



INVESTMENT INCENTIVES

INVESTMENT PROJECT BY ZONE (IPZ)

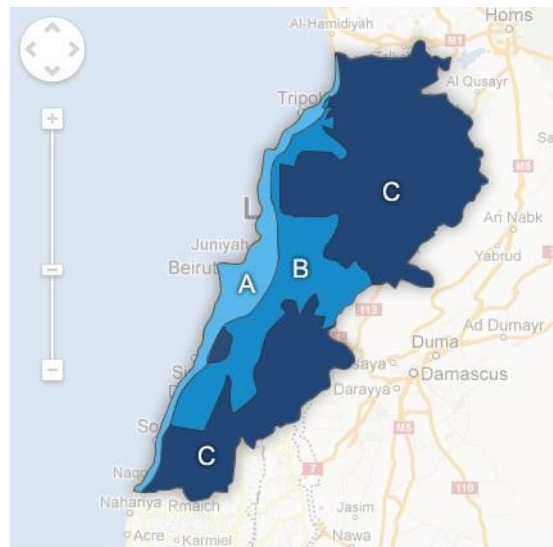


Overview

A scheme mostly catered for small and medium sized projects and designed to provide the highest support to projects located in the regions with the highest socio-economic challenges. Incentives are granted to projects which meet the following criteria:

- Project geographical location
- Project investment size
- Sector of coverage.

THE INVESTMENT PROJECT SCHEME DIVIDES LEBANON INTO THREE GEOGRAPHICAL ZONES (ZONE A, ZONE B AND ZONE C) BASED ON WHICH THE TYPES OF INCENTIVES VARY.



ZONE A

- 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

- 50% reduction on Corporate Income Tax 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.
- 50% reduction on Project Dividends Taxes for a period of five years.
- 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.

Note: Reduction shall apply from the date of the commencement of exploitation of the projects governed by the provisions of this law. In the events that the investor benefits for the aforementioned exemptions related to the listing of the shares at the Beirut Stock Exchange, reduction shall apply after the lapse of that exemption period.

ZONE C

- A 100% exemption from corporate income tax 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.
- A 100% exemption of Taxes on Project Dividends for a period of 10 years.

- 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.

Note: Reduction shall apply from the date of the commencement of exploitation of the projects governed by the provisions of this law. In the events that the investor benefits for the aforementioned exemptions related to the listing of the shares at the Beirut Stock Exchange, reduction shall apply after the lapse of that exemption period.

Eligibility Criteria

1. Minimum Investment Size:

The minimum investment required to qualify for an Investment Project (IP) are the following (**Table 1**):

Table 1: IP Minimum Investment Size

Sectors	Investment Zone	Minimum Investment Size US\$
Tourism	A	10,000,000
	B	4,000,000
	C	1,000,000
Industry	A	5,000,000
	B	3,000,000
	C	1,000,000
Agro-Industry	A	2,000,000
	B	1,500,000
	C	1,000,000
Agriculture	A	1,500,000
	B	1,000,000
	C	500,000
Information Technology (IT)	A, B, C	200,000
Telecommunication	A, B, C	200,000
Media	A, B, C	200,000
Technology	A, B, C	200,000

2. Other Non-Binding Requirements:

In addition to the minimum investment size and zoning requirements, the following criteria are taken into account when assessing a project fit for an Investment Project by Zone scheme:

- Socio-economic impact
- Environmental impact and extent of natural resources preservation
- Impact on the local labor force and potential for job creation
- Market for local consumption and/or export potential
- Extent of technology transfer and provision of technical training
- Impact on similar industries (backward linkages) and on consumers
- Compatibility with national government priorities and development policies
- Establishment of Research and Development efforts
- Value of both hardware and software for ICT projects