

Legal 500

Country Comparative Guides 2025

Lebanon

Doing Business In

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Lebanon: Doing Business In

1. Is the system of law in your jurisdiction based on civil law, common law or something else?

Civil Law.

2. What are the different types of vehicle / legal forms through which people carry on business in your jurisdiction?

The Lebanese legal framework offers a variety of legal entities tailored to meet the needs of the investors. Amongst those, 8 primary legal entities that would serve as vehicles to conduct commercial activities in Lebanon:

- General partnership ("GP").
- Limited partnership ("LP").
- Partnership limited by shares ("PLS").
- Limited liability company ("LLC").
- Joint stock company ("JSC").
- Branch of foreign company ("Branch").
- Holding company ("Holding").
- Offshore company ("Offshore").

In addition, representative office ("REP") and civil company may serve as vehicles with a limited spectrum of business activities.

3. Can non-domestic entities carry on business directly in your jurisdiction, i.e., without having to incorporate or register an entity?

Non-domestic entities may operate through joint ventures in Lebanon or enter into any contractual relationship, without incorporating an entity or acquiring equity into already existing legal entities.

4. Are there any capital requirements to consider when establishing different entity types?

Branches, civil companies, GPs, and LPs do not require any specific capital. On the other hand, LLCs, JSCs, Holdings and Offshores are subject to specific capital requirement:

- LLC: LBP /5,000,000/ (approximately USD 57)¹

- JSC: LBP /30,000,000/ (approximately USD 337)
- Holding: LBP /30,000,000/ (approximately USD 337)
- Offshore: LBP /30,000,000/ (approximately USD 337)

Footnote(s):

¹ The current exchange rate for Lebanese pounds to United States Dollars is set as per BDL platform at LBP /89,500/.

5. How are the different types of vehicle established in your jurisdiction? And which is the most common entity / branch for investors to utilise?

In order to be legally existing and operational within the Lebanese legal framework, all types of vehicles in Lebanon require the filing of certain documentation before the competent authorities, and departments:

Legal Entity	Competent Authority / Department/third party
GP/LP/PLS	Commercial registry ("CR") for the submission and registration of the corporate documents /Ministry of Finance for the issuance of the initiation of work certificate and the obtaining of financial number after finalization of the registration process of the company.
JSC/LLC/Holding/Offshore	Notary public for legalization of corporate documents before submission to the CR /accredited bank for capital deposit /CR for the submission and registration of the corporate documents /Ministry of Finance for the issuance of the initiation of work certificate and obtaining a financial number after finalization of the registration process of the company.
Branch/REP	Ministry of Foreign Affairs for the legalization of the mother company's resolution resolving amongst others the opening of the Branch or the REP /Ministry of Economy & Trade to issue the notification with respect to the opening of the Branch or the REP /CR for the submission and registration of the corporate documents /Ministry of Finance for the issuance of the initiation of work certificate and obtaining a financial number after the finalization of the registration process of the Branch or the REP.
Civil companies	Notary public for legalization of documents before submission to the Civil Registry /Ministry of Finance for the issuance of the initiation of work certificate and obtaining a financial number after the finalization of the registration process of the company.

The most prevalent entities would include:

- Branch.
- REP.
- LLC.
- JSC.

However, it is worth noting that, recently, there has been an increase in the formation of LLCs and JSCs.

6. How is the entity operated and managed, i.e., directors, officers or others? And how do they make decisions?

Operation and management of LLCs and JSCs are as

follows:

1) LLC

Management of an LLC may be entrusted to 1 or more managers. There is no obligation for managers to be partners, but they must be natural persons. Managers are appointed for a limited or an unlimited term by the articles of association or by any subsequent deeds or general assembly resolutions. There are no restrictions on the nationality of the manager, but a foreign manager residing in the country must obtain the necessary work and residency permits from the relevant authorities .

Decision-making within a LLC is subject to the provisions set forth in the Lebanese Code of Commerce along with its amendments, the latest dated April 2019 ("CC") and the articles of association. Generally, decisions are taken either by (i) the manager(s) or (ii) the general assembly of partners.

- The manager(s) is, in principle, entrusted with all the powers to take decisions regarding the overall management of the LLC, unless otherwise granted to general assembly of partners.
- The general assembly of partners decides on all matters reserved to the latter by law or the articles of association.

2) JSC

The management of a JSC is entrusted to a board of directors ("BoD") formed by a minimum of 3 and a maximum of 12 members, who may be natural persons or legal entities. After the latest amendment to the CC in 2019, it is not mandatory for a person to hold shares in the JSC to be director. The BoD may elect from amongst its members a chairman and a general manager, who both must be natural persons, to serve for the entire term of the BoD, unless they opted to appoint 1 person to serve as a chairman and general manager.

In case the 2 positions are separated, then the chairman of the board of directors shall have the power of general supervision over the operation of the JSC without interfering in its day-to-day business activities. On the other hand, the general manager shall have all powers to represent the JSC before third parties, implement the decisions of the BoD, and conduct the day-to-day business activities.

Moreover, the chairman/general manager or the general manager (in case the 2 positions are separated), may propose to the BoD the appointment of 1 or more deputy general manager(s) from outside the BoD, provided they are natural persons.

Decision-making within a JSC is subject to the provisions set forth in both the CC and the company's articles of association. Generally, decisions are taken either by (i) the BoD, (ii) chairman/general manager (or the general manager in case the two positions are separated) or (iii) the general assembly of shareholders:

- The BoD decides on all matters relating to the overall management of the JSC, which do not fall within the powers of the general assembly of the shareholders. The BoD holds also the right to delegate specific powers to the chairman/general manager and other officers.
- The chairman/general manager (or the general manager in case the two positions are separated) is empowered by law to take decisions in certain matters which are considered to be part of the daily business activities of the JSC.
- The general assembly of the shareholders decides on all matters reserved to the latter by law or the articles of association.

7. Are there general requirements or restrictions relating to the appointment of (a) authorised representatives / directors or (b) shareholders, such as a requirement for a certain number, or local residency or nationality?

There are basically no restrictions on foreign management or ownership of equity participation in legal entities in Lebanon except where otherwise stated under specific laws. However, the below considerations should be taken into account:

1) Considerations based on the legal structure of the LLC and JSC (most used entities)

– LLC

- Number of partners may range from 1 to 20, or up to 30 in case of inheritance, who may be Lebanese or foreign natural or legal entities.
- All partners may be Lebanese or foreign natural or legal entities.
- Management is entrusted to 1 or more managers provided they are natural persons.
- There are no restrictions on the nationality of managers. However, foreign managers residing in Lebanon should obtain work and residency permits.

– JSC

- Minimum number of shareholders is 3 who may be Lebanese or foreign natural or legal entities.

- Management is entrusted to a BoD formed by a minimum of 3 and a maximum of 12 members, who may be natural or legal entities, shareholders or non-shareholders.
- The chairman and the general manager are elected from amongst the members of the BoD and must be natural entities.
- 1/3 of the members of the BoD should be Lebanese unless otherwise stipulated in certain laws.
- Any foreigner may serve as chairman and/or general manager provided the latter holds a valid work and residency permits.

2) Considerations based on the purpose of the legal entity

– Acquisition of realty by foreign nationals

LLCs and JSCs whose shares/parts are not entirely held by Lebanese natural persons or fully owned by Lebanese companies, and whose articles of association do not prohibit the transfers of shares/parts to non-Lebanese natural or legal entities, are considered to be as foreign entities under the real estate legislative decree No. 11614/1969, and are prohibited from acquiring any property in Lebanon without a license issued by the Council of Ministers, unless the acquisition involves less than 3,000 square meters of land.

– Commercial representation

Except for foreign companies established before 12 February 1957 as commercial representatives in Lebanon, and foreign companies established in countries where Lebanese persons are entitled to act as commercial representatives, LLCs or JSCs seeking to act as commercial representative in Lebanon must meet the following criteria:

- The majority of partners and authorised signatory of the LLC must be Lebanese nationals, and the majority of the capital held must be Lebanese nationals.
- The majority of the capital of the JSC must be owned by Lebanese nationals, also must be Lebanese nationals (i) 2/3 of the BoD members, (ii) chairman/general manager, (iii) deputy general manager, and (iv) any delegated person for management duties.

– Media

All the shares in a JSC which purpose is to invest in the media and television sector must be held by Lebanese nationals or Lebanese companies.

– Aviation

Both the chairman and the majority of the members of the BoD of a JSC incorporated in Lebanon and willing to perform certain aviation activities must be Lebanese nationals.

– Financial institutions

At least 1/3 of the shares of financial institutions, financial brokerage institutions, and leasing companies must be held by Lebanese nationals or Lebanese companies. It is worth noting that there is no restriction on foreign ownership in Lebanese banks.

– Exploitation of public utilities

At least 1/3 of the capital of a JSC which purpose is the exploitation of public utilities should be formed of nominal shares owned by Lebanese shareholders. Such shares may only be transferred to Lebanese shareholders and all transfers in violation of this provision shall be considered null and void.

– Shipping agency activities

50% of the capital of JSCs and 51% of the capital of LLCs carrying out shipping agency activities must be held by Lebanese persons.

8. Apart from the creation of an entity or establishment, what other possibilities are there for expanding business operations in your jurisdiction? Can one work with trade /commercial agents, resellers and are there any specific rules to be observed?

In principle, there are no limitations on expanding business activities in Lebanon. The Lebanese legal framework offers several options, such as:

- Investing in existing companies.
- Participating in joint ventures.
- Entering into various types of agreements, such as commercial representation agreements, agency agreements, and others.

It is worth noting that depending on the opted option, certain rules would need to be observed.

9. Are there any corporate governance codes or equivalent for privately owned companies or groups of companies? If so, please provide a summary of the main provisions and how they

apply.

Despite the absence of a formal and mandatory governance code in Lebanon, many efforts were deployed throughout the years to incorporate corporate governance rules at the level of privately owned companies.

These efforts started in the mid-2000s, leading to the publication of "The Lebanese Code of Corporate Governance" in 2006, setting out governance guidelines for Lebanese companies ("**Code**"). The Code emphasizes amongst others on shareholders' rights, such as:

- Right to secure, reliable, and accurate records of ownership.
- Right to get information in a timely manner and on a regular basis.
- Right to the free transferability of shares subject to reasonable restrictions.
- Right to due convocation to the meetings.
- Right to place items on the agenda.
- Right to a timely convocation.
- Right to question the submitted company's accounts and reports.
- Right to equitable treatment.
- Right to minority shareholders with respect to board composition.

The Code also tackles matters relating to the structure, responsibility, and prerogatives of the BoD, more specifically, the fiduciary and various duties of BoD members, the monitoring of the BoD functions and accountability to shareholders, the remuneration of the BoD members, and the relationship of the BoD with other stakeholders.

The Code sheds light on the importance of internal and external audits and gives special attention to family-owned businesses.

The latest amendments to the CC in April 2019 marked advancement in promoting good governance practices within private companies. It introduced several guidelines aimed at enhancing corporate governance standards. Notably, it restricts the renewal of the auditor's mandate to a maximum of 5 years, ensuring periodic review and accountability, it introduces measures to ensure a clear separation between the chairmanship of the BoD and the executive management of the company. It also encourages diversity at the level of the BoD, allowing the introduction of independent BoD members.

At the level of the banking sector, and according to Banque du Liban ("**BDL**") Basic Decision No. 9382/2006,

all Lebanese banks must adopt their own corporate governance guides including but not limited to (i) an administrative organizational chart (ii) the approach adopted by the bank to implement Corporate Governance principles (iii) the BoD size, role, responsibility and composition, (iv) the criteria adopted to compute the compensation of the BoD and senior management's members, (v) the nature and work charter of each of the BoD committees (vi) the rules adopted to assess the performance of both the senior management and the BoD regarding their compliance with good governance procedures (vii) the succession plan to be adopted for selecting the BoD and senior management's members (viii) a summary of the code of conduct (ix) disclosure policy adopted, notably for preparing financial statements and addressing any conflict of interest.

The Capital Markets Authority, which is an independent, autonomous regulatory body established by the Capital Markets Law No. 161/2011 ("**CMA**"), goes in the same direction with respect to financial institutions. In its Series 2000 issued in 2017, it imposes as a pre-requisite for registration, that a financial institution proves having established sufficient systems, policies and procedures covering corporate governance, finance, risk management, compliance, etc.

It is noteworthy that in the absence of mandatory laws on corporate governance, private companies have the ability to draw their own guidance rules that are adapted to their business, while being inspired both by the Code, international standards and best practices.

10. What are the options available when looking to provide the entity with working capital? i.e., capital injection, loans etc.

The main options are as follows:

- Capital increase either in cash, in-kind or through the provision of services.
- Capital increase by issuance of shares, bonds or debentures.
- Shareholders loans or inter-companies' loans.
- Conversion of reserves into equity.
- Loans from banks and financial institutions.

11. What are the processes for returning proceeds from entities? i.e., dividends, returns of capital, loans etc.

Companies would return proceeds to their shareholders in several ways:

- Distribution of dividends and interim dividends.
- Purchase by a company of its own shares from a selling shareholder.
- Capital reduction.
- Repayment of shareholders loan.
- Liquidation quota (subject to the completion of the liquidation process).

12. Are specific voting requirements / percentages required for specific decisions?

There are 2 types of resolutions that may be passed during a general meeting of JSCs and LLCs:

– Ordinary resolutions:

For both JSCs and LLCs, ordinary resolutions require a simple majority of votes of shareholders/partners attending the meeting.

– Special resolutions (i.e., those taken by the extraordinary general assembly):

For JSCs, a special resolution requires the approval of two thirds of the shareholders attending the meeting.

For LLCs, a special resolution requires the approval of three-quarters of the partners attending the meeting.

However, the CC and/or the articles of association of the company may impose higher percentages, requiring in certain cases a unanimous vote of all shareholders/partners for specific resolutions.

Ordinary resolutions are generally taken at any shareholders'/partners' meeting. While "special"

resolutions are required by the law and if specified in the articles of association of the company for specific actions, such as:

- Amending the articles of association.
- Increasing/decreasing the capital.
- Dissolving or merging the company.
- Changing the legal structure of the company.

Specific quorum is to be met for each type of resolution, depending on whether the resolution is passed at the first, second or third meeting of the general assembly of the shareholders/partners, as stipulated in the CC and the articles of association of the company.

13. Are shareholders authorised to issue binding instructions to the management? Are these rules the same for all entities? What are the consequences and limitations?

The general assembly of the shareholders/partners is considered the highest corporate body in the company, and as such the BoD/manager(s) must comply with and execute shareholders/partners resolutions.

Consequently, if the management body fails to fulfill its duties and obligations, then the shareholders/partners would take necessary actions in accordance with the CC, the applicable Lebanese laws and the articles of association of the company.

14. What are the core employment law protection rules in your country (e.g., discrimination, minimum wage, dismissal etc.)?

Rights/Protection	Details
Discrimination	The Lebanese Labor Law dated 23 September 1946 ("Labor Law") stipulates that employers may not discriminate between working men and women based on gender, with respect to the type of work, salary amount, hiring, promotion, training, and apparel.
Minimum Wage	The minimum wage in Lebanon is determined by a commission composed of representatives from the Ministry of Economy & Trade, employers, and employees and may be subject to modification through official decrees as necessary. Pursuant to a decision issued by the Council of Ministers in April 2018, the minimum legal wage has been increased and is now set at LBP 78,000,000 (equivalent to approximately USD 202 \$). This new minimum wage officially came into effect on January 1, 2020, and is now applicable nationwide for all employees in Lebanon.
Annual leave	The annual leave is set by Labor Law at a minimum of 15 days to be granted to every employee after 1 year of continuous service. However, employers have the discretionary right to increase the annual leave for more than 15 days. Moreover, the Ministry of Labor includes in the internal regulations of each employer/company the following clause: The employer grants each employee with more than one year of service and less than seven years of service, an annual fully paid leave of fifteen days of effective work. Employees with more than seven years of service and less than ten years of service shall be granted an annual leave of seventeenth days of effective work. Employees with more than ten years of service shall be granted an annual leave of twenty days of effective work. (The internal regulations are required from each employer who is employing 15 employees and more). Annual leaves may accumulate from 1 year to another upon the employer's request, and in all cases, annual leaves should not be accumulated for more than 2 consecutive years. Sundays and holidays falling within an employer's annual leave should not be included therein. The employer must compensate the employee for any accrued annual leave that remains unutilized by the latter. The annual leave should not be included in the end of service calculations.
Sick leave/pay	Each employee is entitled to sick leave depending on its sickness and the circumstances in connection with such sickness. Accordingly, employees will be entitled to a remuneration as per the below: - Half month of full pay and half month at half pay for employees with more than 3 months and less than 2 years of service. - 1 month of full pay and 1 month at half pay for employees with more than 2 years and less than 4 years of service. - 1 month and half of full pay and 1 month and half at half pay for employees with more than 4 years and less than 6 years of service. - 2 months of full pay and 2 months at half pay for employees with more than 6 years and less than 10 years of service. - 2 months and half of full pay and 2 months and half at half pay for employees with more than 10 years of service.
Maternity Leave	Working women are entitled to 10 weeks of maternity leave including the period preceding and following delivery. Holidays and weekends are included in the maternity leave. Wages should be fully paid to women employees during her maternity leave. In all cases, women employees should not be allowed to resume work before 30 days from the date of delivery.
Working hours / rest	Except in agricultural corporations, hotels and restaurants, employers should respect the maximum working hours which should not exceed 48 hours per week, or 8 hours per day, although said working hours may be increased or reduced in certain specific professions. However, in cases of urgency, the daily working hours may be increased to 12, provided that the wages for overtime hours will be 50% higher than the rate paid for regular working hours. Employees are entitled to 9 continuous hours of rest in every 24 hours of work, except in the circumstances required by the business needs. Whenever the working hours exceed 6 for men and 5 for women, the employer must grant employees at the middle of the working day a rest that may not be less than 1 hour. The Labor Law provides that every employer must grant employees a weekly rest of 36 continuous hours. The employer is entitled to choose the day of rest as per the work requirements.
Leaves	Any employee who loses his spouse, father, mother, sister, brother, child, grandson, granddaughter, or granddaughter should be granted 2 fully paid leaves. The Ministry of Labor put in place as well regulations aiming to grant employees the same in the cases related to the death of an uncle or aunt or very close relatives. In case of marriage, employees may be granted a paid leave at the sole discretion of the employer.
NSSF contributions and benefit schemes	The Lebanese Social Security Law No. 139/55(1963) established the National Social Security Fund ("NSSF") to protect all employees working on the Lebanese territory. It mandates employers to register employees at the NSSF and pay the due contributions equivalent to 25.5% of the employee's earnings divided as follows: - 8% paid by employer and 3% paid by employee for the maternity and sickness benefit schemes. - 5% paid by employer for the family benefit schemes. - 8.5% paid by employer of total annual earnings for the end-of-service indemnity for Lebanese employees, with no ceiling. Non-Lebanese employees should also be registered at the NSSF. Salaries of foreign employees are normally subject to all contributions, except those for the end-of-service indemnity fund.
Notice period	1) Contracts with unlimited term According to the Labor Law, a prior written notice should be served to employees prior to the termination of employment as per the below: - 1 month in advance in case of the employment duration being more than 3 months and less than 3 years. - 2 months in advance in case of the employment duration being more than 3 years and less than 6 years. - 3 months in advance in case of the employment duration being more than 6 years and less than 12 years. - 4 months in advance in case of the employment duration being more than 12 years. The employee who is served a notice as per the above, is entitled to 1 hour of absence from work each day to find another job. 2) Contracts with limited term The employer may terminate the contract made for a limited term at its expiration date, or by serving a notice to employees as per contract. 3) Circumstances where notices are not required For both unlimited and limited term contracts, the Labor Law gives the employer the right to terminate the contract without prior notice, if the employee: - Was employed on a probation period and did not meet the work expectations of the employer during the first 3 months of employment. - Assumes a false nationality. - Committed an intentional act or negligence causing damage to the material interests of the employer. - Committed a serious violation of the internal regulations of the employer, 3 times during the same year, despite written warnings. - Was absent for more than 15 days during the same year, or for more than 7 successive days, without any valid reason. - Sentenced to prison for 1 year or more for a felony or committed a criminal offense at the workplace or during working hours. - Convicted for any of the acts mentioned in article 344 of the Lebanese Criminal Code ("LCC") - Assaults the employer, or the responsible manager at the workplace. 4) Persons on whom notice may not be served The notice of dismissal may not be served on the following persons: - Pregnant women. - Women on maternity leave. - Employees on annual or sick leave. The employer may be released from such restriction when it is proven that the employee has been employed in any other place during these periods.
Unfair dismissal	According to the Labor Law, specific conditions must be met when considering the dismissal of an employee, ensuring a fair and just process, as specified in question 15 below.

15. On what basis can an employee be dismissed in your country, what process must be followed and what are the associated costs? Does this differ for collective dismissals and if so, how?

The Labor Law provides that the employer may terminate the employment contract at any time. The legal dismissal of an employee differs depending on whether the contract is for limited or unlimited term. However, in either case, the contract should be automatically terminated for any of following events:

- Death of employee. The employment contract does not end with the death of the employer.
- Resignation.
- Parties' mutual will.
- Employee reaches the age of retirement (64 years).
- Other cases stipulated by law.

According to the Labor Law and other applicable laws, is considered null any contract by which a person promises to engage its services, for a period that is binding until death. Accordingly, with respect to contracts with unlimited term, the Labor Law allows both the employee and the employer to terminate the contract at anytime. In case of termination by either party, prior notice should be duly served to the other party (with exceptions detailed in question 14).

However, in case the employer and /or the employee terminates the contract without a serious violation or default from the other party, compensation for unfair termination/dismissal may be claimed by the employer and/or the employee.

The termination of employment by the employer is deemed abusive in instances where prior notice is not duly served when required. Additionally, it is considered abusive in such cases:

- When the reason for termination is unacceptable or irrelevant to the employee's performance or behavior at the workplace, or to the effective management and operation of business.
- In case of employee's affiliation or non-affiliation with a certain professional syndicate or performance of legitimate syndicate activities.
- If the employee is running for election or has been elected as a member of a syndicate office or as a representative of the employer's workforce during their tenure.
- When the employee files a complaint in good faith with the competent authorities regarding the application of Labor Law and related regulations, and

subsequently initiates legal action against the employer.

- If termination occurs due to the employee exercising their personal or public freedoms.

The Labor Law provides that in the case of contracts for unlimited term, the amount of the compensation for abusive/unfair termination ranges between 2 to 12 months' salary in favor of the employee, and between 2 to 4 months' salary in favor of the employer, when the evidence is made for the abusive termination. The abuse should be based on the absence of valid reason, serious error, or negligence to cause the said termination.

The assessment of the compensation should take into consideration:

- Nature of the work.
- Employee's age.
- Duration of employment.
- Employee's health and family status.
- Value of the damage.

In addition to the above, the Labor Law provides that employees may terminate the contract anytime without prior notice or compensation in case employer:

- Commits an act of misrepresentation, in the terms and conditions of employment at the time of concluding the employment contract, provided that the employee files a complaint within 30 days of such incident.
- Fails to meet his obligations according to the provisions of the Labor Law.
- Commits an act of immorality against the employee or a member of his family.
- Physically assaults the employee.

As a note, there is no prior notice or compensation required during the probation period for the termination of both employment contracts whether with limited and unlimited term.

The employer may also terminate all or part of employee's contracts in case of a "force majeure" or for technical or economic circumstances, such as reducing the capacity of its business, substitution of a production system by another, or definitive cease of business, which are considered as collective dismissals. In such case, the employer should notify the Ministry of Labor of his intention to terminate the contracts 1 month prior to the same. The employer should also consult with the ministry to draw up the final program for such termination whereby the seniority of the employees, specialization, ages, social and family status should be taken into consideration.

Any party may claim before the arbitral labor council ("**Arbitral Labor Council**") abusive termination and request compensation for the damage suffered, within 1 month from the date of termination.

16. Does your jurisdiction have a system of employee representation / participation (e.g., works councils, co-determined supervisory boards, trade unions etc.)? Are there entities which are exempt from the corresponding regulations?

The Arbitral Labor Council instituted a system of employee/worker representation as well as employer. It is the competent court to consider disputes resulting from any employment contract and arising between employees/workers and employers, comprising a judge appointed by decree, alongside two representatives—one advocating for employee/worker interests and the other for employer interests. To ensure continuous representation, two additional members are appointed to represent employers and employees/workers in the absence of the primary representatives.

It's worth noting that specific syndicates exist for several professions as well as a main syndicate for employees/workers, in addition to the established employee/worker representation system through the Arbitral Labor Council.

17. Is there a system governing anti-bribery or anti-corruption or similar? Does this system extend to nondomestic constellations, i.e., have extraterritorial reach?

Since 2005, Lebanon is taking several measures and adopting several laws to fight corruption. In 2005 and 2009, Lebanon ratified respectively the United Nations Convention on Organized Crime and the United Nations Convention Against Corruption. In 2018, the Lebanese Parliament approved Law No. 83/2018 on the protection of whistleblowers, by virtue of which the act of reporting suspicions of corruption does not constitute a breach of professional confidentiality, covering all individual holding public office. In addition, the Lebanese Parliament adopted Law No. 175/2020 on "Combating Corruption in the Public Sector" which established the National Anti-Corruption Commission. This commission is mainly responsible for monitoring corruption, conducting studies and research in relation to transparency, integrity, and anti-corruption. Furthermore, the Lebanese Parliament adopted Law No. 189/2020 on

financial disclosure and punishment of illicit enrichment. This law set a comprehensive system for assets and interests declaration that applies to most of the public sector.

The LCC also criminalizes bribery of domestic public officials. Both legal entities and individuals are liable for giving and receiving a bribe. Similarly, the LCC prohibits private sector employees from accepting gifts or benefits in order to reveal confidential information or to act with the intention of harming their employer.

While the above-mentioned laws do not explicitly address extraterritorial jurisdiction, the LCC stipulates that all crimes committed by Lebanese nationals abroad may still be punishable under Lebanese laws if they are also considered crimes in the foreign state where they occurred. Therefore, crimes such as bribery, corruption, and other financial crimes committed outside Lebanese soil by Lebanese nationals are subject to prosecution in Lebanon.

18. What, if any, are the laws relating to economic crime? If such laws exist, is there an obligation to report economic crimes to the relevant authorities?

Economic crimes, also known as financial crimes, are regulated in Lebanon by several laws. The LCC condemns a wide range of economic crimes mainly bribery, corruption, and fraudulent bankruptcy. In 2017, several laws were adopted in this regard, particularly in relation to access to information, whistleblower protection, illicit enrichment, and tax evasion. In addition, following the amendments to CC in 2019, new financial crimes were introduced in the corporate industry, notably crimes related to the misuse of the company's assets.

In 2001, the Lebanese Parliament adopted Law No. 318/2001 on Anti-Money Laundering and Combatting The Financing Of Terrorism ("AML/CFT") which was subsequently amended by Law No. 44/2015.

Law No. 318/2001 aimed to conform with international anti-money laundering standards by imposing transparency without getting rid of banking secrecy, by establishing the Special Investigation Commission as an independent legal entity with judicial status ("SIC"). SIC is empowered to lift banking secrecy as a temporary and preventive measure in order to investigate money laundering crimes.

Law No. 44/2015 extended anti-money laundering crimes to corruption, tax evasion, embezzlement, and illicit

enrichment. Said law clearly states that all institutions under the supervision of BDL and entities operating in other sectors such as insurance companies, casinos, real estate dealers, merchants of valuables, lawyers and auditors are required to report any suspicious transactions related to money laundering or terrorist financing to official authorities while performing their duties.

The Lebanese Parliament also adopted Law No. 55/2016 on exchange of information for tax purposes to notably reflect the Common Reporting Standard and other international tax reporting standards. The primary objective of said law is to implement international treaties signed with foreign governments and facilitating the exchange of tax-related information to fight against tax evasion.

Moreover, Law No. 83/2018 encourages whistleblowers disclosing any information related to financial crimes, guaranteeing the secrecy of the whistleblower's identity, and protecting the latter from any prosecution or harm.

19. How is money laundering and terrorist financing regulated in your jurisdiction?

Money laundering and terrorist financing are regulated by international conventions and Lebanese laws. In 1999 and 2019, Lebanon ratified respectively the Arab Convention on Combating Terrorism and the International Convention for the Suppression of the Financing of Terrorism, demonstrating its commitment to combat all kind of financial crimes.

In November 2015, Lebanon further strengthened its anti-money laundering framework with the enactment of a series of laws. In this respect, Law No. 42/2015 on Declaration of Cross-Border Transportation of Money, by virtue of which all persons transporting in or out of the border currency and negotiable instruments exceeding USD 15,000, must submit a written declaration to the customs authorities. Law No. 43/2015 on Exchange of Tax Information, grants Minister of Finance the right to conclude and join bilateral or multilateral agreements to exchange information on tax evasion or tax fraud. Law No.44 on AML/CFT is the main regulatory framework governing money laundering in Lebanon. Said law expanded the list of primary crimes to money laundering, including corruption. It also subjected financial institutions to stricter policies.

Moreover, the recent amendments to the Lebanese Banking Secrecy Law No. 1/1956, which was introduced under Law No. 306/2022 mark a fundamental step

towards the ongoing effort to combat money laundering and terrorist financing. These amendments lifted the banking secrecy for various categories of individuals, including: (i) public officials, their spouse, their minor children and beneficial right owners, (ii) presidents of associations and administrative bodies engaged in political activities, civil society bodies, their spouse and minor children as well as candidates for parliamentary and municipal elections, (iii) chairpersons and board members of banks along with their current and former auditors and (iv) presidents and board members of media, audiovisual and electronic media companies. Said exemptions apply for 5 years following the resignation of the persons listed above, the termination of their service or their retirement.

Moreover, Law No. 306/2022 broadened the access to banking information, banks are now compelled to submit any requested information upon receiving a request from the following bodies:

- Competent authorities with respect to lawsuits related to corruption, money laundering and illicit enrichment.
- Special Investigation Commission.
- National Anti-Corruption Commission.
- The Lebanese Tax Administration combatting tax evasion.
- BDL, Banking Control Commission of Lebanon and the National Institute for the Guarantee of Deposits responsible for restructuring the banking sector.

20. Are there rules regulating compliance in the supply chain (for example comparable to the UK Modern Slavery Act, the Dutch wet kinderarbeid, the French loi de vigilance)?

Lebanon does not have any legislation comparable to the UK Modern Slavery Act, the Dutch wet kinderarbeid, or the French loi de vigilance that specifically regulates compliance in the supply chain.

However, Lebanon is party to various international conventions and treaties aimed at protecting human rights and labor standards. These conventions include, but are not limited to, the International Labor Organization conventions, which address issues such as forced labor, child labor, and discrimination in employment.

Furthermore, the Labor Law and other relevant laws contain provisions related to child and woman labor, employment rights, working conditions, and the protection of employees. While these laws may not directly address supply chain compliance in the same

way as the mentioned acts and laws in other countries, they serve as foundation for promoting ethical and fair labor practices within the country.

Indeed, the Labor Law prohibits the employment of children under 13 years old and prohibits employing any child under the age of 16 in certain types of work deemed harmful. The Labor Law also stipulates that fixed hours of rest should be observed. Night work is also completely prohibited from 7 pm until 7 am.

Employers are also prohibited from hiring women to work in certain jobs, including but not limited to:

- Underground work in mines, quarries, and all stone extraction work.
- Oven work for melting, refining, and firing of mineral products.
- Silvering mirrors by the quicksilver process.
- Production and handling explosives.
- Glass melting and firing.
- Oxyacetylene welding.
- Production of alcohol and all other alcoholic drinks.
- Duco painting.
- Handling, treatment, or reduction of ashes containing lead, and de-silvering lead.
- Production of welding material or alloys with more than 10% lead content, etc.

21. Please describe the requirements to prepare, audit, approve and disclose annual accounts / annual financial statements in your jurisdiction.

JSCs and LLCs are required to prepare and approve their annual financial statements and accounts at the end of each fiscal year. According to Lebanese Ministerial Order No. 1/6258, said companies must adhere to the International Financial Reporting Standards ("IFRS") when preparing their annual financial statements.

While JSCs are required to disclose and submit to the registry of commerce their annual financial statements and accounts; Offshores, Holdings and LLCs are exempt from such disclosure.

Furthermore, all JSCs are required to have their annual financial statements audited by a licensed auditor that must be replaced every 5 years. Conversely, LLCs are exempt from such appointment, unless:

- Number of partners exceeds 20;
- Company's capital exceeds LBP /30.000.000/; or
- Request to appoint auditor is initiated by 1 or more partners representing at least 20% of the capital.

22. Please detail any corporate / company secretarial annual compliance requirements?

Within the Lebanese legal framework, certain legal entities must adhere to compliance requirements, including the appointment of an auditor/attorney, approval and disclosure of financial accounts and beneficial owners, convening annual general assemblies, etc. Such requirements may also be reinforced by the articles of association of said legal entity (for further details please refer to questions 21, 23 and 24).

23. Is there a requirement for annual meetings of shareholders, or other stakeholders, to be held? If so, what matters need to be considered and approved at the annual shareholder meeting?

At least 1 partners'/shareholders' meeting must be convened per fiscal year, during which annual accounts, management reports and auditors' reports will be discussed and submitted to the shareholders/partners' approval. Furthermore, discharge will be requested for the management body in recognition of the fulfillment of their duties, in line with the general strategy of the company.

The annual meeting of the company may include additional matters, such as election or re-election of the management body, appointment or reappointment of auditors, and other matters as deemed necessary.

24. Are there any reporting / notification / disclosure requirements on beneficial ownership / ultimate beneficial owners (UBO) of entities? If yes, please briefly describe these requirements.

Since 2001 and based on Law No.318/2001 on AML/CFT, Lebanon imposed on banks and other natural and legal entities special requirements with respect to the identification of the ultimate beneficial owner ("UBO"). In fact, as per the law, every entity is compelled to control all operations with its clients to avoid involvement in money laundering operations. In this perspective, BDL issued Basic Circular No. 83/2001 prohibiting banks from entering into or establishing a relation with a correspondent bank abroad or from opening bank accounts for natural or legal entities prior to conducting due diligence.

To be aligned with international standards, additional laws, circulars, and decisions were introduced to the Lebanese legal framework:

- Law No.44/2015 extended UBO and customer due diligence requirements to other entities, such as lawyers, notaries public, certified accountants, etc.
- Law No.75/2016 abolished the notion of bearer shares and shares to order, thus imposing the disclosure of shareholder identity.
- BDL Intermediate Circular No. 498/2018, SIC Circular No.24/2018, and Minister of Finance Decision No. 1472/1/2018 introduced the definition of UBO and the identification process for legal entities.
- The latest amendment to CC in 2019, imposed on all companies incorporated in Lebanon, to submit the identification document of the UBO.

The UBO is considered as any natural person who ultimately owns or exercises ultimate effective control, whether directly or indirectly, over the related natural person. Indirect ownership and/or control is exercised through a chain of ownership or by means of control other than direct control. Additionally, with respect to legal entities, the UBO shall be identified as follows:

- Each natural person holding, whether directly or indirectly, 20% or more of the capital of the legal entity.
- Each natural person exercising control over the legal entity by holding a majority of voting rights or the rights to appoint or dismiss the majority of the administrative or regulatory body at affiliated entities, etc.

When no natural person is identified pursuant to the above, reasonable measures shall be taken in order to identify and verify the identity of the persons holding senior management positions.

UBO information must be declared before the CR, the Ministry of Finance, banks and entities mentioned in articles 4 and 5 of Law no. 44/2015.

25. What main taxes are businesses subject to in your jurisdiction, and on what are they levied (usually profits), and at what rate?

JSCs and LLCs are subject to corporate income tax fixed at 17% on all accumulated net profits and withholding taxes on dividend distributions fixed at 10%.

However, it should be noted that Holdings and Offshores, having the form of joint stock companies, are exempt from taxes on income and dividend distribution. Instead, they are subject to an annual lump sum tax fixed at LBP 50,000,000 (approximately USD 555).

26. Are there any particular incentive regimes that make your jurisdiction attractive to businesses from a tax perspective (e.g. tax holidays, incentive regimes, employee schemes, or other?)

Lebanon offers several incentives and favorable tax regimes in strategic sectors, mainly:

- Double tax treaties: various double tax treaties were concluded by Lebanon with foreign countries facilitating and regulating tax flows related to operations and transactions between Lebanese and foreign entities.
- Free trade zones: As per 2022 Budget Law No. 10/2022 ("**2022 Budget Law**"), companies established after the issuance of 2022 Budget Law and until 31 December 2024 operating in specific Lebanese areas, as defined by the Lebanese State, benefit from tax reduction for 7 years following the initiation of their activities. To benefit from said tax exemption, certain requirements must be met.
- Newly incorporated companies: Newly incorporated companies or companies whose term was extended after the issuance of the 2022 Budget Law are exempt from certain stamp duty fees.
- Reinvestment incentives: Industrial companies shall benefit from a 50% reduction from its due income tax on profits of their Lebanese-origin industrial exports. These incentives apply when the export earnings are either invested in Lebanese banks or entirely reinvested in industrial activities within the Lebanese soil.
- Investment Development Authority of Lebanon ("**IDAL**"): Under Law No. 360/2001 IDAL grants investors willing to implement a project in Lebanon a combination of customized incentives, exemptions, and tax reductions, which include corporate income tax, project dividends taxes, exemption from land registration fees, reductions on permit fees, etc.

27. Are there any impediments / tax charges that typically apply to the inflow or outflow of capital to and from your jurisdiction (e.g., withholding taxes, exchange controls, capital controls, etc.)?

In Lebanon, there are no restrictions on foreign exchange nor any capital control. However, withholding taxes are levied on certain transactions, such as:

- Distribution of dividends: Residents and non-resident shareholders/partners are subject to a 10% withholding tax on distribution of dividends.

- Interests: Residents and non-residents entities are subject to a 7% withholding tax on incomes, revenues, and interests earned from accounts opened with Lebanese banks and from treasury bonds.
- Sale of materials and equipment: Non-resident entities are subject to a 3.4% withholding tax on revenues generated from the sale of materials and equipment.
- Sale of services: Non-residents entities are subject to a 8.5% withholding tax on revenues generated from the sale of services.

28. Are there any significant transfer taxes, stamp duties, etc. to be taken into consideration?

1) Stamp Duty

All deeds (including those for transfer of shares), contracts and other documents involving specific payments or monetary sums are subject to 2 kind of stamp duty fees:

- Proportionate stamp duty of 0.4%.
- Fixed stamp duty determined according to the schedules outlined in Legislative Decree No. 67/1967.

2) Transfer Taxes/Registration Fees

Below are the significant applicable taxes on transfer of shares and real estate in Lebanon.

According to Law No.64/2017 as amended by Law No.324/2024, gain on disposal of real estate properties realized by natural and legal entities that are not subject to income tax, or benefit from permanent, special or exceptional exemptions from said tax or persons subject to income tax but the real estate property is not part of their profession, are subject to capital gain tax fixed at the rate of 1%. However, said transfer tax does not apply to capital gains realized from the transfer of a natural person's primary residence, with a maximum limit of two residences. In addition, a registration fee is imposed on the disposal of real estate properties fixed at 3% for residents and 5% for non-residents.

While transfers of shares are generally exempt from transfer taxes, the 2022 Budget Law imposed a transfer tax of 3% for resident shareholder and 5% for non-resident shareholders on capital gains realized by the disposal of shares in the following JSCs:

- Whose primary activity is the acquisition of built and unbuilt properties.
- Who engage in the trading and development of built and unbuilt properties.

- Who have more than 50% of their fixed assets as real estate properties.

A 50% discount is granted if the transfer of shares in said JSCs is concluded between shareholders or with their direct relatives (lineal ancestors or descendants).

With respect to LLCs, the Ministry of Finance has the discretionary right to reevaluate the value of the transferred parts and may impose a certain tax on the balance between the actual nominal value of the transferred parts and their selling price.

29. Are there any public takeover rules?

Public takeover in Lebanon is regulated and supervised by several laws and bodies. In particular, according to Law No.161/2011, the CMA sets all regulations concerning large purchase operations of shares in public companies or issuing entities, and those concerning the execution of acquisition and merger bids, without prejudice to the provisions of Law No.192/1993 and its amendments on facilitation of mergers between banks.

30. Is there a merger control regime and is it mandatory / how does it broadly work?

At the level of JSCs and LLCs, the CC clearly states the procedures and steps that must be followed for the merger of any of said companies. As to the merger of banks, the process is regulated by Law No.192/1993 and is subject to the approval of the Central Council of BDL.

31. Is there an obligation to negotiate in good faith?

According to the Lebanese Code of Contracts and Obligations and its interpretation, any individual who acts in bad faith during the negotiation phase of an agreement may be held liable.

32. What protections do employees benefit from when their employer is being acquired, for example, are there employee and / or employee representatives' information and consultation or co-determination obligations, and what process must be followed? Do these obligations differ depending on whether an asset or share deal is undertaken?

There are no legal requirements of consultation with

employees or syndicates whenever a company is acquired by another entity whether a share deal or asset is involved. In fact, the change of employer does not affect any of the employment agreements that remain valid and in force.

Should the new employer opt to terminate some or all employment agreements, such termination must be duly justified—whether due to force majeure, economic circumstances, or the complete cessation of operations—in full compliance with the Labor Law.

In such cases, the employer is required to notify the Ministry of Labor at least one month before implementing the termination and must engage in consultations with the Ministry of Labor to establish a final termination plan. This plan should take into account the employees' seniority, specialization, age, family and social circumstances, as well as necessary measures for reemployment of the dismissed employees.

Additionally, dismissed employees under the abovementioned circumstances shall have the right of priority for reemployment in the same company for a period of one year from the date of termination, in case the business operations resumed and the latter are eligible for the new position.

Regarding banks, article 4 of Law No. 192/1993, stipulates that the laid-off employees are entitled to all rights and benefits prescribed by applicable laws and regulations in force, as well as those specified in collective work contracts concluded between the Lebanese Association of Banks and the Union of the Syndicates of Banks' Employees.

33. Please detail any foreign direct investment restrictions, controls or requirements? For example, please detail any limitations, notifications and / or approvals required for corporate acquisitions.

There are no laws regulating foreign investment in Lebanon or requiring foreign investors to obtain any approval before investing. Nevertheless, certain restrictions, notifications, or approvals may be required for certain activities and sectors such as weapons, media, aviation, insurance, public utilities, real estate, etc. (please refer to question 7).

34. Does your jurisdiction have any exchange control requirements?

The Lebanese exchange market provides free currency convertibility and free movement of capital.

35. What are the most common ways to wind up / liquidate / dissolve an entity in your jurisdiction? Please provide a brief explanation of the process.

JSCs and LLCs may be liquidated in the following events:

- Upon expiration of the specified term as per the articles of association.
- Occurrence of a triggering event leading to the dissolution of the company as per the articles of association (e.g., achieving/failure to achieve its purpose).
- Voluntarily dissolution before the expiry of the term.
- Loss of 3/4 of the capital, in accordance with the CC and the articles of association.

The standard liquidation process of JSCs/LLCs involves the following steps:

- Resolving the dissolution of the company by the

extraordinary general assembly of shareholders/ partners and appointment of the liquidator.

- Carrying out the liquidation activities by the appointed liquidator and issuance of the liquidation report and other ancillary documents.
- Confirming the liquidation process by the ordinary general assembly of shareholders/ partners and releasing the appointed liquidator from any liability in connection with his assignment.

Following the completion of the liquidation process along with the needed publication as per the CC and articles of association, the liquidation of the company shall be final. An official certificate shall be obtained evidencing the de-registration of the company from the records of the competent authorities in Lebanon.

As for Branches and REPs, the liquidation process entails the issuance by the mother company a resolution in this respect and the appointment of a liquidator. The liquidation process requires several steps and involves different authorities and departments, such as Ministry of Foreign Affairs, Ministry of Economy and Trade, CR, official gazette etc.

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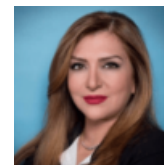
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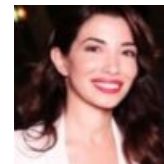
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