tax the State, municipalities and all public bodies regarding the transactions they perform as public authority, even if these transactions are for consideration, except the following transactions that are taxable:

- Renting out private properties
- Communication
- Water and electricity
- Audiovisual media
- Consumer markets, slaughterhouses, and warehouses
- Tobacco
- Car parking
- Seaports and airports
- Co-ops

**Article 6: Supply of goods**

The supply of goods means the transfer by the taxable person of the right to dispose, as an owner, of a movable or immovable tangible property, such as sale or exchange.

**Article 7: Goods considered as tangible property**

For the implementation of this law, the following are considered as tangible properties:

- 1- Electric current, gas, heat, refrigeration.
- 2- Rights in rem related to immovable property provided for in real estate property law: Usufruct, Long leasing, Option arising from sale promise, Right of disposal, “Ijaratayn”.

**Article 8: Self-supply of goods by a taxable person**

The following shall be considered as self-supplies of goods for consideration:

1. The application by a taxable person of goods forming part of his business assets where the value added tax on such goods has been partly or wholly deducted, provided for in article 27 and what follows of this:
  - a) For his private needs or those of his staff, and more generally for purposes other than those of his business, or
  - b) To transfer without consideration
2. The application by a taxable person, for his business purposes, of goods that he has constructed, manufactured, bought, altered or imported, in the course of his business, provided that acquiring such goods or its components parts from another taxable person does not allow him a whole deduction.



3. The application by a taxable person of goods to perform non-taxable activity where the tax on such goods or its components parts became deductible upon their acquisition or application in accordance with subparagraph (2);
4. The retention of goods by a taxable person or his successors when he ceases his taxable economic activity provided that the VAT on such goods or its components parts became partly or wholly deductible upon their acquisition.

#### **Article 9: Transfer of going concern**

No tax is charged on the transfer of the totality or part of a business assets, whether for consideration or not, provided that the transferor and the transferee are taxable persons.

#### **Article 10: Supply of services**

The supply of services means any transaction that does not constitute a supply of goods within the meaning of articles 6 and 8 of this law, and generally such transactions may include:

- a) the transfer of intangible property whether represented or not by a bond;
- b) the obligation to refrain from an act or to allow an act.

#### **Article 11: Self-supply of services by a taxable person**

The following shall be considered as self-supplies of services for consideration:

1. The use by a taxable person of goods forming part of his assets for his private needs or those of his staff, and more generally for purposes other than those of his business, where the tax on such goods has been initially partly or wholly deducted.
2. The supply of a service by a taxable person free of charge for his private needs or those of his staff, and more generally for purposes other than those of his business.
3. The supply of a service by a taxable person for the purposes of his business, where the tax on such service, had it been supplied by another taxable person, would not be wholly deductible.

#### **Article 12: The intermediate**

The intermediate, who acts in his own name but on behalf of his mandatory, becomes a taxable person since there will be two transactions, one between the intermediate and his mandatory, and another between the intermediate and the third party.

If the intermediate acts in the name and on behalf of his mandatory, then there will be only one transaction between the mandatory and the third party.

#### **Article 13: Place of supply of goods**

The supply of goods takes place in Lebanon if the good exists on the Lebanese territory at the date of supply.



**Article 14: Place of supply of services**

The supply of services takes place in Lebanon if the service is supplied within the Lebanese territory.

The service is deemed to be taking place in Lebanon, unless the opposite is proven, if one of the contracting parties has a fixed establishment in Lebanon, notwithstanding the following provisions:

- a) The place of supply of a service related to an immovable property is the place where this property is located;
- b) The place of supply of a service related to a tangible movable property is the place where this service is carried out.

**Article 15: Import transactions**

Importation takes place when the merchandises are placed in the local consumption according to the customs legislation.

**Section 3:**  
**Exemptions from the VAT**

**Sub-section 1:**  
**Exemptions within the Lebanese territory**

**Article 16: Exempted activities**

Are exempted from the tax the transactions carried out within the Lebanese territory and related to any of the following activities:

1. Services offered by medical doctors or those having a medical character, and hospital fees;
2. Education;
3. Insurance;
4. Banking and financial services;
5. Non-profit organizations regarding the activities performed for non-profit purposes, except when exempting such repeated activities is likely to create distortion of competition with taxable businesses;
6. Collective transport of persons, including transport by taxicabs;
7. Supply of gold to the Central Bank;
8. Betting, lotteries and other forms of gambling;
9. Sale of built properties;
10. Residential letting of built properties;
11. Farmer's activities concerning the supply of their agricultural production.

The details of application of this article are to be regulated by a decree issued upon the proposal of the Minister of Finance.



**Article 17: Exempted goods**

The following goods are exempted:

- a) Livestock, poultry and agricultural products sold in their raw state;
- b) Bread, flour, meat and fish, milk and yogurt and their derivatives, rice, borghol, sugar, salt and macaroni and all different kinds of pasta;
- c) Books, magazines, newspapers, medicines and drugs, and butane for household consumption;
- d) Seeds, fertilizers and animal feeds.

The details of application of this article are to be regulated by a decree issued upon the proposal of both the Minister of Finance and the authorized Minister.

**Sub-section 2:**  
**Exemptions at import**

**Article 18: Exemptions at import**

Are exempted from the tax:

1. The importation of goods exempted from the tax according to article 17 of this law,
2. The transactions provided for in the customs legislation and related to the exemptions specific to the Presidency of the Republic, United Nations Organization, the political and consulate exemptions, military privileges, and the donations granted to the public administrations and institutions,
3. The personal luggage, household equipment, and the specimens with no commercial value according to the criteria adopted by the customs law.

The details of application of this article are to be regulated by a decree issued upon the proposal of the Minister of Finance.

**Sub-section 3:**  
**Exemptions of exports and like transactions,**  
**international transport and some of the intermediates operations**

**Article 19: Exemptions of exports and like transactions**

The following transactions are exempted:

1. The supply of goods dispatched or transported to a destination outside the Lebanese territory.
2. The supply of goods and services in the free zones according to the conditions and restrictions determined by the customs legislation.
3. The exportation of gold to the Central Banks.



The details of application of this article are to be regulated by a decree issued upon the proposal of the Minister of Finance.

#### **Article 20: Exemptions of international transport**

Are exempted from the tax:

- 1) The supply, alteration, repairing, maintenance, leasing, or letting of:
  - a) Seagoing vessels used for navigation in the high seas and which fulfill remunerated transport activity, rescue and assistance seagoing vessels, or those used for sea hunting.
  - b) Means of transportation by air used for air navigation and which basically carry out an international remunerated transport activity.
- 2) The supply of services for consideration related to seagoing vessels and means of transportation by air with its cargoes.
- 3) The international transport for persons and merchandises.

The details of application of this article are to be regulated by a decree issued upon the proposal of the Minister of Finance.

#### **Article 21: Exemptions of some of the intermediates operations**

Services supplied by intermediaries, acting in the name and on behalf of another person, are exempted when these services are related to exempted transactions according to articles 19 and 20 of this law or transactions taking place outside the Lebanese territory, except for services supplied by travel agencies.

The details of application of this article are to be regulated by a decree issued upon the proposal of the Minister of Finance.

### **Section 4:** **Due date of tax**

#### **Article 22: Due date of tax**

The tax is due at the date of supply of goods and services.

If, before the date of supply of goods and services, the price has been partly or wholly paid, then the tax is due at the date of payment based on the value of the amount paid.

If, before the date of supply of goods and services and before paying the price, the taxable person issues an invoice, then the tax is due at the date of issuing the invoice.

As for the imported merchandises, the tax is due when the customs duties become due according to the legislations in force.



## **Section 5:** **Taxable base**

### **Article 23: Taxable base within the country**

1- The taxable base is deemed to be the consideration that the supplier of goods and services has or will collect for supplying these goods and services.

2- Concerning the transactions mentioned in article 8 of this law, that is related to the self-supply of goods, the purchase price of these goods and like goods is deemed to be the taxable base, and when this price is impossible to be known then the cost price, at the date of carrying out such transactions, is deemed to be the taxable base.

3- Concerning the transactions mentioned in article 11 of this law, that is related to the self-supply of services, the total costs undertaken by a taxable person in order to supply these services, is deemed to be the taxable base.

4- In case it is impossible to determine the consideration, the tax is charged on the open market value of the goods and services supplied. The open market value of the supply of goods and services is the price for a like transaction taking place on the Lebanese territory between a vendor and a purchaser at arm's length, at the time of such a supply under conditions of fair competition.

5- The taxes and duties, with all appendix expenses such as intermediary, packaging, transport, or insurance expenses, etc... are included in the taxable base, excluding the value-added tax.

### **Article 24: Taxable base at import**

At import, the taxable amount is the same value applied to levy the Customs duties in addition to all taxes initially due, excluding the value-added tax.

## **Section 6:** **Tax rate**

### **Article 25: Tax rate**

The tax rate is 10%.

## **Section 7:** **Tax period**

### **Article 26: Tax period**

The tax is calculated at the end of each month of the calendar year.

The Minister of Finance may provide that the tax period is a quarter in the early stage of implementation of this tax.



## **Section 8:** **Deductions**

### **Article 27: The right to deduct**

The right to deduct is the right given to a taxable person to deduct from the tax due on a certain transaction the value of the tax paid in respect of the cost of this transaction or any of the components forming part of the cost.

The taxable person is entitled to deduct from the tax he is liable to pay for a specific period, the whole deductible tax for that same period.

The right of deduction arises when the deductible tax is due.

### **Article 28: The deductible tax**

The deductible tax is the tax that is charged in respect of goods and services purchased by a taxable person from another taxable person, and goods imported by a taxable person, in order to perform through his economic activity, one of the following transactions:

1. The supply of taxable goods and services.
2. The transactions related to exportation and like transactions, and international transport pursuant to articles 19, 20 and 21 of this law.

The tax charged on electricity, water, telecommunications consumed by a taxable person, is not eligible for deduction.

The tax charged on the fixed assets acquired by a taxable person at an earlier date of being taxable shall also be eligible for deduction where these assets are used for taxable transactions.

The fixed assets shall mean tangible property, such as machines and tools, dedicated for a permanent use in the business as investment means.

The rules and procedures of implementation of this article are to be regulated by a decree upon the proposal of the Minister of Finance.

### **Article 29: Rules governing the right to deduct**

A taxable person has the right to deduct provided that he hold a tax invoice drawn up in accordance with article 38 of this law, or a substitute document, or an import document established by the competent authorities.

### **Article 30: The excess of deductible tax**

If, at the end of a tax period, the amount of the deductible tax exceeds the amount of the tax due, then the excess shall be carried forward to the following period.

The taxable person has the right to claim, at the end of any calendar year, a refund for the excess of the input deductible tax covering this year.

The exporters have the right to claim, at the end of any tax period, a refund of the excess deductible tax covering this period.



As for the taxable person who ceased to be taxable, he has the right to claim a refund of the excess of the input deductible tax after the administration has approved his deregistration.

The administration shall resolve the refund claim within three months starting from the date of receipt of the request.

In case the administration approved, partly or wholly, the refund claim, it shall pay the due amount to the taxable person, otherwise an interest of 9% is due on the unpaid amount starting the end of the 4<sup>th</sup> month from the date the claim was submitted.

### **Article 31: The right to deduct partially**

If the taxable person, by way of supplying goods and services, performs transactions in respect of which tax is deductible, and others in respect of which tax is not deductible, he is entitled to deduct such part of the tax attributable to the former transactions.

### **Article 32: Adjustments of deductions**

The initial deductions shall be adjusted where that deduction was higher or lower than that to which the taxable person was entitled to initially deduct due to:

1. Material mistakes;
2. Change occurs in the factors used to determine the amount to be deducted at a later date of the tax period.

The person who opt to be a taxable person and deregisters within 2 years from his registration date, shall return to the treasury the difference, if it exists, between the refunded tax and the tax collected for the treasury, for the period during which he was a taxable person.

## **Section 9:**

### **Persons liable for payment of tax and their obligations**

### **Article 33: Persons liable for payment of tax**

#### **1. Within the Lebanese territory:**

According to the provisions of this law, the taxable person and his legal successors are liable to the tax provided that the supply of goods and services, performed by him, are also taxable.

If the taxable person is non-resident in Lebanon, then his fiscal representative is liable to the tax, pursuant to article 40 of this law. In case the taxable person does not appoint a fiscal representative, then the contracting party is liable for the tax.

#### **2. At import**

The importer or the person treated as such is liable to the tax.



**Article 34: Scope of the obligations**

The obligations, provided for in this section, are applied to:

- a) The taxable person specified in article 3 of this law.
- b) Persons who perform exempted transactions that allow the right of deduction, as mentioned in article 28(1) item 2 of this law.

**Article 35: Registration and periodical returns**

Every taxable person shall submit:

1. **A registration request to the administration of the value-added tax:** within 2 months starting from the last day of the quarter where the conditions for being taxable are available.
2. **A deregistration request:** within 2 months from the end of the calendar year where the conditions for being taxable are not available.
3. **Periodical tax return:** within 20 days from the end of the tax period as determined in article 26 of this law including, if necessary, the amount of the deductible tax.

The requests and returns shall be submitted to the competent tax authority on paper or/and electronic forms prescribed for this purpose.

**Article 36: Accounting obligations**

The method of keeping and organizing the necessary accounting documents, adopted by the taxable person, is to be regulated by a decision of the Minister of Finance enabling the application and control of the tax.

**Article 37: Retention of records, invoices, and other accounting documents**

The taxable person shall retain the records, invoices and other accounting documents for a period of 4 years from the end of the calendar year through which the tax has arisen.

**Article 38: Issuance of the tax invoice**

Every taxable person shall issue an invoice, or other document serving as an invoice in respect of all goods and services supplied by him to another person.

The invoice shall at least state clearly the following:

1. The name, address, and registration number of the supplier of goods or services at the Ministry of Finance.
2. The name and address of the person for the interest of whom the invoice has been issued.
3. The description of the supply of goods and services.
4. The serial number and date of the invoice.
5. The due amount for the supply of goods and services.
6. The tax chargeable with the applied tax rate.



**Article 39: Payment of tax**

The tax shall be paid, all at once, within the deadline of the periodical tax return i.e. within 20 days from the end of each tax period, covering the taxable transactions fulfilled through the mentioned period, after deducting the value of the deductible tax.

In case of charging additional or supplementary amounts, the tax shall be paid according to reassessments notes within one month from the date of notification of these assessments notes to the taxable persons.

The tax shall be paid to any of the accepted private banks or its operative branches in Lebanon, according to rules appointed by the Minister of Finance.

**Article 40: Non-residents**

When the taxable person does not have a real or elected establishment in Lebanon, he shall appoint a fiscal representative who resides in Lebanon before carrying out any transaction in Lebanon, and this appointment is subject to the tax authority approval according to rules determined by the Minister of Finance.

This fiscal representative shall be held jointly and severally liable for payment of the tax and penalties resultant from the taxable transactions, and he shall be responsible, instead of his mandatory, of all the required obligations provided for in this law.

**Article 41: Obligations at import**

The same rules and forms provided for in the customs legislation shall be applied to the tax declaration at import.

The tax is paid at the time when the merchandises are placed in the domestic consumption according to the rules provided for in the customs legislation.

The collection of the tax will be banned temporarily in all customs situations where the duties are temporarily suspended according to the rules provided for in the customs legislation.

**Section 10:**  
**Travel agencies transactions**

**Article 42: Travel agencies transactions**

The travel agencies shall mean every natural or juridical person, who directly or as an intermediary, organizes and supplies travels or residences in order to seek profits, sells travel tickets, hotel accommodation, and meals, and organizes trips and visits to vestigial places, and generally, every person who sells to passengers services related to transactions mentioned above or branching from it.

The taxable base and its rules of application for the travel agencies transactions are to be regulated by decrees adopted by the Council of Ministers, upon the proposal of the Minister of Finance.



## **Section 11:** **Control**

### **Article 43: Rules of control**

#### **1- The right of inspection:**

Every person, whether taxable or not, shall enable the competent tax officers, to inspect at the premises of the taxable person or those in relation with him, records, invoices and other documents allowing them to ensure the correct collection of the tax due by him or by other persons dealing with him.

Without prejudice to bank secrecy law dated September 3<sup>rd</sup>, 1956, it is forbidden for any person, including the public administrations, to use the professional confidentiality in order to prevent the tax officers from reviewing the records, invoices and other documents which allow them to ensure the correct collection of the tax due by the taxable persons.

In case the records and documents are electronically kept or preserved, the tax officers have the right to inspect the registered information on the electronic documents and obtain them as numerical or paper documents that can be read and understood.

#### **2- Information granting:**

Without prejudice to bank secrecy law dated September 3<sup>rd</sup>, 1956, every person, natural or juridical, shall enable the competent tax officers, upon their written request, to inspect his records and documents with all the information they need to ensure the correct collection of the tax due by him or by the others.

### **Article 44: Professional confidentiality**

Every person, whose function, competence or authority, enables him to interfere in assessing or collecting the tax, or in studying the objections related to it, shall comply with the professional confidentiality otherwise he will be prosecuted at offence according to article 579 of the Criminal Law.

The professional confidentiality shall not be opposed in lawsuits that affect the administration interests, or when the control or collection departments perform their administrative functions.

### **Article 45: Cases and rules governing the direct assessment of the tax**

In addition to the penalties provided for in article 48 of this law, the tax authority can undertake the direct assessment of the tax in the following cases:

1. If the taxable person does not submit the periodical tax return within the determined deadlines.
2. If the taxable person does not comply with his obligations provided for in the law and regulations with regards to the duty to keep, handover and retain the records and accounting documents, and which hinders the tax authority from performing its functions related to inspection on these records.



3. If the taxable person does not issue an invoice, when it is mandatory, drawn up in accordance with article 38 of this law, or in case he issues an invoice containing incorrect information.

The direct assessment of the tax due is performed on the basis of the assessed amounts regarding the transactions that occurred within a certain tax period.

## **Section12:** **Collection of the tax**

### **Article 46: Collection of the tax within the Lebanese territory**

#### **1. Rules of collection:**

The rules of collection of direct taxes and similar taxes, provided for in the decree-law no. 147 dated June 12<sup>th</sup>,1959 and its amendments that do not conflict with the provisions of this law, are applied to the collection of the VAT.

#### **2. Late payment penalty:**

In case the tax is not paid within the deadline of the periodical tax return, a penalty of 3% per month of the tax due shall be charged starting the end of the tax payment deadline. The penalty shall be computed on the total of all taxes due and penalties. The fraction of a month is considered as a whole month.

When the payment of the tax appears to be insufficient, as a result of the audit or the direct assessment procedure, then a penalty of 3% a month of the unpaid amount and the appendix penalties shall be legally chargeable from the end of the tax payment deadline.

#### **3. Privilege right of the Treasury funds:**

The Treasury, with regards to the taxes, penalties and other amounts due to the State under this law, has a public privilege of first degree on all properties owned by the persons liable to tax, and a legal forced mortgage on all their immovable properties.

#### **4- Non-residents:**

Notwithstanding the provisions of article 40 of this law, if the non-resident taxable person does not appoint a fiscal representative, the tax and the penalties due are collected from the other contracting party.

### **Article 47: Collection of the tax at import**

The rules and procedures specified in the customs legislation are applied to the collection of the tax at import.



### **Section13:** **Offences and penalties**

#### **Article 48: Offences and penalties**

**1. Late or non-submission of the registration or deregistration request:**

The dissenter to article 35 (1), (2) of this law will be subject to a penalty amounting 2 million LBP.

**2. Late periodical tax return:**

The late submission of the periodical tax return provided for in article 35 (3) of this law will be subject to a penalty of 10% of the tax due per month late. The fraction of a month is considered as a whole month. The penalty, somehow, shall not exceed the double of the tax due and shall not be less than 500 thousands LBP a month, in addition to the late payment penalty provided for in paragraph 2 of article 44 of this law.

**3. The incorrect tax return:**

The taxable person, who submits an incorrect tax return that does not reflect his real economic activity, will be subject to a penalty amounting the double of the non-declared tax.

**4. The unjustified claim of refund:**

Every person, who, with the intention of fraud, claims a tax refund, will be liable to a penalty amounting the double of the tax claimed, in addition to the implementation of the Criminal Law provisions.

**5. Offences regarding invoices and documents:**

Every amount written down as a tax in an invoice or a similar document shall be due and in case the person does not pay this amount within the legal deadlines, the late payment penalty is applied starting from the due date of the tax.

A penalty that is equivalent to double of the tax due shall be charged to every person who refrains from issuing an invoice or similar document due to article 38 of this law, when it is mandatory, or in case he issues an invoice containing incorrect information related to the name or address of the concerned parties in the transaction, description and quantity of the goods and services supplied, or the price with its appendices.

A penalty that is equivalent to double the tax due shall be charged to every person who shows an import document containing incorrect information regarding the description, quantity, or price of the merchandises or regarding the name of the taxable person.

A penalty that is equivalent to double the tax due shall be charged to every person who shows an export document containing incorrect information regarding the quantity of the merchandises that exceed the real quantity with its appendices, the price that exceeds the real price or regarding an incorrect description of the merchandises.



**6. Keeping, retaining, and producing the records and documents:**

The taxable person shall pay a penalty that varies between 5 and 10 millions LBP when he does not comply with the provisions of this law regarding the keeping, handing over, retaining, or producing the records, invoices or any other accounting document.

**7. Intervention of a third party:**

Every person who intervenes in any of the offences provided for in the previous paragraphs of this article, shall pay a penalty that is equivalent to the mentioned tax and not less than 5 million LBP.

**8. At import and export:**

Concerning the import and export transactions, the offences will be investigated, apprehended, collected, and settled according to the provisions of the customs legislation.

**Section 14:**  
**Restitution of tax**

**Article 49: Restitution of tax**

The taxable person has the right to retribute, part or whole, of the tax paid in case the taxable transaction has been canceled or annulled, or in case the price has been, partly or wholly, unpaid or reduced at a later date of the transaction.

The rules and procedures related to restitution of the tax that exceeds the amount of the tax due, are to be regulated by a decree upon the proposal of the Minister of Finance.

**Section 15:**  
**Objections and appeals**

**Article 50: Objections and appeals within the Lebanese territory****1. Objections:**

The taxable person has the right to object on the amounts charged to him, or the amounts claimed according to article 49 of this law, by submitting a written request to the tax authority within one month from the date of notification of the administration's decision or from the date of payment of the tax.

The objection must be justified at the risk of dismissing it.

The tax authority shall resolve the objection within six months from the date of receipt of the request. In case the mentioned deadline passed without issuing any decision, the silence of the tax authority shall be considered as an implicit decision of accepting the objection.

The tax authority shall notify the objector the result of studying the objection within 15 days following the date of the decision.



## **2. The Appeal commission:**

The administration decisions that are partly or wholly dismissing the objection can be appealed before the appeal commission within one month from the date of notification of the administration decision.

One or more first instance Commission, responsible of studying and settling the appeals, is to be formed by a decree. This commission is composed of:

- A judicial or administrative judge of the fourth degree and above appointed upon the proposal of the Minister of Justice after the approval of the Council of High Judiciary or the Council of State **President**
- An employee from the Ministry of Finance belonging to the third category and appointed by the Minister of Finance. **Reporter Member**
- A Representative of the Chamber of Commerce and Industry appointed **Member** upon the proposal of the president of this Chamber

The Commission takes its decisions by majority.

The Commission shall resolve the appeals within six months following the date of receipt of the appeal, and the reporter shall notify the Commission decisions to the tax authority and to the taxable person within 15 days from its date of issuance.

## **2. The Appeal before the State Council:**

The tax authority and the taxable person have the right to appeal directly, the decisions of the appeal commission before the State Council within 30 days starting from the date of notification of the Commission decision.

The abridged procedures are to be followed before the State Council.

The appeal request by the taxable person is subject to a guarantee deposit equivalent to 8% of the appealed tax due. Every appeal that is not attached to a receipt, proving payment of the guarantee, will be formally dismissed.

The taxable person recovers the guarantee if the State Council issues a decision wholly for his interest. In case the mentioned decision has been wholly for the treasury's interest, the guarantee will be for the treasury. If the decision has been partly for the interest of the taxable person, then the guarantee recoverable is equivalent to the proportion of the tax that has been discharged to him.

## **Article 51: Rules of objections and appeals at import**

The rules followed in the customs legislation are applied to the objections and appeals of the tax at import.

## **Section 16:** **Prescription**

## **Article 52: Prescription**

The amounts due to the treasury are prescribed within 4 years following the end of the calendar year through which these amounts have been due.



The right of deduction is prescribed within 4 years following the end of the calendar year that follows the year through which the tax has been paid.

The right to claim, partly or wholly, the refund of the tax is prescribed within 4 years following the end of the calendar year through which the tax has been paid.

### **Section 17:** **Miscellaneous provisions**

#### **Article 53: Stamp duties**

The declarations, objections and statements and other documents related to this tax are exempted from the stamp duties.

#### **Article 54: Perishable amounts**

The amounts due by the taxable persons, including the penalties, which do not exceed 5'000 LBP are considered perishable, and the tax authority is discharged from collecting those amounts.

#### **Article 55: Abrogation of indirect taxes**

The juridical or natural persons, who are mandatory or voluntarily taxable, are not liable to the 5% tax imposed on the hotels and restaurants services, and the entertainment tax.

The playing cards duty is abrogated starting from the date of effectiveness of this law.

The municipal duties charged according to articles 96, 97, and 98 of law no. 60 dated August 12<sup>th</sup>, 1988 on the consumption of water, electricity, and telecommunications, are abrogated at the date of effectiveness of this law.

#### **Article 56: Administration of the VAT**

The administration, control and collection of this tax will be the responsibility of a division in the Ministry of Finance- Public Finance Directorate- Revenue Department. The cadre, functions, and employment conditions will be determined by a decree adopted by the Council of Ministers upon the proposal of the Minister of Finance, after the approval of the Civil Service Board and an inspection undertaken by the “administration of examination and direction”.

A decree, adopted by the Council of Ministers upon the proposal of the Minister of Finance, can determine the rules and conditions of contracting with one or more company from the private sector the management of the tourist tax refund provided for in paragraph (a) of article 58 of this law.



**Article 57: Transitional provisions**

Notwithstanding article 35 (1) of this law, every person, who can be liable to the tax according to the provisions of this law, and whose turnover, for the year 2000, exceeds 500 million LBP, shall submit a registration request within a period starting from 1/10/2001 till 31/12/2001, under the penalty of 2 million LBP.

In this case, the supply of goods and services that take place after the date of enforcement of this law, and the import of merchandises placed in local consumption after that date, are taxable.

The Minister of Finance may, by decision, adopt the necessary transitional measures to the application of this law to the contracts that are still under execution at the date of enforcement of this law.

**Section 18:**  
**Executive provisions****Article 58: Special cases of restitution of tax**

Decrees adopted by the Council of Ministers, upon the proposal of the Minister of Finance shall determine the rules and conditions governing the following restitution cases, and its starting date of application:

- a) The tax charged on the purchases of any non-resident when transporting them in his personal luggage outside Lebanon to use them for private purposes.
- b) The tax charged in Lebanon on the supply of goods and services to foreign businesses that are not performing taxable businesses within the Lebanese territory.
- c) A part or the whole tax charged on some goods that have been acquired to perform exempted activities according to article 16 of this law, and this for social considerations.
- d) A part or the whole tax paid by diplomatic bodies, consulate, international organizations and their employees according to the international treaties.

**Article 59: Other special cases**

Decisions issued by the Minister of Finance shall determine the rules and conditions governing the following special cases, and its starting date of application:

- a) A special scheme concerning the accounting, invoicing and chargeability of tax, for the taxable persons who perform cash businesses.
- b) Special rules for calculating the turnover concerning related persons who run at the same time different businesses and establishments.

The taxable base related to the supply of used goods is to be regulated by a decree upon the proposal of the Minister of Finance.



**Article 60: Details of application of the law**

The details of application of the provisions of this law are regulated by decisions issued by the Minister of Finance, when no specific provision has been made in this regard.

**Article 61: Effectiveness of the law**

This law will be effective from 1/1/2002, and as for article 35 (1) related to registration from 1/10/2001.