

Law no 55 dated 27/10/2016 (Exchange of information for tax purposes)

One Article:

First:

The purpose of this Law is:

- to enforce and implement the terms of any Agreement related to exchange of information for tax purposes signed and enforced in conformity with the laws and regulations;
- to require from any person to disclose the requested information in accordance with the said agreement.

Second:

(1) In this Law, unless the context otherwise requires:

- a- “Agreement” means a treaty, convention or any international agreement stating the exchange of information with respect to tax matters including the automatic exchange of information between a foreign State and Lebanon;
- b- “Automatic Exchange of Information” means the systematic and periodic communication of predefined information on residents of a foreign State with which Lebanon has concluded an Agreement with, without prior request;
- c- “Competent Authority” means the Minister of Finance or the Minister's authorized representative;
- d- “Competent Authority Agreement” means a bilateral or multilateral agreement, between the Competent Authority and a foreign State to clarify or interpret the provisions of an Agreement or facilitate the automatic exchange of information under an Agreement;
- e- “information” means any fact statement or record in any form whatever;
- f- “request” means an application made to the Competent Authority for information, pursuant to an Agreement;
- g- “requesting State” means the State making a request to be supplied with information;
- h- “person” includes an individual, a company and any other body of persons incorporated according to applicable laws.

(2) In the event of any inconsistency between the provisions of this Law or an Agreement and the provisions of any other law, the provisions of this Law and the Agreement prevail to the extent of the inconsistency.

Third:

For the purposes of complying with the provisions of an Agreement with respect to exchange of information, the Competent Authority may use the powers provided in articles 23, 44, 48 and 103 of the Tax Procedure Code to gather information to respond to a request notwithstanding that the information may not be needed for the domestic tax purposes.

Fourth:

- (1) The Competent Authority will assist any requesting State in accordance with the terms of the Agreement with that State. If upon receiving a request, the Competent Authority determines that the request complies with the relevant Agreement, the Competent Authority will execute the request in accordance with the relevant Agreement and this Law.
- (2) The Competent Authority may request such additional information from the requesting State as may be necessary to assist it in considering the request.
- (3) If the Competent Authority determines that the request does not comply with the relevant Agreement, the Competent Authority will decline the request and notify the requesting State accordingly.

Fifth:

- (1) Where the information requested is not protected 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 provided directly by the Competent Authority to the requesting State.
- (2) Where the information requested is protected by the Law on Banking Secrecy of September 3, 1956 or by Article 151 of the Code of Money and Credit, and the Competent Authority determines that the request complies with the Agreement, the Special Investigation Commission (SIC) established pursuant to Law No 44 of November 24, 2015 on Fighting Money Laundering and terrorist financing shall collect and deliver this information to the Competent Authority.
- (3) The information mentioned in paragraph 2 will not be provided to the requesting state without prior notification to the person under examination or investigation who may object to the Competent Authority's decision before the State Council, within 15 days from the notification date specified according to the notification procedure mentioned in the Tax Procedures Code.

The State Council shall determine in an irrevocable manner whether the legal conditions that require the exchange of information are met, within three months from the submission of the recourse.

Following such deadline, or in case the State Council decides to provide the required information, the Competent Authority shall provide the requested information to the requesting state.

- (4) Notwithstanding the above, in situations where it is demonstrated that the request is of a very urgent nature or the notification is likely to undermine the chance of success of the investigation conducted by the requesting State, the information will be provided to the requesting State without sending the abovementioned prior notification according to standards and procedures agreed between Lebanon and the Requesting State, preserving the rights of the two parties.

Sixth:

- (1) The Central Bank (BDL) and the Special Investigation Commission (SIC) may require financial institutions to furnish, at a time and in a manner as may be required, in accordance with the provisions of this law, the required information for the proper discharge of the Competent Authorities functions in relation to automatic exchange of information under an Agreement or a Competent Authority Agreement. Such information will be provided to the Competent Authority to enable it discharge its functions under the Agreement;
- (2) The Minister of Finance or the Central Bank, each according to its competence, may, by decisions issued subsequently, specify:
 - (a) the financial institutions required to report information;
 - (b) the content of information to be reported and the method in which it will be reported, including the electronic format;
 - (c) the standard of accuracy and completeness of the information to be reported;
- (3) When necessary, the Council Of Ministers, may issue decrees regarding procedures required to implement this law in cases not mentioned in paragraph (2) of this article.
- (4) In case of contravening or failing to comply with the regulations made under this Article, penalties between /100.000.000/ LBP and /200.000.000/ LBP will be applied without prejudice to the right of the regulatory authority, to which the financial institution refers, to impose administrative sanctions and penalties in accordance with its special laws.

Seventh:

This law shall apply to all enforced Double Taxation Conventions.

Eighth:

The Council of Ministers is authorized to ratify the Multilateral Convention on Mutual Administrative Assistance in Tax Matters (Convention) set out in Schedule 1 as amended from time to time, and the Multilateral Competent Authority Agreement (MCAA) set out in Schedule 2.

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

Ninth:

- (1) The provisions of this Law shall have effect despite any obligation as to confidentiality or other restriction, imposed by any other Law, upon the disclosure of information.
- (2) Any information exchanged with the Competent Authority under articles 4 and 6, pursuant to an Agreement or to this Law shall be treated as secret in accordance with article 25 of the Tax Procedures Code.

Tenth:

This law abolish the law No 43 dated 24/11/2015 (Exchange of tax information).