The 2027 Draft Budget

What Businesses Need to Know

The Ministry of Finance just sent a budget to the Council of Ministers.

The draft law goes beyond setting revenue and spending for one year, and carries a package of legal changes that touch tax rules, company law, real estate, ports, and public sector spending. It works more like a full legislative reform than a simple annual budget.

Companies should pay close attention. Several provisions directly affect corporate tax, employees, digital services, and settlement of outstanding fines.

The Cabinet will discuss the law and can introduce amendments before sending it to Parliament. Two parliamentary committees will carry out a similar review, and eventually more changes. It will finally move to a full debate and a vote by the General Assembly.

Leaders should treat this as a starting point, not a final text. Provisions may change, be dropped, or be added to before it becomes law.

This report summarizes the points relevant to business operations.

New and Higher Taxes

The draft budget expands income tax disclosure duties. More categories of taxpayers and institutions, including some that currently benefit from exemptions, must now report more detailed data on salaries, wages, and withheld taxes. The rules for taxing wages are also revised. Piece-rate wages paid to workers on an occasional basis will be taxed at three percent of their full value, with no deductions.

Resident companies and individuals get a limited window to declare and pay tax on certain foreign income without facing penalties. This creates a narrow tax settlement opportunity tied to overseas earnings.

Real Estate and Capital Gains

Profits from real estate transfers face new tax rates. Individuals not subject to income tax will pay a ten percent on transfer profits. Others will pay 15 percent. An exceptional one percent rate applies to some prior transfers of property. Deductions tied to the length of ownership apply, and profits can become fully exempt after a long holding period.

Owners planning property sales should review these thresholds carefully before transacting.

Holding and Offshore Companies

The rules for holding and offshore companies change in ways that go beyond the tax rate itself. Capital can now be set in US dollars or euros, and accounts and declarations can be kept in the same currency. The annual flat tax on these companies is set at LL200 million (equivalent to $2,233 at the current exchange rate), or its equivalent in foreign currency when capital is set in that currency.

This is a structural change affecting bookkeeping and reporting, not only the tax bill.

Digital Services and Cross-Border Business

One of the most significant shifts targets the digital economy. Non-resident providers of certain electronic and digital services must appoint a resident representative who shares responsibility for meeting tax obligations. Recipients of some of these services inside the country also take on new declaration and payment duties.

- **Businesses relying on foreign digital platforms or purchases services from abroad should expect closer scrutiny and new compliance steps.**

VAT Changes

Value added tax rules are revised on several fronts. The draft budget resets the trigger date for VAT liability across delivery of goods, provision of services, receipt of payment, and invoice issuance. Businesses that meet registration thresholds but delay registering will face a defined legal status under the new rules.

- **Finance and accounting teams should review invoicing timelines against these updated triggers.**

Fine Settlement Opportunity

The draft budget offers an 85 percent reduction on certain fines owed to the State, municipalities, municipal unions, and public institutions, provided payment is made within a deadline. This does not apply to fines linked to violations on public maritime and river property, which remain at full value.

- **Businesses or individuals with pending fines in other categories may want to act before this window closes.**

Higher Administrative Fees

A broad range of administrative and public service fees are set to rise. These include General Security fees tied to sponsorship, visas, and residency permits, official exam fees, and fees for certificates and services from the Ministry of Education. Certification fees for commercial invoices and certificates of origin at diplomatic missions abroad are set at four per thousand of the value of the goods or document.

Tax Compliance Tied to Government Services

The Cabinet, on the proposal of the Finance Minister, will be able to instruct specific government bodies to withhold services from people who have not settled their taxes and fees. This changes the logic of collection. Instead of relying only on fines and forced collection, the State can now use access to public services as leverage to push taxpayers toward compliance.

- **Businesses with outstanding tax matters should treat this as a strong incentive to resolve them.**

Digitalization of Tax Administration

The draft budget accelerates the shift toward electronic tax administration. This covers electronic declaration and payment, digital filing for estates, and closer data sharing between the Finance Ministry and other institutions. A new invoice-based system will let people submit purchase receipts through an app, encouraging customers to request formal invoices and pushing back against the informal economy.

Payroll and Employment Rules

The draft budget does not overhaul the public salary scale or the pension system. It does introduce rules that affect payroll management. Credits allocated to salaries of employees, contractors, and daily workers can now move between government departments and public institutions under a defined process. Private sector employers must register new hires with the tax administration within the legal deadline from their start date. Employee wage declarations submitted to the tax authority can now be cross checked against records held by the National Social Security Fund.

- **Regulators will have a stronger tool to detect undeclared work and unreported wages.**

Frozen and Cancelled Programs

The draft budget cancels future credits tied to a large number of earlier program laws. This includes public building projects, road works, land survey programs, and infrastructure tied to power, water, and telecommunications.

> **Businesses that supply or contract with the public sector on multi-year programs, this is a signal to check whether affected contracts or planned tenders are at risk.**

Port Revenue Centralization

Port authorities in Beirut, Tripoli, Saida, and Tyr must transfer revenue from port services, after deducting operating costs, into a Treasury account at the Central Bank within a monthly deadline. New capital spending by these port authorities will require Cabinet approval. This points toward tighter central control over port income, which may affect businesses that depend on port logistics and planning cycles.

Rules That Outlast the Budget Year

A recurring theme in the draft budget is the inclusion of permanent legal changes inside a document meant to cover one fiscal year, called ‘budget riders’. Examples include the overhaul of holding and offshore company rules, the rewriting of large parts of tax procedure law, changes to the built property tax law, the expropriation law, and inheritance and transfer rules. So does the power to block government services for non-compliant taxpayers, since it reshapes the relationship between citizens and the administration well beyond a single budget cycle.