

## Law No 55

### Exchange of Information for Tax Purposes

The Parliament has enacted,

And the Council of Ministers has published, pursuant to Article 62 of the Constitution, the following Law:

#### **Unique Article:**

**First:** The purpose of this Law is to:

- Implement and execute the provisions of any duly signed and ratified convention relating to the exchange of information for tax purposes.
- Commit, under any such convention, the exchange of requested information.

#### **Second:**

(1) Unless otherwise stated in this law, the following terms shall mean:

- a- **Convention:** any international treaty, convention or agreement stipulating the exchange of information for tax purposes, including the automatic exchange of information between Lebanon and any other foreign State;
- b- **Automatic exchange of information:** providing, periodically and without prior request, previously specified information, about residents of a foreign State that have concluded a Convention with Lebanon;
- c- **Competent Authority:** the Minister of Finance or a representative mandated by such Minister.
- d- **The Competent Authority Agreement:** any bilateral or multilateral convention concluded between the Competent Authority and any foreign State, with the purpose to clarify or explain the provisions of a specific Convention or to facilitate the automatic exchange of information under any Convention;
- e- **Information:** any data or record, in whatever form, that contains specific facts;
- f- **Request:** a request submitted to the Competent Authority in order to obtain information pursuant to a specific Convention;
- g- **Requesting State:** the State that submits a request to obtain information;
- h- **Person:** any individual, entity or other body established pursuant to the laws in force.

(2) In case of divergence between the provisions of this Law or of any Convention with those of another law, the provisions of this Law and this Convention shall prevail.

### **Third:**

In compliance with the provisions relating to the exchange of information under any Convention, the Competent Authority shall use the powers stipulated in Articles 23, 44, 48, and 103 of the Tax Procedures Code to collect Information, even where the tax administration does not need such information for internal tax purposes.

### **Fourth:**

- (1) The Competent Authority shall assist the Requesting State pursuant to the terms of the Convention. Where the Competent Authority finds, following the receipt of a Request, that the latter complies with the provisions of the Convention concluded with the concerned State, the Competent Authority shall then proceed with responding to the Request pursuant to the provisions of both the said Convention and this Law.
- (2) The Competent Authority may ask the Requesting State for additional information, where it deems this necessary in order to process the Request.
- (3) If the Competent Authority decides that the request is not in compliance with the provisions of the Convention concluded with the Requesting State, the Competent Authority shall then reject the Request and notify the Requesting State of such decision.

### **Fifth:**

- (1) Where the requested Information is not covered by the Law on Banking Secrecy of September 3, 1956 or by Article 151 of the Code of Money and Credit, such Information shall be directly provided by the Competent Authority to the foreign Requesting State.
- (2) Where the requested Information is covered by the Law on Banking Secrecy of September 3, 1956 or by Article 151 of the Code of Money and Credit, and where the Competent Authority finds that the Request complies with the provisions of the Convention concluded with the Requesting State, the Special Investigation Commission (SIC) established pursuant to Law No 44 of November 24, 2015 on Fighting Money Laundering and Terrorist Financing shall request the Information and provide them directly to the Competent Authority.
- (3) The Information specified in Paragraph (2) shall not be provided to the Requesting State unless the person whose information is being requested is notified thereof. The latter shall have the right to object the decision of the Competent Authority **before the State Council**,

within 15 days of such notification pursuant to the notification provisions stipulated in the Tax Procedures Code.

The State Council shall issue, within maximum three months from the submission date of the aforesaid objection, a final and irrevocable decision regarding the merits of the legal conditions requiring the exchange of Information.

At the expiry of such deadline, or if the State Council decides to provide the requested Information, the Competent Authority shall forward the requested Information to the Requesting State.

- (4) Notwithstanding the foregoing, if the Requests are of urgent nature or if notifying the person whose Information is being requested may compromise the investigation carried out by the Requesting State, the requested Information shall be provided to the Requesting State without giving prior notification to such person, in accordance with standards and procedures agreed upon between the two States to preserve the rights of all parties.

**Sixth:**

- (1) Banque du Liban and the SIC may ask financial institutions, during a specified time and according to a specific method in accordance with the provisions of this Law, to provide the requested Information in order for the Competent Authority to proceed with the automatic exchange of information, pursuant to any Convention or to the Competent Authority Agreement. The Information shall be forwarded to the Competent Authority to enable it to perform its functions under the Convention.
- (2) The Minister of Finance or Banque du Liban may, each based on its prerogatives and pursuant to decisions issued thereafter, to determine:
  - a- The institutions required to provide Information;
  - b- The Information to be exchanged and the method of exchange, including by electronic means.
  - c- The accuracy and comprehensiveness of the Information to be provided.
- (3) The Council of Ministers shall, where necessary, issue decrees to take the measures needed to implement the provisions of this Law where this is not specified in Paragraph (2) above.
- (4) In case of breach or non-compliance with the provisions of this Article, a **fine ranging between one hundred million and two hundred million Lebanese pounds** shall be imposed, without prejudice to the right of the concerned regulatory authority to impose administrative sanctions and financial penalties in accordance to its own laws.

**Seventh:**

This Law shall apply to all Double Taxation Avoidance agreements currently in force.

**Eighth:**

The Government is authorized to ratify the “Multilateral Convention on Mutual Assistance in Tax Matters -MAC<sup>1</sup>, (which is attached hereto and may be amended from time to time), as well as the attached “Multilateral Competent Authority Agreement on Automatic Exchange of Financial Account Information –MCAA<sup>1</sup>).

The Minister of Finance is mandated to sign the above Convention and Agreement.

**Ninth:**

- (1) The provisions of this Law shall come into force, notwithstanding any confidentiality obligation or other restrictions on the disclose of information imposed by any other law.
- (2) Any Information exchanged pursuant to Paragraphs Fourth and Sixth with the Competent Authority, under any convention or under this Law, shall be dealt with as being confidential, pursuant to the provisions of Article 25 of the Tax Procedures Code.

**Tenth:**

The provisions of Law No 43 of November 24, 2015 (Exchange of Tax Information) shall be repealed.

**Eleventh:**

This Law shall come into force upon its publication in the Official Gazette and shall be expeditedly promulgated pursuant to Article 56 of Paragraph one of the Constitution.

Beirut, October 27, 2016

Promulgated by the Council of Ministers

The President of the Council of Ministers

Signed: Tammam Salam

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<sup>1</sup> The text of this Convention is published in the Official Gazette No 51 of October 27, 2016.