

Tax - Payroll Guide - Free shares / RSU

Lebanon	
Tax points	<p>Grant: No income tax. No social security.</p> <p>Vesting: Income tax and social security.</p> <p>Transfer to participant: No income tax. No social security.</p> <p>Sale by participant: Capital gains tax on increase in value since vesting. No social security.</p>
Income tax (maximum rate)	25% (2025). Any change in tax rates usually takes effect from 1 January.
Income tax rates	Rates are progressive from 2% to 25%.
Employer income tax withholding	Yes
Employer social security withholding	Yes
Employee social security	<p>Employee social security (max rate): 3% (medical scheme contribution).</p> <p>Employee social security (cap): earnings caps apply and the current cap should be checked as the amounts are affected by the prevailing LBP/USD exchange rate.</p>
Employer social security	<p>Employer social security (max rate):</p> <ul style="list-style-type: none"> • Family scheme: 6%; • Medical scheme: 8%; and • Termination Indemnity scheme: 8.5% <p>Employer social security (cap): earnings caps apply (family scheme and medical scheme only) and the current cap should be checked as the amounts are affected by the prevailing LBP/USD exchange rate.</p>
Tax reporting - Individual	<p>Yes, if the individual has income which has not been withheld by the employer. There is no specific filing for equity related incentives</p> <p>Report name: Annual Tax Return.</p> <p>Tax period: 1 January to 31 December.</p> <p>Reporting deadline: the deadline for filing the tax return is 31 March of the following year.</p> <p>Payment of tax: the deadline for the payment of tax is the same as the reporting deadline.</p>
Tax reporting - Employing company	<p>The employer must report the employees' incentive related income but the filing covers all employee benefits and is not specific to equity related incentives.</p> <p>Report name:</p>

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	<ul style="list-style-type: none"> • Annual Declaration in respect of employees; and • payroll returns. <p>Reporting deadline: the Annual Declaration is due by 28 February of the following year.</p> <p>Payroll taxes must be withheld monthly and reported to the authorities on a quarterly basis during the first 15 days of the month following the end of the quarter.</p> <p>Payment of tax: the deadline for the payment of tax is the same as the reporting deadline.</p>
Malus and clawback - Tax points	The existence of a malus or clawback clause does not affect the moment of tax for the individual.