

Law 360
Encouraging Investments in Lebanon

The Parliament has passed,
And the President of the Republic publishes the following law:

Article 1:

In order to apply the articles of this law, the following explanations are given:

- 1- **The institution:** The public institution created by this law in order to encourage investments in Lebanon.
- 2- **The board of administration:** The board of administration of the institution created by this law.
- 3- **Head of the institution:** Head of the institution, chairman of the board and general manager of the institution created by this law.
- 4- **The project:** The investment project related to any sectors falling under this law.
- 5- **The investor:** The real or moral Lebanese, Arab or foreign person who invests in Lebanon in accordance with this law.

Article 2:

This law applies to all investments belonging to investors, who wish to benefit from its articles in the fields of industry, agriculture and agricultural industry, tourism, information technology, and other sectors that the council of ministers shall define by decree.

Article 3:

A public institution called “The Public Institution for Encouraging Investments in Lebanon” is created. It enjoys moral entity and financial and administrative independence, and is attached to the Prime Minister who exercises the tutorial authority over it. It complies with the articles of this law.

Article 4:

The administration of the Institution is done by a board of administration composed of seven members appointed for four years by a decree of the council of ministers. The member should be:

- 1- Lebanese for more than ten years.
- 2- Enjoying all his civil rights.
- 3- Holder of a recognized college diploma.

4- Experimented in the field of work required to administer the Institution.

A decree nominates the chairman and two members as full timers from among the appointees. The chairman and the two full time members have to devote all their time to the Institution. They cannot be parliamentarians, municipal members, public servants or do any undertake job or activity other than the one at the Institution. They are forbidden to totally or partially own consulting, engineering or any other firm.

The services of the chairman or the members can be terminated at any time by a decree of the council of ministers.

The authority of the board of administration and the remunerations of the chairman and the members are set by a decree of the council of ministers.

Article 5:

The Institution is composed of the following directorates:

- Financial and administrative affairs directorate.
- Studies planning and statistics directorate.
- Information and promotion directorate
- Single counter directorate to issue permits.

Decrees of the council of ministers define and amend the administrative and financial regulations of the Institution and its different administrative sections, the conditions of employment or contracting, the cadre and grades of the employees, their salaries and indemnities, the conditions of delegation to and from the Institution to and from different public institutions and municipalities. The Institution is not subject to the scrutiny of the Civil Service Council or the Central Inspection. It is subject to the posteriori control of the Court of Accounts.

- The accounts of the Institution are subject to article 73 of law 326 dated 30/6/2001 (general budget law) .

Article 6:

The tasks of the Institution are:

- 1- Proposal of texts necessary to the application of this law.
- 2- The agreement, by a decision of the board of administration, to submit a specific project to the articles of this law.
- 3- The reception of requests for permits and administrative authorizations related to projects falling under this law, their study from the legal, financial and technical points of view and the preparation of relevant reports.

- 4- The Institution replaces as far as projects falling under this law are concerned, all public administrations, public institutions, municipalities, in delivering permits and authorizations except the ones delivered by the council of ministers. Regulations related to zoning must be taken into consideration.

Contrary to any other text, the High Council of Town Planning or the technical committees should within fifteen days give their answer about any case presented to them by the Institution, or else the approval is considered given.

As for municipalities, the case is presented to them to give their opinions about the creation of a project in the municipal jurisdiction. In case of disagreement between the municipality and the Institution, the case is presented to the council of ministers for decision.

- 5- Preparation of studies, research, documents, statistics, and proposals related to the investment atmosphere in Lebanon and the ways of investment in different fields.
- 6- Supply without charges of economical, commercial, and industrial information that help the investors from Lebanon and abroad to invest their money in various fields.
- 7- Survey the chances and means of investment in Lebanon and prepare relevant studies and distribute them free of charge, or with minimal fees.
- 8- Setting of a publicity campaign and printing and distribution of publications and publicity materials in order to encourage investors and attract Lebanese investors working abroad and Arab and foreign investors to invest their money in Lebanon.
- 9- Assist in promoting and selling Lebanese products namely agricultural or food products made in Lebanon.
- 10- Participate in the capital of joint-stock companies in the field of information and/or data processing, or concerned in packaging and/or assembling, and/or producing, and/or manufacturing, and/or processing agricultural and/or industrial and/or animal products of Lebanese production, especially when the international institutions insist that the government participates in such projects, and that by a decree of the council of ministers.
- 11- Grant financial incentives or participate in the capital of joint-stock companies concerned with the organization of exhibitions in Lebanon and abroad, especially to encourage tourism, and agricultural products and/or industrial of Lebanese origin; and that in collaboration with concerned official administrations, financial institutions and private companies, in order to market and export Lebanese products and participate in the organization of training sessions to help the investing companies to improve their production in order to facilitate the export of Lebanese products.
- 12- The participation in the capital of joint-stock companies to found and manage Incubators in order to encourage the inventors in the field of technology and data processing and communications.

Article 7:

The newly created Institution replaces the old one created by law 5778 dated 11/10/1994 and its amendments. The old institution is dissolved and all its assets and obligations are transferred to the new one and that by decrees of the council of ministers. The budgets allocated to the old Institution are transferred to the new one. The employees of the old Institution are transferred to the new one without losing their rights in promotion.

Article 8:

The financing of the Institution is done by:

- 1- The funds allocated to it in the general budget.
- 2- Its own income from studies and services, and from its participation in capitals of companies.
- 3- Treasury grants.
- 4- Donations and wills.
- 5- Any other income set by special legislations.

Article 9:

The acceptance decision of the board of administration to submit the investment project or on-going investments projects to the articles of this law is subject to standards established by a decree of the council of ministers.

Article 10:

Taking into account the balanced development principle, the Lebanese regions are classified into three investment categories and that in accordance with the attached list and map. The following classification organization applies:

- Zone (A), are areas that profit only from exemptions, rebates and facilities mentioned in article 11 of this law. The board of administration can apply on some projects related to tourism and marine wealth intended to be established in zone (A) the same conditions applied to projects intended to be established in zone (B).

A list of these projects is established by a decision of the board of administration approved by the council of ministers.

- Zone (B), are areas that profit from exemptions, rebates and facilities mentioned in article 12 of this law.
- Zone (C), are areas that the government wishes to develop and that profit from exemptions, rebates and facilities mentioned in article 13 of this law.
- The government can, by decree, after 5 years of the publication of this law, amend the classification of the regions.

Article 11:

The investment projects to which the articles of this law apply and that are established in zone (A) benefit from the following exemptions, rebates and facilities:

- 1- The obtaining of work permits from all categories needed for the project, and delivered by the Institution based on a decision of the chairman of the board after approval of the board of administration to submit the project to the articles of this law, on the condition that local labor be safeguarded by employing two Lebanese for each foreigner and registering them with the Social Security Fund.
- 2- Exempting for two years the company owning and/or managing the project and that offers its shares in the stock market from paying income taxes from the dates its shares are offered at the Beirut Stock Exchange on the condition that those shares are not less than 40% of the capital of the company. This exemption period is added to any other exemption period given to the company in accordance with the articles of this law.

Article 12:

The investment projects to which the articles of this law apply and that are established in zone (B) benefit from the following exemptions, rebates and facilities:

- 1- A 50% reduction for five years on income taxes and on taxes on profits of the investor. This reduction applies from the date of beginning to exploit the project. In the event the investor benefits from the exemption mentioned in paragraph two of article 11 the reduction starts after the exemption period is over.

Article 13:

The investment projects to which the articles of this law apply and that are established in zone (C) benefit from the following exemptions, rebates and facilities, in addition to exemptions, rebates and facilities mentioned in article 11 of this law:

- 1- A complete exemption for ten years from any income tax and tax on profits of the investor.

The date of exemption start on the date of exploitation of the project.

Article 14:

The IT and technical projects wherever they are established benefit from the same exemptions and rebates given to projects established in zone (C) and mentioned in article 13 of this law. A list of these projects should be established and they can benefit from these facilities by a decree of the council of ministers.

Article 15:

The Package Deal contract is a contract in which the State of Lebanon, represented by the Institution, gives the investor wishing to execute a specific project, incentives, exemptions and rebates decided for that project by the board of administration under the ceiling set by article 17

of this law. The investor has to conform to the execution of his project in accordance with conditions and periods set in the contract

The right and obligations of each of the Institution and the investor are set in detail in the contract, including the obligation of the investor to finish his project within the set time limit.

The contract is subject to the approval of the council of ministers.

Article 16:

The conditions required by the projects to benefit from the package deal facilities mentioned above are set by decrees of the council of ministers.

Article 17:

The project benefiting from the package deal can be given as a minimum the following incentives:

- 1- Complete exemption on income tax and tax on profits for up to ten years starting the beginning of exploitation of the project.
- 2- The obtaining of work permits from all categories needed for the project, and delivered by the Institution based on a decision of the chairman of the board after approval of the board of administration to submit the project to the articles of this law, on the condition that local labor be safeguarded by employing two Lebanese for each foreigner and registering them with the Social Security Fund.
- 3- Lowering the work permit fees and residency permit fees of all categories by 50% according to the number of required permits. And lowering by half the security to be deposited at the Housing Bank.
- 4- The board of administration can, contrary to any other regulation, and in accordance with articles of the Package Deal contract exempt the joint stock companies wishing to own and/or manage an investment project from having real or moral Lebanese persons in their boards of administration.
- 5- Reduction by 50% of the taxes on building permits concerning the buildings necessary for the execution of the investment project benefiting from the Package Deal.
- 6- A complete exemption on land registration fees with the cadastre service and any other fees related to real estate transactions as well as total exemption of rental contract registration with the commercial registry for plots intended to building the projects benefiting from the Package Deal, on the condition that they are executed within five years from the date of registering the plot. If the investor fails to do so, he will have to pay a fine that is three time the amount of the total fees he was exempted from.

Article 18:

Conflicts emanating from the Package Deal between the Institution and the investor are solved amicably. If amicable solution is impossible, then tribunals in Lebanon or any international

arbitration center can solve them. That must be specified at the signature of the contract and subject to the board of administration approval and the approval of the tutelage authority.

The regulation and conditions of the arbitrage are defined by a decree of the council of ministers.

Article 19:

Aside from the projects falling under the Package Deal, each investor who obtains the approval of the board of administration must submit his project to the articles of this law and present to the Institution within three years from the date of the decision of the board of administration a request to obtain the necessary permits to start his project. Failure to do so will make him lose his right to benefit from this law.

The Institution has the right to grant only once the investor, if necessary, an additional period of three years. That is done by a decision of the board of administration approved by the prime minister.

Article 20:

The standards established by the council of ministers according to article 9 of this law are applicable to investment projects already existing when this law comes into force, and that in the following cases:

- 1- Expansion of the project by hiring new personnel.
- 2- Transferring the project from one investment zone to the other according to article 10 of this law.

The standards are applied by a decision of the board of administration approved by the council of ministers.

Article 21:

The decision of the board of administration not to submit a specific project to the articles of this law does not imply that the investor cannot apply with the concerned authorities for his license according to ordinary measures.

Article 22:

This law comes into force upon publication in the Gazette.

Baabda 16 August 2001
Signed: Emile Lahoud

The prime Minister
Signed: Rafic Hariri

**Attached list to the Investment Encouragement Law
concerning the division and classification
of the Lebanese regions**

Category (A) according to the classification in the Investment Encouragement Law in Lebanon comprises the coastal areas delimited by a coastal line (from north to south) far from the closest point to it as follows:

- 2 kms. From Nahr El Kabir before the boundaries of Tripoli.
- 4 kms. From the boundaries of the city of Tripoli until the boundaries of the town of Nahr Ibrahim.
- 8 kms. From the boundaries of the town of Nhar Ibrahim to the boundaries of the city of Saida.
- 4 kms. From the boundaries of the city of Saida to Ras el Nakoura.

The zone must be:

10 kms far from the jetty of Tripoli.
24 kms far from the Beirut light house
8 kms far from the Saida Sea Castle.

Category (B) comprises the areas not falling into categories (A) and (C) and the industrial areas in the South and North mohafazats as follows:

- In the South: Saida, Ghazieh, Sour
- In the North: Rimal, Beddaoui, Mina, Bahsas, Enfe, Chekka, Hiri.

Category (C) comprises the areas falling outside the delimitations of category (A) in the following cazas and villages:

- Cazas of Akkar – Minieh Dinnieh – Becharri – Hermel – Baalbeck – Marjeyoun – Hasbaya – Sour – Jezzine – Rachaya – Bint Jbeil – Western Bekaa.
- And the villages of the mountains of Jbeil:

Kharbeh – Jaj – Karkaz Tartej – Lehfed – Maifouk – Siki Rechmaya – Mechmech – Deir el Kattara – Annaya – Kfarbaal – Kartaba – Korkoraya – Sariita Ehmez – Ain el Ghouaybeh – Afka – Lasa – Janneh and Mar Sarkis – Akoura – Chouana – Laklouk – Arab el Lahib – Frat – Yanouh – Mghayreh – Bkeshkesh – Hadineh – Mazraet Sayyad – Aboud Belhos – Mejdal – Ghabat and Rouays – Mzarib and Arasta.
- The villages of the mountains of Batroun:

Douma – Asia – Hadtoun – Racha – Rem – Dahel – Kfar Hilda – Beit Chlala – Bsatine el Ossi – Tannourine el Tahta – Tannourine el Fawka – Wata Houb – Chatine – Bechtoudar and Oura – Bchehle – Hardine – Beit Kassab – Kfour el Arbi – Dar Bella – Nahla.

- The villages of Iklim El Kharroub:

Chhim – Mazboud – Joun – Mtelle – Bsaba – Bkifa – Ain el Haour – Mazraet el Dahr – Mehterka – Deir el Mkhalles – Anout – Jaliliyeh – Majdalouna – Zaarourieh – Darayya – Hasrout – Mghayreh – Borjayn.

- The villages of the Caza of Nabatiyeh adjacent to the liberated areas:

Jbah – Jarjough – Hbouch – East Zawtar – West Zawtar – Arabsalim – Kahkahiyyet el Jisr – Kfartibnit – Kfaremman – Mayfadoun – Lower Nabatiyeh – Upper Nabatiyeh – Arnoun – Toul – Ain Besouar – Yohmor.

- The villages of the Caza of Sour adjacent to the liberated areas:

Mansouri – Mejdel Zoun – Kalileh – Hinniyeh – Zebkine – Jbal el Botm – Siddikine.

- The villages of the Caza of Bint Jbail adjacent to the liberated areas:

Yater – Kafra – Haddatha – Aita el Jabal – Haris – Tibnine – Soltaniyeh – Jomayjmeh – Safad el Battikh – Brahchit – Chakra – Kherbet Selm – Ghandourieh – Froun.

- The villages of the Caza of Marjeyoun adjacent to the liberated areas:

Majdel Selm – Souwwana – Kabriha – Touline.