

The 2027 Draft Budget

What Businesses Need to Know

Unredacted report available exclusively
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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 being penalized. This creates a narrow tax settlement opportunity that is limited to savings.

Real Estate and Capital Gains

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

► **Investment growth rate should mirror that available on fully taxable earnings**

Holding and Offshore Companies

The rules for holding and offshore companies change to make them get beyond the tax net itself. Capital can now be set in US dollars or euros, and accounts and declarations can be kept in the same currency. The annual fee for an offshore company is set at 1,000 million (equivalent to \$1,000) or the current exchange rate, or the equivalent of foreign currency when capital is set in that currency.

► **This is a dramatic 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. Requirements of some of these services inside the country also take on new declaration and payment duties.

- ▶ **Businesses relying on foreign digital platforms to purchase 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 weakens the trigger rules for VAT liability across delivery of goods, provision of services, receipt of payment, and invoice issuance. Businesses that meet representative thresholds but delay registering will face a different legal status under the new rules.

- ▶ **Invoice and accounting rules should better meeting business against these updated triggers.**

Free Settlement Opportunity

The draft budget offers an 8% payment reduction on certain fees owed to the State, municipalities, municipal unions, and public institutions, provided payment is made within a deadline. This does not apply to fees linked to violations or public machines and non-property, which remain at full value.

- ▶ **Businesses or individuals with pending fees in other categories may want to act before the 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 stamp fees; and fees for certificates and services from the Ministry of Education. Certification fees for commercial machines and certificates of origin or 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 Ministry, will be able to restrict specific government facilities or additional 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 digitalization of tax administration. The new electronic declaration and payment, digital filing for assets, and clear data sharing between the Finance Ministry and other institutions. A new mobile-based system will let people submit purchase receipts through an app, encouraging customers to request formal receipts and putting 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. Employees 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 lines. These include public buildings projects, roadworks, land surveying programs, and infrastructure maintenance, water and telecommunications.

- **Business that works in concert with the public sector, as well as programs that support the public sector, should be placed outside of planned credits and at risk.**

Port Revenue Centralization

Port authorities in Beirut, Tyre, Sidon, and Tripoli 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 action would tighten central control over port income, which may affect businesses that depend on port logistics and planning cycles.

Rules That Defiant the Budget Year

A recurring theme in the draft budget is the inclusion of permanent legal changes made in documents meant to cover one fiscal year, called "budget laws." Examples include the overhaul of building and urban planning rules, the merging of large parts of tax provisions law, changes to the land property tax law, the registration law, and inheritance and transfer rules. To date the power to block government services for non-compliance remains, since it reshapes the relationship between citizens and the administration with regard to single budget cycle.