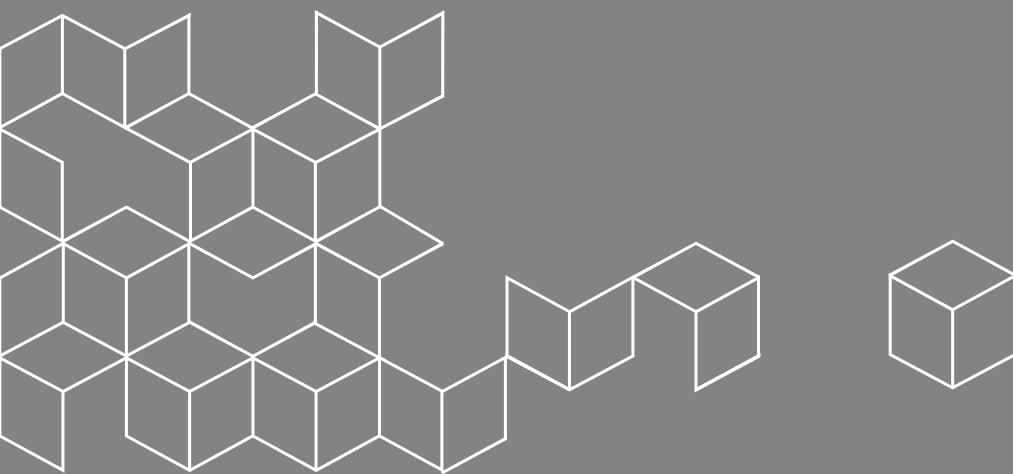


INDUSTRY SECTOR

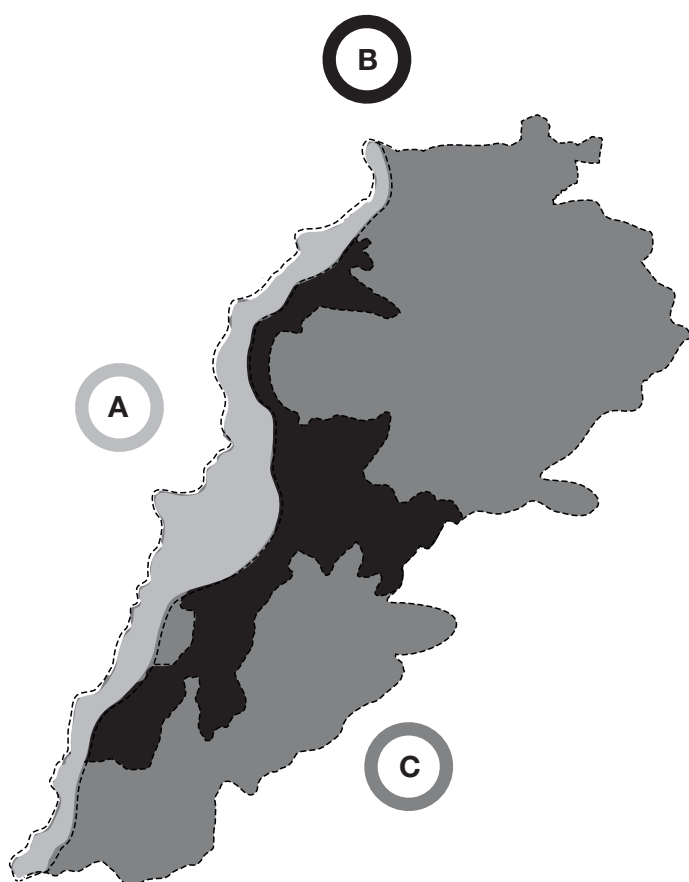
INVESTMENT INCENTIVES



INCENTIVES AVAILABLE TO PROJECTS IN THE INDUSTRIAL SECTOR

1. INCENTIVES PROVIDED BY IDAL

Region Based Incentives or Investment Project by Zone (IPZ)



Zone A

Eligibility Criteria:

Minimum Investment Requirement is USD 5 million

Incentives:

- ▶ **100% Exemption from corporate income tax for two years** provided that the company's shares are listed in the Beirut Stock Exchange. In this case, the effective negotiable shares should be no less than 40% of the capital of the company
- ▶ **Work permits for various categories**, exclusively needed for the project, provided that at least two Lebanese nationals are employed for each foreigner. All employees should be registered with the National Social Security Fund.

Zone B

Eligibility Criteria:

Minimum Investment Requirement is USD 3 million

Incentives:

- ▶ **50% reduction on corporate income tax and taxes on project dividends**, for a period of five years. The reduction shall be applicable as soon as excavation works for the project commence, in accordance with the provisions of the Law
- ▶ **Work permits for various categories**, exclusively needed for the project, provided that at least two Lebanese nationals are employed for each foreigner. All employees should be registered with the National Social Security Fund.

Zone C

Eligibility Criteria:

Minimum Investment Requirement is USD 1 million

- ▶ **Incentives:**
A 100% exemption from corporate income tax and taxes on project dividends for a period of 10 years. The exemption shall be applicable as soon as excavation works for the project commence, in accordance with the provisions of the Law
- ▶ **Work permits for various categories**, exclusively needed for the project, provided that at least two Lebanese nationals are employed for each foreigner. All employees should be registered with the National Social Security Fund.

b. Region Based Incentives or Package Deal Contract (PDC)

Eligibility Criteria:

Minimum Investment Requirement is USD 10 million

Minimum Number of Jobs Required: 100*

* The number of job created can be reduced by 20% (to 80 jobs) provided that the investor shall allocate at least 25% of them to technical and professional training schemes in the industrial field. The full training program will be subject to IDAL's board approval.

Incentives:

- ▶ **100% exemption from Corporate Income Taxes for up to ten years** starting as from the commencement date of the exploitation of the project.
- ▶ **100% exemption of Taxes on Project Dividends for up to ten years** starting as from the commencement date of the exploitation of the project.
- ▶ **Up to 50% Reduction on Work and Residence Permit Fees** regardless of their category and depending on the number of permits required. Also the value of the certificate of deposit entrusted to the Housing Bank shall be reduced by half.
- ▶ **Up to 50% Reduction on Construction Permit Fees** related to the buildings to be established & needed for the execution of the project benefiting from the provisions of the Package Deal Contract.
- ▶ **100% exemption from Land Registration Fees** at the Real Estate Register and from fees needed for annexation, sub-division, mortgage and registration of lease contracts at the Real Estate Register.
- ▶ **Obtaining Work Permits** of all categories provided that the project benefiting of the Package Deal Contract preserves the interests of the local labor force through employing at least two Lebanese nationals against one foreigner, and registering them in the National Fund for Social Security.
- ▶ **Exemption from the obligation of including** Lebanese natural and legal persons in the Board of Directors in Joint Stock companies.

2. INCENTIVES PROVIDED BY OTHER ENTITIES

- ▶ Industrial companies are eligible for a 50% exemption on tariff duties at export.
- ▶ Machinery, equipment, spare parts and building material imported for the setting up of new industrial firms, are subject to only 2 per cent custom duties.
- ▶ Custom duties exemptions are applied to the following items:
 - Raw materials
 - Semi-manufactured goods (total of over 2000 products)
- ▶ In Industrial zones: 75% of a company's tax liabilities may be exempted. In order to take advantage of this regulation, investments should consist of capital expenditures designed to increase the company's staff and other employees.
- ▶ In Specific Industrial Zones (in Zahle, Jbeil and Nabatiyeh): Companies are exempt from corporate income tax for a duration of 10 years (Decree 11991).



3. APPLICATION PROCESS AT IDAL

