



Europe/Middle East/Africa Region



Doing Business in

Lebanon

January 2009

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Introduction

This guide is written for companies interested in doing business in Lebanon. It outlines key facts and figures on Lebanon, business opportunities, laws, taxation and recent legislative reforms. Sources quoted include JHI Haddad's summary document and the CIA World Factbook. The information contained herein should be used for guidance only and is current as at January 2009. Every effort has been made to ensure that the facts contained in this publication are correct at the time of publication; however, no responsibility for loss resulting from action taken based on any material herein can be accepted. It is recommended that readers obtain further information and professional advice prior to making any decision.

About JHI

With offices in the Americas, Asia-Pacific and Europe, JHI is a leading international association for independent business advisors, financial consulting and accountancy firms. JHI exists to support the development of its member firms by facilitating communication, exchange, networking and resource sharing worldwide. Its members benefit from global networking while maintaining total practice independence. Admissions are subject to a rigorous selection process based on criteria including the quality of practice, reputation and geographical location.

JHI is one of the largest associations of its kind, with some 120 member firms in over 50 countries worldwide. Its members offer a broad range of accounting, auditing and management consultancy services, and develop their business capacity through the association's global network. JHI's worldwide coverage enables its members to access support and cost effective business solutions, no matter where in the world their business takes them. JHI members benefit from a diverse programme of regional and international conferences, designed to engage, facilitate professional development, challenge and stimulate member firms, whilst offering unparalleled opportunities for networking and business development. JHI is also a leader in providing value-adding services to members, including Special Interest Groups addressing the latest market trends on information technology, tax and auditing, financial services, practice management, forensic accounting and litigation support, as well as topic-specific discussion forums addressing the professional needs of managing partners and doing business in different countries.

For further information on JHI's work and its members, see www.jhi.com.



JHI in Lebanon

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Key facts

<p>Population: 4.6 million</p> <p>Currency: Lebanese pound</p> <p>Time zone: GMT +2</p> <p>Dialling code: +961</p>	<p>Language: Arabic (English and French widely spoken)</p> <p>Fiscal year: Calendar year</p>	<p>Business hours: Monday - Friday, 8am - 5pm</p>
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Background

At the heart of the Middle East and the crossroads of three continents, Lebanon is where the East meets the West. A convergence point of trade routes for thousands of years and a unique cultural and religious melting pot, The Land of the Alphabet is rising again as a regional and international hub for trade, finance, services, culture, and tourism. With a stable political system based on a parliamentary democracy, and unique characteristics that are inherent to the Lebanese system, Lebanon offers an ideal business environment for discerning investors.

In addition to a free-market economy based on a long tradition of government-supported liberalism, a sophisticated banking system, a developed legal framework, a superbly skilled workforce, and an exceptional lifestyle, Lebanon offers a large number of investment opportunities in all sectors of the Lebanese national economy.



Foreign investment

Investment background

Lebanon offers a wide array of investment opportunities in all sectors of the economy, while its unique location provides access to a large and booming regional market. Lebanon's principal asset is the competence of its human resources. Lebanon offers a well-educated, multi-lingual and multi-skilled workforce, considered one of the most

qualified in the Middle East. With a state-of-the-art telecommunications system, a fully operational electricity network, a new airport, enlarged and refurbished port facilities and an ambitious road rehabilitation programme, Lebanon has one of the best infrastructures in the region.

Regulatory framework

Lebanon benefits from a sophisticated legal framework which protects the rights and assets of Lebanese and non-Lebanese investors alike. The Lebanese Government has embarked on a major reformative action plan to modernise the regulatory framework and provide a suitable climate for investment in an efficient legislative environment. New policies have been adopted, and modern laws have been promulgated such as:

- Foreign Acquisition of Property law that facilitates and streamlines the acquisition of real estate by foreigners.
- Customs Law that facilitates import and export procedures.
- Ambitious Privatisation Programmes in the vital sectors of the national economy such as Telecommunication, Water, Energy, and Transportation.

- Reduction of Customs Duties on almost all imports and especially raw material, equipment destined for industrial use, and IT-related products.
- Investment Promotion Law adopted by the Government and awaiting the Lebanese Parliament's approval.

Other reformative measures include:

- Increasing subsidies of interest rates on soft loans for vital sectors of the national economy (Tourism, Industry, Agriculture, and IT).
- Equalising property registration fees for foreigners with Lebanese nationals and reducing them to 5%
- Reducing the Social Security Fund Contribution.
- Adopting an "Open Sky" policy.

Main features of the Foreign Acquisition of Property Law:

- Possibility of acquiring up to 3,000 m² without prior approval.
- Possibility of acquiring more than 3,000 m² (without a ceiling) by virtue of a prior approval.
- Increasing the total area that foreigners are allowed to acquire in the capital, Beirut, from 5% to 10% of the city's total area.

Investment opportunities

Due to forced interrupted growth in the past three decades, Lebanon offers a large number of untapped investment opportunities in all sectors of the Lebanese economy and more specifically in the Tourism, Agro-food industries, Light & Medium industries, Agriculture, Health, Telecommunications, Energy, Environment, Transportation, and Information Technology sectors. Several indicators highlight the positive economic climate in Lebanon among which the Gross Domestic Product (GDP) that still marks continuous growth.

Lebanon offers investment opportunities in:

- The private sector in partnership with Lebanese entrepreneurs or without any Lebanese participation.
- The public sector through BOT (Build, Operate, Transfer), BOO (Build, Operate, Own) or other similar public/private partnership schemes.

In addition, Lebanon represents a point of entry to a large regional market encompassing major Arab countries and reaching into Iran, Eastern Europe, part of North Africa, and the southwestern former Soviet Union republics. As such, its idiosyncratic characteristics render it ideal to serve as a regional hub and an ideal location for regional headquarters. In fact, Lebanon has recently signed a number of international agreements such as the Lebanese-Syrian Trade Agreement, the Arab Free Trade Zone Agreement, and is currently negotiating several others namely the Euro-Mediterranean Partnership, and the World Trade Organization (WTO). Such agreements will facilitate trade and investment between Lebanon and its regional partners.



Taxation

The main tax law in Lebanon is Decree-Law No. 144 ("DL 144") of June 12, 1959, which has four parts:

- Part One deals with the tax on the income of industrial, commercial, and non commercial activities
- Part Two regulates the tax levied on salaries and stipends
- Part Three governs the tax on the income derived from movable capital
- Part Four consists of general provisions.

On December 30, 1993, DL 144 was amended by law No. 282/94 which provides for drastic cuts in almost all tax rates.

In addition, on June 24, 1983, two decree-laws, DL 45 and DL 46, were enacted to authorise the establishment

respectively of holding and offshore companies. These Decree-laws exempt holding and offshore companies from most of the tax provisions of DL 144 and other tax laws and subject them instead to more advantageous tax regimes. In fact, holding companies are assessed digressive tax rates on their capital and reserves and low tax rates on their profits. Offshore companies are assessed a symbolic annual flat tax regardless of their income.

Recently, DL 45 and DL 46 were amended by the 1995 budget law, dated February 7, 1995, which expanded the scope of activities in which offshore companies can engage, and also further reduced the tax rates that apply to certain profits generated by holding companies, in addition to many regulations to specify the activity of both type of companies issued later on in 2008-2009.

Regular taxes on corporate income and gains

Scope of coverage

All legal entities, regardless of type, purpose, nationality or place of business, are subject to the income tax provisions of DL 144 (Article 4, DL144) on their net profits derived in Lebanon. The scope of coverage includes all Lebanese and foreign companies as well as their subsidiaries and branch offices, regardless of whether or not they are based in Lebanon. Article 4 of DL 144 provides a partial listing of the entities covered, as follows:

- entities acting as agents for the purchase or sale of real estate or business concerns
- entities renting furnished or equipped business or industrial concerns
- entities benefiting from the revenues of mining products
- entities engaging in all types of brokerage or agency activities
- and generally, all entities generating income from activities not covered by any other income tax legislation

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Exemptions

The general applicability of these provisions is limited by exemptions provided in DL 144 itself and in DL 45 and DL 46. DL 144 provides for two types of exemptions: an indefinite exemption and a ten-year exemption.

Indefinite Exemption: The indefinite exemption applies to the following companies and institutions:

- educational institutions
- hospitals, orphanages and shelters that admit patients without charge
- mental institutions
- agricultural ventures
- agricultural consumer cooperatives.

Ten-Year Exemption: The ten-year exemption applies to the profits generated by industrial entities that:

- have been established in Lebanon after 1980

- are established in areas that the government wants to develop
- produce new products not produced in Lebanon before 1 January 1980
- And own more than LP 500,000,000 (\$300,000) in production assets.

The ten-year exemption commences as of the date production starts and is limited in its applicability to the amount of profits equal to the value, before devaluation, of the assets invested in the industrial venture. This exemption is granted on the basis of a government decree issued following recommendations by the Minister of Finance and the Minister of Industry and Oil.

As for DL 45 and DL 46, as noted earlier, they exempt holding and offshore companies, respectively, from most of the tax provisions of DL 144.

Taxable base

In determining the taxable base, Lebanese law uses a territorial, rather than a worldwide, approach. Article 5 of DL 144 subjects all net profits derived in Lebanon to the tax provisions of Part One.

Net profits consist of a company's total taxable income reduced by all expenses and charges that are customary in the industry, trade or profession. These expenses and charges, which are expressly stated in article 7 of DL 144, include:

- purchase price of all products and merchandise sold
- cost of services
- rent paid for the use of premises in which the activity is performed, or the equivalent of that rent if the premises are owned by the company
- interest on loans obtained for conducting the company's activities
- salaries, stipends and severance pay
- other customary expenses such as employees' insurance
- taxes and duties, except those of DL 144
- value of all amortization
- mandatory reserves

- contribution to charities within the limits of the law
- bad debts
- cost of advertising for the business or trade, within the limits specified by law
- municipal tax on revenues derived from developed real estate property

Article 7 also provides that the following expenses and charges cannot be deducted:

- interest incurred on the company's capital
- expenses for capital improvement
- taxes and duties paid or due to foreign countries on income derived in Lebanon (except as provided for in the double taxation treaty with France, the only country with which Lebanon has double taxation treaty)
- losses suffered because of the activities of institutions, branches, agencies, or offices located outside of Lebanon
- personal expenses such as the amounts deducted by the employer or partner for the management of the entity or to cover his/her own expenses
- Taxes and personal fines of exceptional nature - such as penalties and interest on back taxes.

Income tax rates

The tax rate that applies to joint stock companies, limited companies and the partner en commandite in the commandite companies is a flat rate of 15% of net taxable income regardless of the amount of that income. All other companies and businesses are taxed as follows:

- 4% on the first LP 9,000,000 (\$5,970) of taxable income;
- 7% on taxable income exceeding LP 9,000,000 (\$5,970) up to and including LP 24,000,000 (\$15,920);
- 12% on taxable income exceeding LP 24,000,000 (\$15,920) up to and including LP 54,000,000 (\$35,820);
- 16% on taxable income exceeding LP 54,000,000 (\$35,820) up to and including LP 104,000,000 (\$68,988)
- 21% on the excess above LP 104,000,000 (\$68,988)

Tax rates are cut to half as for the profits of joint stock companies and limited companies derived from the following activities:

Companies deriving income in Lebanon that do not have a place of business there are subject to a 15% tax on their net taxable income. Their net taxable income is equal either to 15% of the original revenues or 50% of those revenues when they represent compensation for services rendered. The amount of the tax is withheld by the payer of the taxable amount who then pays it to the Lebanese tax authorities.

Other tax rates

Other tax rates include:

- Capital gains are taxed at the rate of 10%
- Income generated from movable capital is taxed at the rate of 10%
- Dividends distributed by companies are taxed at the rate of 10%
- Profits made by foreign companies are deemed distributed in full and are subject to a 10% tax after deducting the 15% income tax and the 10% mandatory reserve required by the law on Money and Credits
- A stamp duty of 0.3% is levied on the amounts mentioned in various documents- such as issues of share capital and contracts. Corporate bonds and commercial bills are subject to a 0.15% tax.

Special taxes on holding companies

DL 45, which authorises the establishment and operation of holding companies, describes the corporate form available for such companies and the activities in which they may engage. DL 45 also exempts holding companies from the income tax provisions of DL 144 (Part One) and substitutes various lower tax rates.

Holding companies can be incorporated only in the form of a Lebanese joint stock company. Their activities are limited to:

- Acquisition of stock or shares in Lebanese and foreign joint stock and limited companies

- Management of the companies in which they own stock or shares which should not exceed 2% from the turnover
- Provision of loans and guarantees to the companies in which they own stock or shares
- Acquisition of patents and trademarks and the licensing of such patents and trademarks to entities based in Lebanon or abroad
- Acquisition of movable and real estate properties necessary for their activities.

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Under article 6 of DL 45, the following taxes are levied on the total amount of capital and reserves owned by a holding company:

- 6% on the first LP 50,000,000 (\$33,167)
- 4% on the amount exceeding LP 50,000,000 up to and including LP 80,000,000 (\$53,068)
- 2% on the amount above LP 80,000,000
- Total tax should not exceed LP 5,000,000, Holding companies are also exempt from the 10% tax on distributed dividends.

In addition, holding companies are assessed:

- A 10% tax on capital gains if the stock sold was held by the company for less than three years
- A 5% tax on management fees collected from affiliated corporations provided that those fees do not exceed a certain limit to be specified by a government decree (this decree has not yet been issued)
- A 10% tax on revenues generated from licensing patents and all other protected rights to institutions based in Lebanon
- A 10% tax on the revenues derived from interest earned on loans made to companies operating in Lebanon if the term of such loans is less than three years.

Special taxes on offshore companies

DL 46, which authorises the establishment and operation of offshore companies, describes the corporate form available for offshore companies and the activities in which they can engage. DL 46 also exempts offshore companies from the income tax on their actual profits and levies a flat annual tax on such companies.

Offshore companies can be incorporated only in the form of Lebanese joint stock companies and can engage only in the following activities:

- Negotiation of and entry into contracts regarding operations or deals to be executed outside Lebanon or regarding merchandise or products located outside of Lebanon or in the Lebanese free zone
- Banking, financial and agency activities outside of Lebanon
- Preparation of studies and provision of advice for use outside Lebanon
- Use of the facilities of the Lebanese free zone to store and re-export products.
- Offshore companies can lease or purchase offices in Lebanon for the purpose of conducting their own business.

They are prohibited from engaging in manufacturing, banking, insurance, holding, industrial or any commercial activity within Lebanese territory.

Offshore companies are exempt from the income tax on their profits and are instead assessed a flat annual tax that amounts to LP 1,000,000 (\$660) regardless of the amount of their profit. This tax is levied in full from the first year of the company's operation regardless of the month in which the company starts to operate.

Offshore companies are also exempt from the 0.3% stamp duty and the 10% tax on distributed dividends.

Capital gains derived from the sale or transfers of offshore companies' fixed assets in Lebanon are subject to the regular tax of 10% provided in Article 45 of DL 144.

As for foreign executives employed by offshore companies, 30% of their salary is considered as "representation allowance" and is thus exempt from the income tax provisions. The rest of their salary is taxed at the regular payroll tax rate, which ranges from 2% to 20%.

Value Added Tax

Value Added Tax (VAT) is equal to a 10% flat rate.



Establishing a business in Lebanon

The choice of what kind of company to form depends on many elements, such as kind of activity, number of partners, capital required, taxation, projected turnover,

etc. Then, a Contract of Association or Articles of Incorporation must be drawn up.

1 Partnership

There are two categories of partnership:

- General partnership (Société en Nom Collectif - SNC)
- Partnership in commendams (Société en Commandite Simple - SCS).

Partnerships are associations of two or more people. Partners may manage as well as own the business. The main characteristic of such an entity is the *intuitus persona*, i.e. the personal involvement of each associate. There is no required initial minimum capital but all partners are personally liable for the company's obligations. The company name must include the names of some or all of the partners and is usually followed by

the words 'and Co.'. In practice, a general partnership is commercial in nature, so it must be registered with the Commercial Register. A partnership in commendams is a limited partnership with two types of partner. General partners own and manage the business and are liable for all its obligations. Limited - or silent - partners are financial backers who take no management role. Their liability is limited to their investment. The contract of association usually defines the circumstances under which the partnership can be terminated and what happens in case of death of one of the partners, disputes, or a desire by one partner to sell out to one or more of the other partners.

2 Co-partnerships

A co-partnership is known only to the parties concerned and, because it is secret, cannot be registered. An association agreement sets down the partners' rights and obligations, as well as their participation in profits

and losses. Each party is responsible for their own liabilities. Despite their secrecy, the agreements inherent in a *Société en Participation* are enforceable at law in cases of dispute.

3 Corporations

The five categories of corporations are:

- Joint Stock Company (Société Anonyme Libanaise - SAL)
- Limited Liability Company (Société à Responsabilité Limitée - SARL)
- Corporation in commendams (Société en Commandite par action - SCPA)
- Holding Company
- Offshore Company

3.1 Joint Stock Companies (SAL)

Characteristics

The main characteristic of a joint stock company (Société Anonyme Libanaise or SAL) is the *intuitus pecuniare*, i.e. the financial involvement of each associate. Partners are called shareholders and are legally liable only up to the amount of their shares in the company. Joint stock companies can issue shares and bonds convertible to shares. No one with a criminal record (in Lebanon or abroad) or who has been declared insolvent within the previous 10 years (unless rehabilitated) can participate in company activities. An SAL has a minimum of three shareholders and capital of at least LP 30 million (\$19,900), with one quarter paid up at the time of registration. Capital can consist of cash or in kind.

Formation

If not already designated in the Articles of Incorporation, the directors and auditors are elected during the first general shareholders' meeting. A majority of board members must be Lebanese citizens. They are chosen from those shareholders who hold a 'guarantee share,' the exact size of which is stipulated in the Articles. Though a director can hold more than the laid-down guarantee share, s/he must quit the board if the holding goes below the guarantee level.

Registration

Every joint stock company incorporated in Lebanon must have its registered office in the country. Founders are required to publish information regarding the setup of the business in the Official Gazette, one daily newspaper, and one economic publication. The share subscription form, as well as the share certificate, posters, circular letters, and prospectus, must mention the notice and

refer to the issues of the journals where it was published. Before any call is made to the public to buy shares, the founders are required to publish a notice in the Official Gazette and two newspapers with their signature and address, as well as the:

- Company logo
- Location of the head office and any branches
- Purpose of the business
- Amount of capital
- Nominal value of the shares and the initial down payment
- The value of the contributions in kind
- Policy on profits, whether distributed or added to capital
- Conditions of profit-sharing
- The number of directors, their statutory remunerations, and their powers.

Management

The board of directors, composed of at least three members and a maximum of 12, is responsible for the company's operations. Members' compensation consists either of an annual stipend or a percentage of net profits, or a combination. The board elects one of its members to serve as chairman, who is responsible for carrying out the board's resolutions. The chairman cannot be the director of more than six Lebanese companies. If he is over 70, that number is reduced to two. If the chairman is a foreign resident, he must have a work permit.

Two auditors are designated - one responsible to the general assembly and the other to the Commercial Register. Depending on the conditions stated in the

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Articles, a shareholder meeting must take place at least once a year. The number of votes allotted to each member is equal to the number of shares owned. Holders of nominative, or non-transferable, stock are granted double voting rights after holding the shares for two years. Shareholders may appoint proxies to attend meetings and vote on their behalf.

The shareholders' ordinary meeting is convened shortly after the end of each financial year to finalise accounts, approve management actions, decide dividend distribution, and to re-appoint or designate new administrators and/or auditors to replace those who are at the end of their term.

Free Transferability of Shares

The interest of the corporation's owners is divided into shares, and these shares may be freely transferred: that is to say, another person may be fully substituted in the place of the transferor as the holder of shares in the corporation. Shares are negotiable. In general, any shareholder may transfer his shares without the consent of other shareholders. Shares are transferred by the simplified means of commerce.

Offshore Company

Offshore companies may bring a number of benefits to individuals or companies:

Taxation - business may be structured so that profits are realised in ways that minimise their overall tax liability.

Simplicity - except for regulated businesses, such as banks or other financial institutions, some jurisdictions make it relatively simple to set up and maintain companies.

Reporting - the level of information required by the registrar of companies varies from jurisdiction to jurisdiction.

Asset protection - it is possible to organise assets and transactions in such a way that assets are shielded from future liabilities.

Anonymity - by carrying out transactions in the name of a private company, the name of the underlying principal may be kept out of documentation. Having said that, current anti-money laundering regulations often require

No Restriction on Activities

Lebanese corporations may engage in all kinds of business activities. They may raise capital by issuing shares in registered and bearer forms, bonds, and convertible bonds. Shares' subscription can be open to the public and the corporation may be listed at the stock exchange. All Lebanese corporations are considered members of the Beirut Stock Exchange, even if the corporation is not actually listed in the Beirut Stock Exchange.

No Limitation on Foreign Participation

With a small number of exceptions (such as real estate, insurance, media companies, and banks), there are no limits on the amount of capital that can be held by foreigners. The unlimited foreign participation principle is however mitigated by requirements that majority of the board of directors is Lebanese and each member of the board is holder of a limited number of shares.

banks and other professionals to look through structures.

Thin capitalisation - offshore jurisdictions tend not to impose "thin capitalisation" rules on companies (except for regulated entities such as banks and insurance companies), allowing them to be formed with a purely nominal equity investment.

Financial assistance - offshore companies are usually not prohibited from providing "financial assistance" for the acquisition of their own shares, which avoids the needs for "whitewash" procedure in certain financial transactions.

Features of offshore companies:

Memorandum and articles of association or bylaws - these documents are fundamental to the existence of the company, and detail the rights of the members, the objectives of the company and the internal processes of the company.

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Certificate of Incorporation - this is issued by the Registrar of Companies, and is proof that the company has been brought into existence. Other information may be necessary to prove that the company has not been liquidated or struck off.

Registration Agent - it is normal for an agent to be appointed in the jurisdiction in which the company is incorporated for the purpose of dealing with official communications with the registrar.

Registered Office - this is the official address of a company, to which official documents are sent and legal notices received. It is normal for the registration agent to provide a registered office. A company may have other business and correspondence addresses.

Members - these are the legal owners of the company. For administrative simplicity, or for anonymity, a corporate service provider may supply nominees who will hold shares on behalf of a beneficial owner, and act on his instructions.

Directors - the individuals who manage the day-to-day affairs of company. In many jurisdictions it is possible for companies to be directors of other companies. Corporate service providers in offshore jurisdictions will often provide directors, provided they are able to control, and be satisfied with, the activities of the company. The company is generally considered to be resident for tax purposes at the place where the decisions are made.

Shadow directors - in some cases, it has been shown that the formally appointed directors merely act as the alter ego of others, blindly following their instructions. In

these cases, the courts have considered that those instructing the named directors really control of company, and that the named directors merely rubberstamp decisions. Companies managed in this way run the risk of being deemed to be resident in the jurisdiction where the shadow director is resident. Unpredictable tax consequences may follow.

Company Secretary - this is the person who is responsible for ensuring that the company meets its statutory obligations. Corporate service providers often provide this service.

Statutory Records - a company is obliged to maintain registers setting out certain information about the company. The mandatory records vary from jurisdiction to jurisdiction, as does the level of public access to the information contained in the records. Many jurisdictions require that the records are kept within the jurisdiction in which the company is incorporated. The records required may include minutes of meetings, registers members, directors, officers and charges. These registers are no longer mandatory starting 2009.

Bookkeeping - directors are generally required to keep proper records. They may be required to prepare audited accounts. Specific requirements vary between jurisdictions and may depend on the nature of the company's activity.

Types of company

Examples of offshore companies include the Limited Liability Company (LLC) and the International Business Company (IBC). More recently new legislation has been enacted in a number of Jurisdictions, such as the British Virgin Islands, to replace the IBC type of company with the Business Company (BC).

The following types of company are common in offshore jurisdictions:

Company having a share capital - these companies issue shares. Once the initial cost of a share (capital and

premium) has been paid, the shareholders have no further obligation to the company. The shares may, subject to the rules of the company, be sold or transferred, and the shareholders have the right to enjoy the profits of the company or any proceeds of liquidation.

Company limited by guarantee - the members of the company agree to pay up to a maximum limit an event that the company becomes insolvent. They may acquire certain rights against the company, such as the rights to

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a dividend and the specific rights will be set out in the rules of the company. Membership may terminate on death, and guarantee companies have been used for not for profit organisations. There are also sophisticated estates planning schemes which make use of guarantee companies.

Protected cell companies - some jurisdictions permit cellular companies, where particular assets and liabilities are segregated into "cells", in such a way that the assets of one cell cannot be used to satisfy the liabilities of another. Cell companies are particularly used for umbrella mutual funds or unit linked insurance

Merger

The traditional method of merging companies is for one company to acquire the assets of a subsidiary on its liquidation. This sometimes creates contractual difficulties, and requires third parties to accede to the transfer of obligations from the liquidated company.

Relocation of companies

Some jurisdictions permit companies to redomicile. They may do this to take advantage of particular features of the new jurisdiction, such as merger legislation, or tax treaties with other countries. The law in both the old and

bonds. However, many offshore jurisdictions offer increasingly specialised forms of companies (as well as specialised trusts and partnerships seeking to increase their share of the market. Examples include limited duration companies, unlimited liability companies, companies limited by guarantee and with a share capital, restricted purpose companies and hybrid entities such as limited liability partnerships, which are more akin to companies to actual partnerships, and foundations, which are nominally trusts but are more akin to companies than trusts.

Some jurisdictions have tackled this issue by permitting companies to merge, forming a new combined entity, which represents a continuation of the businesses of each former company.

new jurisdictions must permit redomiciliation. The business of the company is deemed to continue without interruption on redomiciliation