

ACQUISITION OF REAL ESTATE RIGHTS BY FOREIGNERS IN LEBANON

DUTIES OF REGISTERING REAL ESTATES IN THE REAL ESTATE REGISTER

The Lebanese parliament approved on 3/4/2001 the law number 296 amending some sections and points of the decree number 11614 of 4/1/1969 relevant to the acquisition of real estate rights by foreigners in Lebanon and ratified the law number 299 of 3/4/2001 related to the reduction of the duties of registration of real estates in the special register.

The foregoing laws have many positive characteristics and impacts including:

1- Characteristics of the amendments ratified on 2001

The major amendments entered by virtue of the aforementioned laws on the acquisition of real estate rights by foreigners in Lebanon are the following:

- **Allow** for physical persons of Lebanese origins, Arabs nationals, and foreigners as well as to Arab, foreign moral entities and Lebanese companies deemed as foreign¹ **without any prior permit or authorization to acquire on all the Lebanese territory, real estates which surfaces do not exceed three thousand square meters, in form of built edifices or lands.** (¹ Lebanese companies deemed as foreign ones are those which in which the majority of the capital shares are owned by foreigner physical persons or moral entities or 100% Lebanese companies which bylaws allow the cession of shares to non Lebanese moral or physical persons or not only to 100% Lebanese companies.)
- **Allow the persons or entities aforementioned to acquire real estates which surfaces exceed 3000 square meters after obtaining a prior approval** issued by the Council of Ministers upon motion of the Minister of Finance in the five circumscriptions. The total of the lands owned by foreigner physical persons and moral entities or the ones considered as non Lebanese should be in conformity of the following schedule:
 - o 3% of the total surface of the Lebanese territories
 - o 3% utmost of the surface of each casa
 - o 10% utmost of the total surface of Beirut.

In consideration of the above mentioned rates, only 50% of the surfaces owned by foreign companies shall be considered. These companies shall have at least 50% of the capital owned by physical Lebanese persons or Lebanese moral entities or 100% Lebanese companies shall be considered and prohibit in their bylaws the cession of shares to foreigners.

- **Grant a delay of 5 years renewable for a similar period by a decision of the Council of Ministers as from the registration in the real estate register** to construct on the land or to use the real estates for the purpose intended upon acquisition.
- **Adopt same registration duties for Lebanese and foreigners in the real estate register** after reducing from 16% to 5% the value of the real estate and excepting foreigners from paying the additional fee of 10% pursuant to the ratification of the law number 299 of 3/4/2001.

2) Impact of the two foregoing laws on the investment environment in Lebanon

The ratification of the two aforementioned laws has the following positive impacts:

- Encourage the major Arab and foreign companies to invest and carry on mega investment projects in various sectors namely industry, tourism, and agriculture in Lebanon and acquire the needed surfaces for their projects without fixing a maximal limit for the acquisition and a need to have a Lebanese partner.
- Promote the tourism flow to Lebanon known as a prime touristic destination for Arab and foreign vacationers by enabling the same to own their own dwellings without a need to obtain a prior authorization from the Council of Ministers.
- Enhance the real estate industry and the construction sector suffering from a sort of freezing namely in the outer skirts of cities.
- Provide job opportunities for Lebanese youth and reduce the immigration as a result of the new investments in various sectors and secure the employment of the qualified Lebanese work force.
- Allow foreign investments in the agriculture sector in Lebanon requiring huge surfaces to be implemented.
- Reduce the investment fees and costs for the Arab and foreign investors by reducing the registration fees of real estates to 5% and treat them as if they were Lebanese nationals. The final duty to be paid in order to register a real estate in Lebanon by a Lebanese as the non Lebanese is equivalent to **5.8% of the value of the real estate** plus the financial stamp fee of 0.3% the notary public fee of 0.1%, the municipality charge 0.25% and the flat sum collected upon registration in the real estate register.