



FEBRUARY 2024 – LEBANON INCOME TAX AMENDMENTS, NSSF and TRANSPORTATION ALLOWANCE *It is important that employers note the following:*

Income tax amendments published in the Budget Law for 2024

Following the approval of the Budget Law for the year 2024 in Parliament on 26 January 2024, major tax amendments were published in the Official Gazette Appendix No. 7, dated 15 February 2024.

Salaries paid in foreign currency (Section 1 of Article 62 of the Income Tax Law)

The tax on salaries that is withheld by the employer and paid on a quarterly basis to the tax authorities should be calculated on the basis of the same currency in which these salaries were paid.

To calculate the tax on salaries paid in foreign currencies, the salaries must first be converted to LBP. The tax is then converted back to the foreign currency in which the salaries were paid using the Central Bank's determined exchange rate. Previously, salaries were converted at the Sayrafa exchange rate. The 2022 Budget Law's Article 35 made this determination.

The calculation of the end of service indemnity for the year ending before 31 December 2023 is not covered by this article's provision.

Tax brackets (Article 58 of the Income Tax Law)

Effective 1 January 2024, the progressive tax brackets have been amended as follows:

Annual Taxable Income (LBP)		Tax Rate
From	Up to	
0	360,000,000	2%
360,000,000	900,000,000	4%
900,000,000	1,800,000,000	7%
1,800,000,000	3,600,000,000	11%
3,600,000,000	7,200,000,000	15%
7,200,000,000	13,500,000,000	20%
13,500,000,000	And above	25%

Personal deductions and family allowances (Articles 59 and 31 of the Income Tax Law)

Resident individuals are entitled to the following family exemptions, which are deducted from taxable income.

- The family deduction out of the basic pay of daily workers has been set at LBP 1,500,000 per day, irrespective of their family status.

Effective 1 January 2024, the family deductions for tax purposes will be as follows:

- LBP 450,000,000 for any individual taxpayer;
+ LBP 225,000,000 for non-working spouse or husband;
+ LBP 45,000,000 for each legitimate dependent child (up to five children maximum).

Extension of deadline on tax exemption of termination compensation

Paying termination compensation to dismissed or resigned employees between 1 July 2019 and 31 December 2025 (previously 30 September 2022) is free from salary tax and is regarded as a tax deductible expense for the employer, subject to income tax based on actual profits, even if the amount exceeds the cap set by the relevant laws.

National Social Security Fund (NSSF) changes

Family allowance ceiling

The maximum salary cap for the National Security Fund's family allowance sector has been changed from LBP 3,425,000 to LBP 12,000,000 as of 1 January 2024, based on Decree No. 12772 issued on 28 December 2023.

Decree No. 12772 also implemented the changes introduced in Decree No. 12599, which amended the family allowances offered by the NSSF.

The revised allowances are as follows:

- LBP 600,000 is designated for the non-working wife.
- LBP 330,000 is allocated for each child, with consideration for up to five children.

The total family allowances will be capped at LBP 2,250,000.

Salaries paid in foreign currency

NSSF public notification no. 740, dated 1 February 2024, requests that salaries paid in foreign currency, whether fully or partially, be calculated using the highest official exchange rate determined by the Central Bank (previously, the Sayrafa rate of 89,500 LBP/USD).

As mentioned earlier, the Budget Law of 2024 also requested the calculation of salaries paid in foreign currency on the same basis starting from 1 January 2024 at the market exchange rate defined by the Central Bank.

In order to match their declarations to the Ministry of Finance and the NSSF, employers are recommended to disclose salaries received in foreign currency, whether fully or partially, at the maximum official exchange rate determined by the Central Bank from the beginning of the year 2024.

Transportation allowance

After an agreement was reached between the economic bodies and the General Confederation of Lebanese Workers in January 2024, the daily transportation allowance for employees in the private sector was increased to match that of the public sector.

Following the publication of Decree No. 12966, effective 15 February 2024, the daily transportation allowance for employees in the private sector was increased from LBP 250,000 to LBP 450,000.

Kindly note that none of the decrees mentioned, are available in English.

PLEASE NOTE

The implementation of this change requires an update of the payroll system parameters.
If not done, you may incur penalties and interest.
If you are unsure of how to make the change, please contact your consultant for assistance.

Contact our legislation team on info@crs.co.za if you require any additional information.

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