

GLOBAL HIRING GUIDE

# Lebanon



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# Table of Contents

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### 01 Basic Country Facts

### 02 Statutory Labor Requirements

- Probation Period
- Annual Leave
- Public Holidays
- Maternity Leave
- Paternity Leave
- Sick Leave
- Work Hours
- Overtime
- Notice Period
- Severance
- 13th Month

### 03 Income Tax

### 04 Social Security

### 05 Deductible Expenses

- Employment Expenses
- Personal Allowances
- Business Deductions

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### 06 Immigration

### 07 Value Added Tax (VAT)

### 08 Withholding Tax

- Dividends
- Interest
- Royalties
- Technical Service Fees

### 09 Termination

### 10 Statutory Benefits

# 01

## BASIC COUNTRY FACTS

— **Full Name**  
Republic of Lebanon

— **Capital**  
Beirut

— **Main Languages**  
Arabic  
English

— **Population**  
5.593 Million

— **Monetary Unit**  
Lebanese pound

— **Internet Domain**  
.lb

— **International Dialing Code**  
+961

— **Currency**  
Lebanese pound



# 02

## STATUTORY LABOR REQUIREMENTS

### Probation Period

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- The maximum probationary period is 3 months.

### Annual Leave

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- Full time employees are entitled to 15 days paid vacation at the end of their first year of employment.
- The employee can accumulate two annual leave periods.

### Public Holidays

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1. New Year's Day
2. Orthodox Christmas Day
3. Saint Maroun's Day
4. Rafik Hariri Memorial Day
5. Annunciation Day
6. Good Friday
7. Easter Sunday
8. Good Friday (Eastern)
9. Orthodox Easter
10. Labor Day
11. Martyrs' Day
12. Liberation Day
13. Eid al-Fitr
14. Eid al-Adha
15. Assumption of Mary
16. Islamic New Year
17. Ashura
18. Prophet's Birthday
19. Lebanese Independence Day
20. Christmas Day

### Maternity Leave

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- Lebanese law currently allows women to take up to 10 weeks paid maternity leave.

### Paternity Leave

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- Male employees are entitled to 3 days of paternity leave.

### Sick Leave

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- Employees who have been working for the same entity for a period exceeding the probation period (three months), are entitled to a paid sick leave as follows:
  - From three months to two years' employment: 100% of the salary payable for half a month and 50% of the salary payable for another half month
  - From two to four years' employment: 100% of the salary payable for one month and 50% of the salary payable for another month.
  - From four to six years' employment: 100% of the salary payable for one and a half month and 50% of the salary payable for another one and a half month.
  - From six to ten years' employment: 100% of the salary payable for two months and 50% of the salary payable for another two months.
  - Above ten years' employment: 100% of the salary payable for two and a half months and 50% of the salary payable for another two and a half months.

## Work Hours

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- The maximum workweek is 48 hours, except for agricultural corporations.
- The Ministry of Labour reduces the working hours for strenuous and hazardous labor.

## Overtime

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- Overtime is paid for excess hours above 48 working hours per week on the basis of 50% extra payment.

## Notice Period

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- The length of notice is specified by law and cannot be reduced. It varies with the length of the employee's employment:
  - Under three years: One-month prior notice.
  - Three years to six years: Two months' prior notice.
  - Six years to twelve years: Three months' prior notice.
  - Over twelve years: Four months' prior notice.

## Severance

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- The severance pay is payable at the rate of one month's wages for every year of service.
- If the length of service is less than 1 year or where a full year is not completed, the severance pay for that year is half a month's wages.
- However, the maximum severance pay is 10 months' wages for wage earners employed in professions, in handicraft, in a master-craftsmen relationship.

## 13th Month

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13th month pay is not mandatory.

# 03

## INCOME TAX

- According to the principle of territoriality, taxes on salaries are due in Lebanon if one of the following conditions is met:
  - The beneficiary of the salary is resident in Lebanon, regardless of the source of funding.
  - The services that triggered the income are executed on Lebanese territory or have contributed to the welfare of a company located in Lebanon, even though the source of funding is outside Lebanon.
  - The source of funding is in Lebanon, regardless of where the beneficiary resides or where the effort was made.
- Personal income tax (PIT) is levied on wages and salaries at progressive rates.
- The brackets for the progressive payroll tax rates became between 2% and 25%, instead of between 2% and 20%, as per Article 23 of Budget Law 2019, which amended Article 58 of the Income Tax Law.
- The new payroll tax rates are effective starting 1 August 2019.
- These rates are reduced to half for retirement pensions and similar benefits.
- PIT is also levied on business income (e.g. sole proprietorships, general partnerships) at progressive rates.
- The annual progressive brackets for income tax profits became between 4% and 25%, instead of between 4% and 21%, as per Article 24 of Budget Law 2019, which amended Article 32 of the Income Tax Law.
- The new rates for income tax profits are applicable starting the year 2019.

INCOME TAX RATE	
Employment Income	2% to 25%
Business Income	4% to 25%

# 04

## SOCIAL SECURITY

### Social Security

- Social security contributions are the following:
  - Borne by the employer: 8% for the maternity and sickness benefit schemes, on a maximum base of LBP 5.6 million (amounting to LBP 448,000 as a maximum per month), and 6% for the family benefit schemes, on a maximum base of LBP 3.425 million (amounting to LBP 205,500 as a maximum per month), in addition to 8.5% of total annual earnings for the end-of-service indemnity, with no ceiling.
  - Borne by the employee: 3% for the medical scheme, on a maximum base of LBP 5.6 million (amounting to LBP 168,000 as a maximum per month).
- Salaries of foreign staff are normally subject to all contributions, except those for the end-of-service indemnity fund.
- However, foreign employees do not receive the family allowance benefits nor do they benefit from the medical reimbursements.
- The Ministry of Labor legislated a Decision no. 224, dated 12 July 2017, giving the right for the insured whose mandatory membership in the National Social Security Fund is terminated due to retirement (age 60 to 64) or due to permanent disability to benefit from the sickness and maternity scheme in accordance with the terms and conditions of the insured workers

CONTRIBUTION	EMPLOYER	EMPLOYEE
Social Security	-	-
Maternity and Sickness Benefit Scheme	8%	-
Family Benefit Scheme	6%	-
End of service indemnity	8.5%	-
Medical Scheme	-	3%

# 05

## DEDUCTIBLE EXPENSES

### Employment Expenses

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- Reimbursements for expenses and representation allowances below 10% of the basic salaries of managerial staff may be deducted from taxable income.
- The following expenses may also be deducted from taxable income:
  - Payments to pension schemes.
  - Scholarships or payments granted by an employer on the birth of a child, on marriage, or death, provided they are granted to all employees and have been approved by the Ministry of Labor.
  - End-of-service indemnities paid in accordance with the relevant laws and regulations.
  - Transportation allowances of LBP 8,000 per day.
  - Annual schooling allowance of a maximum total amount of LBP 1.5 million and for a maximum of three children.
- University tuitions that teachers are exempt from on behalf of their children are not subject to tax within certain limits, with no need to obtain approval from the Ministry of Labor.

### Personal Allowances

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- Individuals are entitled to family deductions ranging from LBP 7.5 million to LBP 12.5 million according to the taxpayer's family status.

### Business Deductions

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- For sole proprietorships and general partnerships, tax is levied on real profits or profits on a fixed lump-sum basis (a specified percentage, depending on the type of profession, applied to annual revenues to determine taxable profits).
- Accordingly, no deductions are taken into consideration.

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# 06

## IMMIGRATION

### Immigration

- All expatriates working in Lebanon must have a work permit and a residence permit.
- Such permits may be issued only at the request of an employer.
- To obtain a work permit, the following items must be submitted:
  - A special work permit application completed and signed by the applicant and the employer.
  - A list of the names of the foreign employees (if any) at the office of the employer that must be signed and sealed by the employer.
  - The address of the employer.
  - The passport or the identity card of the expatriate. The Minister of Labor retains a photocopy of this document.
  - A medical report evidencing that the expatriate is free from epidemic diseases.
  - A photocopy of the employer's registration in Lebanon.
  - A list of authorized signatures of the employer.
  - A certified copy of the employment contract entered into between the employer and the expatriate.
  - A quitance (discharge or clearance certificate) issued by the Social Security National Fund.

TYPE OF VISA	DOCUMENTATION	VALIDITY	ELIGIBILITY
Work Permit	<ul style="list-style-type: none"><li>• A special work permit application completed and signed by the applicant and the employer.</li><li>• A list of the names of the foreign employees (if any) at the office of the employer that must be signed and sealed by the employer.</li><li>• The address of the employer.</li><li>• The passport or the identity card of the expatriate. The Minister of Labor retains a photocopy of this document.</li><li>• A medical report evidencing that the expatriate is free from epidemic diseases.</li><li>• A photocopy of the employer's registration in Lebanon.</li></ul>	2 years (can be renewed)	<ul style="list-style-type: none"><li>• All expatriates working in Lebanon must have a work permit</li></ul>

	<ul style="list-style-type: none"> <li>• A list of authorized signatures of the employer.</li> <li>• A certified copy of the employment contract entered into between the employer and the expatriate.</li> <li>• A quittance (discharge or clearance certificate) issued by the Social Security National Fund.</li> </ul>		
<p><b>Residence Permit</b></p>	<ul style="list-style-type: none"> <li>• Passport</li> <li>• Birth certificate</li> <li>• Marriage certificate</li> <li>• Recent police statement of the individual's criminal record</li> <li>• Completed Application form</li> </ul>	<p>1 year (temporary); 3 years (permanent )</p>	<ul style="list-style-type: none"> <li>• In order to be issued with a temporary residence permit in Lebanon to work in the country, the employee has to present a job offer from a company which is located in Lebanon.</li> <li>• Foreigners who are at least 50 years old can apply for a permanent residence permit (visa) in Lebanon if they can prove they have a pension of LBP 3,000,000 (USD 2,000) per month and that they will transfer it into the country on a monthly basis.</li> </ul>

# 07

## VALUE ADDED TAX

### Value Added Tax

- The standard VAT rate in Lebanon is 11%.
- Unless specifically exempt, VAT is levied on all commercial transactions undertaken by business entities.

VAT	
Standard Rate	10%
Exempt	0%

# 08

## WITHHOLDING TAX

### Withholding Tax

#### Dividends

- Dividends paid to a resident or nonresident are subject to a 10% withholding tax, unless the rate is reduced under a tax treaty

#### Interest

- Interest paid by a Lebanese resident to a nonresident company is subject to a 10% withholding tax, with a lower 7.5% rate applying to interest on bank deposits, debt or bonds

#### Royalties

- Royalties paid to a nonresident are subject to a 7.5% withholding tax, unless the rate is reduced under a tax treaty

#### Fees For Technical Services

- Technical or management fees paid to a nonresident are subject to a 7.5% withholding tax, unless the rate is reduced under a tax treaty

WHT	
Dividends	10%
Interest	10%/7.5%
Royalties	7.5%
Technical Service Fees	7.5%

## TERMINATION

- Subject to the conditions set out in the Labor Law, the employer may terminate some or all employment agreements where required to do so due to force majeure or economic or technical circumstances.
- Moreover, the employer may unilaterally terminate an employment contract without prior notice or severance pay in certain cases, including following:
  - The employee fakes his or her nationality;
  - The employer is dissatisfied with the employee's performance during the three-month probation period;
  - The employee is found to have committed a willfully negligent act or omission aimed at harming the material interests of the employer, provided that the employer has notified the Ministry of Labor in writing of such violation within three days of its verification;
  - The employee, despite written warnings, commits a serious violation of the employer's internal regulations three times in a given year;
  - The employee is absent without valid excuse for more than 15 days or more than seven consecutive days in a given year;
  - The employee is sentenced to imprisonment for at least a year for committing a felony or has committed a misdemeanor in the workplace during the course of his or her work; or
  - The employee assaults the employer or the manager in the workplace.
- Otherwise, prior written notice of termination must be served.
- The employee may require clarification as to the reasons for termination.
- The termination of an employment contract should not be unfair or abusive.

# 10

## STATUTORY BENEFITS

- These are mandatory benefits as postulated by law
- These include probationary period, annual leave, public holidays, sick leave, maternity leave, paternity leave, overtime pay, notice period, and severance pay
- Statutory benefits also include social security benefits

### STATUTORY BENEFITS

- Probationary Period
- Annual Leave
- Public Holidays
- Maternity Leave
- Paternity Leave
- Sick Leave
- Overtime Pay
- Notice Period
- Severance Pay
- Social Security Benefits





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