



Practical guide linked to training:

**“FINANCIAL MANAGEMENT:
LEBANESE LEGISLATION
AND EU REQUIREMENTS”**

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Remark:

The Lebanese laws regarding labor and NGO's regulations were not translated from the Arabic. Please refer to arabic version of this training practical guide.

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Lebanese Income Tax

Decree-Law No. 144 Of 12 June 1959

INCOME TAX TITLES

Income tax shall apply in respect of:

- TITLE 1: Profits derived from industrials, commercial and non commercial professions;
- TITLE 2: Salaries, wages, and retirement pensions;
- TITLE 3: Taxation on income from movable capital assets;
- TITLE 4: General Provisions;

TITLE 1

Profits derived from **industrials, commercial and non commercial professions**

1. Operations and professions liable to taxation:

Tax is charged on persons, natural or juridical, whether residing in Lebanon or abroad, on the total income or profits derived by them in Lebanon, i.e.

- a. Companies, what ever their nature and object.
- b. All persons natural or juridical:
 - i. Commission agents
 - ii. Brokers
 - iii. Middlemen
 - iv. Every person, who drives a profit from any remunerative operation or act not otherwise subject to tax.
- c. Article 41,42 (Non resident persons)
 - i. Article 41: Amounts paid in Lebanon in remuneration of activities subject to the present tax to persons, companies or institutions that have no business offices in Lebanon, as well as any profits, receipts or proceeds realized in Lebanon by the same person, companies or institutions, shall be taxable in accordance with the provisions of article 42

- ii. Article 42: The net taxable amount is fixed at a lump sum of 15% of the basic amounts referred to in article 41 and at 50% thereof if the said amounts represent an indemnity for rendered services.

I.e. Mr. X is a carpenter; he produced an office for Company Y for /1000/ US Dollars
Company Y procurement department should ask Mr. X for an official invoice as a supporting document for the fixed assets register and payables.

An official invoice should have the following characteristics “for control purposes.”

- a. Company name.
- b. Address.
- c. Registration No. in the Ministry of finance
- d. Telephone No.
- e. Invoice No.
- f. Date
- g. VAT Registration No. If applicable

If these proofs are not submitted by Mr. X, then Mr. X is subject to the present tax to persons that have no business offices in Lebanon.

According to Article 40, Company Y is responsible for paying the tax on behalf of the taxpayer by retaining the tax amount.

According to article 43, Company Y must declare, within the same period described for the submission of declarations of personal profits, the retained amount calculated according to article 42, and that should be paid to the Treasury on declaration.

Calculation:

$$\text{USD}1000 * 50\% = \text{USD}500$$

$$\text{USD}500 * 15\% = \text{USD} 75$$

The retained tax amount is USD 75

This implies that the effective Tax is = 7.5%

2. Exemptions from tax:

(As modified by law No. 7/85 of August 1985 and Law No. 392 of 8 February 2002)

- a. Educational institutions.
- b. Hospitals, orphanages, asylums, old people's homes, sanatoriums, and other similar establishments for medical care and assistance, belonging to or run by non-profit organizations, institutions or associations, are tax-exempt on their total income or profits.
- c. Consumer's cooperative companies, trade unions, agriculture cooperatives of non-commercial nature. (And so forth...)

TITLE 2:

Taxation On Salaries, wages, and retirement pensions;

DASS: Deduction at Source on Salaries tax

1. Persons & Income Subject to Tax
2. The tax shall apply to all income deriving from salaries, wages, allowances, benefits and retirement pensions, public and private, as well as life annuities payable in Lebanon by:
 - i. A public fund to any person resident in Lebanon or abroad
 - ii. A private fund to any person resident in Lebanon, as well as any person living abroad in return for services rendered on Lebanese territory.
 - iii. Tax is levied on the net income earned by the taxpayer during the year preceding that of taxation, even though the income may have ceased during or before the year of taxation.
 - iv. Under gross income fall the total salaries, wages, benefits, allocations, premiums and gratuities, as well as bonuses in cash or kind.
 - v. For calculation of the net income, we shall deduct from the gross income the following:
 1. Allowances granted by way of fees for services rendered or expense accounts, transport, traveling expenses, cashier's allowance, food allowance, clothing allowance.

2. Education allowances, maternity allowances, marriage allowance for the employee or death allowances for one of his family members, provided that these benefits are made by virtue of a permanent ruling covering all employees and certified by the Ministry of Labor.
- vi. Forms related to registration are the following:
 1. Registration request r3
 2. registration cover page r3-1
 3. Commitment form from employee to employer r4
 4. Registration advice r7
 - vii. Taxpayers “Employers” must keep a personnel register in which they record:
 1. names
 2. salaries and wages
 3. type of work carried
 4. date of engagement
 5. And where applicable termination date of their employment.
 6. Failure to keep such register or refusal to show it to staff of financial authorities shall be penalized by a fine of 50000 LBP for each name omitted.
 - viii. All taxpayers “employers” whatever their taxation mode, and all the establishments exempted from the tax on profits, must submit before 1st of March of each year, a declaration showing the total wages and salaries of all persons they employ, as well as their annual wages or salaries subject to the tax or exempted from the tax, whatever their annual wages or salaries, (form r5), together with an individual statement showing the total income of each salary earner “employee”, as well as the tax levied on this income (form r6).
 - ix. The employer’s declaration submitted to the Finance Authorities must conform, as regards the names of employees and the amount of salaries and wages and allowances paid to them, with the declaration filed with the Social Security National fund (SSNF). A fine ranging from 200,000 to 500,000 LBP is imposed in the event of infringement.
 - x. Each employee who works simultaneously in several establishments must himself submit to the finance Administration concerned before the 1st of May of each year a declaration

showing the names and addresses of the employers where he worked the past year and the amounts received during the year in question. (Form r8)

- xi. Tax must be deducted by the employer on the wages and salaries he pays to his staff. He must remit the deducted amounts to the treasury every 3 months at a date not later than the 15th Jan, 15th Apr, 15th Jul, 15th Oct using two forms (r10, S1 payment advice).
- xii. Calculation of tax:
 1. Gross Income
 2. Eligible expenses (Exempted Allowances)
 3. Family Abetments (table 1)
 4. Statutory Tax Rates on income from salaries (Table 2)

Table 1	
Family Abatements Law No. 107 23/07/1999	
	Millions Of LBP
Single individual	7.5
Married couple (spouse does not work)	7.5 + 2.5 = 10
Married couple (spouse works)	7.5 each
Children *	0.5 per child

* Family abatements are added for each legitimate child remaining under the father's care subject to the following conditions, Provided that the number of children who benefits does not exceed 5.

- Sons under age of 18, or under a maximum age of 25 if he is a university student.
- Father only is allowed to claim for the children
- Mother can claim for the children if she is a widow or the father is handicapped
- Daughters prior to marriage
- Son disability, on condition that a medical certificate issued by a medical committee at the Ministry of Health.

The tax rate structure shown in table 2 is a standard progressive structure where the rate increases with the taxable income.

Table 2		
Statutory Tax Rates on income from salaries, Wages and benefits; 1999		
Statutory Tax Rates	Taxable Income Brackets	
	Above	Below or Equal To
	Millions of LBP	
2%	0	6
4%	6	15
7%	15	30
11%	30	60
15%	60	120
20%	120	n.a.

I.e. Mr. X Status:

1. Married
2. Spouse does not work
3. 4 children
4. Salary Base 2,250,000 LBP
5. Transportation 150,000 LBP
6. Family allowance 126,000 LBP

Calculation:

Family abatements are calculated on a yearly basis as follows:

Individual: 7,500,000
 Spouse: 2,500,000
 3 Children: 1,500,000
 Total Family abatements yearly 11,500,000
 Total Family abatements monthly 958,333

Gross Income - Eligible expenses - Family abatements

=

Net taxable Income

Multiplied by

Statutory Tax Rates

Gross income =	Salary Base	LBP 2,250,000
	Transportation	LBP 150,000
	<u>Family allowance</u>	<u>LBP 126,000</u>
		LBP <u>2,526,000</u>

Eligible expenses =	Transportation	LBP 150,000
	<u>Family allowance</u>	<u>LBP 126,000</u>
		LBP <u>276,000</u>

Family abatements =	LBP 958,333
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Net taxable Income =	LBP 1,291,667
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Statutory Tax Rates

In millions

0 to 6 Yearly – Monthly 6/12 = $500,000 * 2\% = 10,000$

6 to 15 Yearly – Monthly 9/12 = $750,000 * 4\% = 30,000$

15 to 30 Yearly – Monthly 30/12 = $1,250,000 * 7\% = 87,500$

Net taxable Income = LBP 1,291,667

Progressively the

1st LBP 500,000 Tax = LBP 10,000

2nd LBP 750,000 Tax = LBP 30,000

3rd LBP 1,291,667 – 1,250,000 = 41,667 * 7% = 2,916.67

Tax Payable to the treasury is 10,000 + 30,000 + 2917 = 42,917 LBP

Indirect Taxes:

Stamp duty: Decree Law No. 67 Dated 05 August 1967

Stamp duty is imposed on the following:

1. Documents, deeds, contracts, agreements, signed papers on in Lebanon and results a right to others.
2. Documents, deeds signed abroad or in embassies or consulates accredited in Lebanon, when used in Lebanon.
3. Documents that are not considered in form deeds, when presented to a legal directorate or to juridical authorities for law suiting.

Taxable documents and deeds:

1. Sales & purchasing contracts.
2. Rent Contracts
3. Agreements
4. guarantees & engagements
5. Invoices & Receipts
6. Bank documents Commercial documents
7. All kind of bills
8. Statements issued from the state or the legal institutions or municipalities.
9. Labor contracts

Examples:

1. Mr. X acknowledged in written to Mr. Y an outstanding balance without signing this written acknowledgment. Once the outstanding is due Mr. X refused to settle the due amount to Mr. Y.
Mr. Y used this document as proof for law suiting Mr. X.

When presenting this document to a legal directorate or to juridical authorities a stamp duty 3 ‰ is due.

2. Mr. X living abroad arranged a sales contract for an apartment in Beirut with Mr. Y living as well abroad. No stamp duty is due unless this contract is registered in the real estate directorate.
3. Mr. X & Mr. B invested in a restaurant owned By Mr. Y and a contract of three copies is signed by the three parties. A proportional stamp duty 3 ‰ is due on each signed copy.

Stamp Duties are of two kinds:

1. Proportional duty

- a. The applicable proportional stamp duty on documents and deeds 3 ‰ except for commercial bills, promissory notes it is 1.5 ‰
- b. Proportional stamp duty is applied on documents, deeds, contracts, agreements that state in clear or implicit a value.
- c. Multiple signatures on one agreement, deed, or document do not result in multiple stamp duties.
- d. Stamp duty is fulfilled in three ways:
 - i. Agglutinate
 - ii. Cash or a certified check to the order of “Ministry of Finance”
 - iii. Stamping with a stamping machine, only for licensed companies.
- e. Citizens can stick the stamp duty on the contracts, agreements, and deeds if the stamps duty value is less than or equal to LBP 200,000.
- f. In case the stamp duty is greater than LBP 200,000, then the stamp duty should be settled in cash or as mentioned above by a certified check, otherwise penalize.
- g. Contradicting stamp duty regulations jeopardize citizens to a financial fine that reaches 10 times the stamp duty.
- h. Documents used internally within company’s department for management purposes even between subsidiaries are exempted for stamp duties.
- i. After signing the deed, the stamps duty is due, and should be settled within following 5 working days excluding Sundays and holidays.
- j. Stamp duty is imposed upon contracts renewal or extension and within the time frame allowed 5 working days excluding Sundays and holidays.
- k. Any modification in a contract, which affects the contract’s value clause, after signing the new amendment the stamp duty, should be settled within the time frame allowed 5 working days excluding Sundays and holidays.
- l. Contracts in foreign currencies.

- i. Stamp duty is calculated according to the previous day foreign currency closing.
- m. Contracts, deeds that don't state in clear or approximately the value of the contract's signature. A lump sum stamp duty of LBP 5,000 on each copy, provided that the proportional stamp duty is settle when the value is known, the beneficiary is liable to the duty.
- n. Contracts that contain several values, without a total, the total several values are taxable. i.e.
A rent contract stating the following:
 - a. Rent 10 millions LBP
 - b. Maintenance 2 millions LBP
 - c. Electricity 1 million LBP
 - d. Water 1 million LBP

The proportional stamp duty is due on the total 14 millions LBP.

2. Lump sum duty

Examples for some lump sum stamp duties:

Document	Duty LBP	Remarks
Invoice	100	
Receipt	100	
Memorandum of Association SAL	1,000,000	During 5 days
Memorandum of Association SARL	750,000	During 5 days
Loan Contracts Financial institutions	10,000	Upon signature, loan period

3 - Stamps Agglutinated deactivation.

- i. Stamps are deactivated by the Date (day, month, and year) and signature across the stamps Agglutinated on the document; in addition it can be deactivated using the company stamp and the date.
- ii. Contradicting stamp duty deactivation regulations jeopardize citizens to a financial fine that reaches twice the stamp duty.

VAT

Value Added Tax:

Law number 379 dated on December 14, 2001

Decree number 7358

According to law number 379 dated on December 14, 2001

Article 2:

The exemption stipulated in item 5 of article 16 of the law includes all kinds of associations established in accordance with the laws and regulations.

Article 3:

Public utilities are tax-exempt when exercising these activities in order to achieve the goals they were established for, in particular working in public service fields.

Article 4:

The activities exercised by associations and institutions which are not public utilities are tax-exempt when exercising these activities in order to achieve the goals they were established for, whether these activities are social, cultural, scientific, sporting, scouting, political, professional or religious within the following terms:

- The activity shall not constitute a non equal competition for taxable persons
- The purpose of this activity shall not be achieving profits or sharing them,

Article 5:

The activity of associations and institutions which are not public utilities shall not be considered aiming at achieving profits or sharing them when the following terms are included in this activity:

- The people in charge of the association administration shall not get a direct benefit and the profits shall not be divided among them or among the members,
- The subject of this activity shall be providing services or delivering goods related directly to the association goals and to the moral or material interests of the adherents and members.

Article 6:

The activity of associations which are not public utilities constitutes a non equal competition for taxable institutions when this activity has a commercial character i.e. when it is exercised continuously, regularly or periodically and is not limited to a specific occasion.

Article 7:

Activities exercised “specific occasion “ by non-profit associations are tax-exempt even though they do not respond to the objective for which these associations were established, provided that they aim at financing the association and take place once a year.

February 7, 2003

Subject: Explanation of article 5 of decree number 7358 dated on February 1, 2002 related to the activities of non-profit associations.

Whereas the basic activity of the above-mentioned associations is to provide social or cultural or practical services and other kinds of services related to their goals and aiming at helping a third party, whether members of the association or other persons,

And whereas the second term mentioned in article 5 of decree number 7358\2002 distinguished between adherents and members, so that the word “adherents” mentioned in this term does not indicate people who are members of the association, or else it wouldn’t have been necessary to mention the expressions “adherents” and “members” at the same time, and it would have been possible to use only one of them,

Therefore,

The expression “adherents” mentioned in the second term of the above- mentioned article 5 indicates people who benefit from delivering goods or providing services directly related to the association’s goals, whether they are members of this association or not, provided that the operations of delivering goods or providing services are exclusively to the interest of these beneficiaries and are directly related to the association’s goals. The association shall present a statement of the concerned beneficiaries that confirms these operations happened quantitatively and qualitatively. The people in charge of the association administration or the association shall not get any direct benefit from these operations.

August 5, 2004

Amendment of decree number 7358 dated on February 1, 2002

Article 1:

The text of article 8 of decree number 7358 dated on February 1, 2002 is cancelled and is replaced by the following text:

Article 8:

Non-profit associations, tax-exempt according to the provisions of this decree, have the right to ask for a full refund (Instead of 50% before the amendment) of the purchase tax in order to apply tax-exempt services provided for in this decree, by virtue of article 59 of the law and its applied texts.”

Article 2:

The provisions of the first article of this decree are applied on operations of delivering goods and providing services as of the second tax period of 2004 and the following tax periods.

January 8, 2005

Whereas it has been noticed from the activities of some social associations working to provide social welfare for the disabled, the needy, the orphans, the homeless and the elderly, that many of these associations are developing the effectiveness of these beneficiaries and are inciting them to work as active members in society by giving them the chance to make handicrafts and other kinds of manual works etc... and the associations expose their products inside or outside the headquarters of the association and organize exhibitions and ceremonies in order to handle their products, the thing which helps them financially and incites them to develop their capacities to give more to society.

And since most of the work made by the above-mentioned people is manual, and consequently does not constitute by principle or according to the qualifications and competence of the labor force or according to the produced quantities a competition

technically, and whereas the tax-exemption of activities of public utilities or non-profit associations, in particular the ones working in public service fields, aims at inciting these associations to accomplish the objectives for which they were established,

Therefore, in order to accomplish the objective of the legislator, and limit the exemption within the framework drawn by the text, the concerned units of the Value Added Tax Directorate shall abide by the following points:

First:

In order to exempt activities of non-profit associations of the VAT by virtue of paragraph 5 of article 16 of law 379\2001, the following terms must be fulfilled:

- 1- The work of the association shall be limited to public service fields.
- 2- The objectives of the association shall include the improvement and rehabilitation of the situation of the disabled, the needy, the orphans, the homeless and the elderly, and integrate them in the society.
- 3- The disabled, the needy, the orphans, the homeless and the elderly who benefit from the services of the association shall participate in carrying out a great part of the activities according to their capacities, competences and needs, such as handicrafts and other kinds of work relying on manual or light industry work.
- 4- This work shall be secondary as to the basic activity of the association.
- 5- The revenues of this work shall only be allocated to cover the cost of its carrying out by the beneficiaries and to provide them with welfare.

Second:

The revenues resulting from selling the products of the disabled, the needy, the orphans, the homeless and the elderly which respond to the terms provided for in item 1 of these instructions are tax-exempt only when non-profit associations or public utilities make the selling directly, or when the selling is expressly made on behalf or to the account of these associations.

Directives number: 1746/p1

Dated on: August 26, 2002

Tax-exemption of operations financed by external sources when they are directly executed by lenders or donors

In accordance with directives number 1479/p1 dated on August 1, 2002 related to the terms of implementation of the VAT exemption on operations financed by external sources to the interest of public administrations, departments and municipalities,

Delivering goods and providing services operations related to the execution of projects financed by external sources in the form of loans or donations by virtue of agreements made between the Lebanese government and foreign parties and which are carried out by lenders or donors or their representatives according to the agreement to the interest of public administrations, departments and municipalities, are also tax-exempt operations with the right of deduction.

Therefore, whenever taxable persons carry out delivering goods and providing services operations to lenders or donors or their representatives, they shall impose the tax:

- At a rate of 0% (Zero Rated) on the part financed by external sources in the form of loans or donations and directly related to the execution of the abovementioned projects.
- At a rate of 10% on the part of the operations which is not directly related to the execution of these projects.

Therefore, and in order to implement the necessary tax rate for delivering goods and providing services operations in order to execute the projects financed by external sources in the form of loans or donations and carried out by lenders or donors, the relevant invoice shall include the following information:

- The name of the ministry, the public department or municipality benefiting from these operations.
- The identification of the donors or lenders or their representatives who execute the project and through whom the invoice is paid.

- The date of signature of the agreement related to the project financed by external sources, the financing method (loan or donation), and the document which confirms the project was allocated to the executing party.
- The distribution of the financing rates (ex: 20% from the Lebanese State and 80% from the external party).

The signature of the concerned donors or lenders or their representatives who execute the project.

This information shall be stamped by the executing party (NGO) after having received a license from the Value Added Tax Directorate to use a stamp whose number is specified by the directorate.

The party executing the project shall submit to the Value Added Tax Directorate within 20 days before the end of each tax period a statement of each project it executes, financed by external sources. This statement shall include:

- 1- The names of the taxable importers.
- 2- Their registration number at the Value Added Tax Directorate.
- 3- The number, date and amount of each invoice.

In all these events, the taxable importer (Supplier) shall keep a signed copy of each invoice.

Accounting treatment:

We shall use 3 accounts in our chart of account:

4425 for compensation between the deductible VAT and collected VAT

4426 For Deductible VAT

4427 For collected VAT

In addition the Account 4426 should have 3 sub accounts

- 1- Fixed assets
- 2- Expenses
- 3- Purchases

In addition the Account 4427 should have 2 sub accounts:

- 1- Sales
- 2- Services

I.e. the form of the invoice that should be delivered by a supplier where the NGO benefits from 80% foreign funds (EU) and 20% from local funds, when exercising activities in order to achieve the goals they were established for, in particular working in public service fields.

- The party executing the project shall submit to the Value Added Tax Directorate within 20 days before the end of each tax period a statement of each project it executes, financed by external sources. This statement shall include:

The party executing the project shall submit to the Value Added Tax Directorate within 20 days before the end of each tax period a form ق 7/3 to refund the deductible 10% VAT on the part of the operations which is not directly related to the execution of the projects financed by external sources.

Social Security Law

Social security shall comprise the following branches:

- A. Sickness - maternity insurance
- B. Labor accidents - occupational disease insurance
- C. Family allowances
- D. End-of-service indemnity regime

Title 1 – Sickness – Maternity Insurance

Cases covered include:

- A. Any disease that is not due to labor accident
- B. Maternity (Pregnancy, delivery and post delivery)
- C. Temporary inability to work, resulting from sickness or maternity.
- D. Death that is not due to accidental death or an occupational disease.

Coverage comprises the insured and members of his family,

Insured:

Means the insured man or woman equally without discrimination.

Members of the family:

Persons who live under the insured's roof and are his dependents shall be deemed of his family as follows:

- A. The insured parents, of over 60 years of age.
- B. The insured's legal wife and, in case of several wives, the first one.
- C. The insured's husband, of at least full 60 years of age or has a physical disability, and he is unable to earn his livelihood.
- D. The insured's legitimate or adopted children, up to the age of full 18 years. Such age limit shall be extended to 25 years in case of children who are unable to earn their livelihood because they are engaged in their studies.
- E. The insured woman's legitimate or adopted children, if she is in charge of their livelihood because of the husband's disability in conformity with the above condition.

In order to be entitled to sickness and maternity benefit, the insured must prove that he has been under insurance cover for at least three months of the six-month period before disease has been established.

Furthermore, in order to claim maternity benefit, the insured woman shall be required to prove that she has been under insurance cover at least 10 months prior to the presumed date of delivery.

The participation to the cost of medical acts calculated according to the tariff set by the NSSF is determined as follows:

Medical Services	Insured contribution %	NSSF Contribution %
Hospitalization	10 %	90%
Medical Care	20%	80%

Title 2 – Family Allowances

- A. Family allowances shall be granted to salary and wage earners, to recipients of benefit due to sickness, maternity.
- B. Family allowance shall be due:
 - a. For each infirm dependant child, with no age limit.
 - b. For each non salaried single daughter, up to the age of fully 25 years.
 - c. For each legitimate wife living at home, when she has no remunerated occupation.
 - d. Each child shall entitle to a single family allowance, family allowances shall be paid to:
 - i. To the father, when the father and the mother both fulfill the aforementioned conditions, unless custody of the children has been exclusively awarded to the mother.
 - ii. To foster parents or guardians, when these fulfill, at the same title as the father and the mother, such conditions.
 - e. Family allowances shall be paid only to five children at the most, per family head.

- C. Family allowances shall be paid monthly by the employer to beneficiary salary and wage earners, for the fund's account. Family benefit claims shall be deemed preference claim, ranking next to Treasury claims, legal costs and compulsory mortgages, even in the event of insolvency.
- D. Family allowances paid directly by the employer to his salaried staff in conformity with the procedure set forth in the (Fund's) regulations shall be barred by time limitation if the employer fails to account or compensate these allowances with the Fund within one calendar year dating from the end of the time limit of matured contribution for the same period for which the said allowances are due.
- E. The prescription time limit governing family allowances due to the insured shall be 2 years, dating from maturity, such as stipulated to the Fund's Regulations.
- F. The prescription time limit governing allowances unjustifiably levied shall be 2 years, as from the Fund becomes aware of the fact that such allowance are not due.

The monthly amount of family allowance mentioned in the previous articles is fixed as follows.

- A. For the wife : 20 % of the official minimum wage
(300,000 X 20% = 60,000 LBP)
- B. For the children: 11 % of the official minimum wage for every child being under the charge of the beneficiary, up to five children.
(300,000 X 11% = 33,000 LBP)

Title 3 - End of Service Indemnity

Right to end of service indemnity shall be recognized to every salary or wage earner insured, who meets one of the following conditions:

1. Totalize at least 20 years service.
2. Be afflicted with a disability of at least 50% rendering him unable to his job, such disability shall be properly established by the medical commission.
3. In case of a salary or wage earning woman, to be married and to have left her job in the course of the twelve month period following the date of her marriage.
4. to have attained 60 years of age, or 55 for a woman
5. In the event of a salary or wage earner's death the rightful claimants shall be entitled to the end of service indemnity.

The end of service indemnity shall be assessed as follows:

1. It shall be equal, per each service year, to the salaries or wages collected by the party concerned during the month preceding the date of entitlement to indemnity.
2. For each of the service years following the twenty years, the insured that should attain 60 years of age (or 55 for a woman) shall be entitled to a supplementary indemnity equal to half a month.
3. In the event of a salary or wage earner's death, EOSI shall be assessed, in the light of the number of service years computed until the date of death. In all cases, such indemnity shall be at least equal to 6 months.

The salary or wage earner shall be entitled solely to a reduced indemnity if he proves that he has definitely given up salary or wage earning status, indemnity shall be equal to:

- a. 50% if he has totaled a maximum 5 years contribution to the fund
- b. 65% if he has totaled more than 5 years contribution and 10 years at the most
- c. 75% if he has totaled more than 10 years contribution and 15 years at the most
- d. 85% if he has totaled more than 15 years contribution and less than 20 years

Title 4 – Resources

Chapter 1. Taxable earnings

The maximum threshold of taxable earnings for the sickness and maternity branch is 1,500,000 LBP per month

Chapter 2. Contribution rates:

- a. Sickness and maternity branch contribution rate for the fund is set at 9% and divided as follows:
 - 7% at the expense of the employer
 - 2% at the expense of the insured
- b. Family allowances contribution rate is 6% of the earnings at the expense of the employer
- c. End of service indemnity contribution rate is set at 8.5% fixed of the total earnings regardless the taxable earnings mentioned above.

The 8.5% is distributed as follows:

 - 8% for beneficiary salary and wage earner
 - 0.5% to cover management cost and charges borne by the fund