



BULLETIN – 091110/12

Global Tax Procedures – Tax Relief Procedure for Lebanon

Issued by the International Capital Market Services Association

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1. Scope:

The procedures set out below apply to all Eurobonds that are subject to withholding tax pursuant to the Article 51 of Law No. 497 of the Lebanese Republic dated 30 January 2003 and related implementing regulations (for the purposes of this procedure referred to hereinafter as “the Securities”).

2. Definitions:

Business Day: is used only for the purpose of these procedures to designate the day the ICSDs are open for business which is currently everyday with the exception of Christmas day, New Year day, Saturdays and Sundays.

Depository: for the purpose of this procedure, “Depository” designates either the concerned common depository or common service provider

Entitlement date: for bearer instruments, the ICSDs will apply standard market practices and record positions subject to entitlement at payment date minus one Business Day. For registered instruments, the entitlement date that applies is the one defined in the Terms and Conditions of the Securities or other such official document.

International Central Securities Depositories (ICSDs): designate jointly Clearstream Banking S.A. and Euroclear Bank S.A./N.V.

Quick Refund Procedure: Procedure whereby refunds of withholding tax are performed by the withholding agent as foreseen by the local tax regulation before the expiry of the period for transferring the withheld amount to the tax authorities.

Relief at Source Procedure: Procedure whereby income proceeds are paid taking into account exemption or/and applicable reduced rate as foreseen by the local tax regulation.

Standard Refund Procedure: Procedure whereby tax relief is requested with local tax authorities as foreseen by the local tax regulation after the income has been paid net of withholding tax at the maximum rate.

The ICMSA accepts no responsibility for the information provided in the context of this procedure.



3. Withholding tax treatment of the Securities:

Under the article 51 of Law No 497, interest paid on the Securities is subject to Lebanese withholding tax at a rate of 5 %. Exemption (i.e. payment of additional amounts) may be obtained at source.

Eligibility criteria for relief

Beneficial owners other than a bank, financial institution or other trading entity subject to income tax in Lebanese Republic pursuant to Chapter 1 of the Income Tax Code are entitled to the payment of additional amounts in respect of taxes withheld by the issuer on payments of interest on Securities.

Documentation requirements for relief

The documentation that the ICSDs Participant/Customer must provide to their respective ICSD is as follows:

- Annex A, One-Time Certification, in the form provided by the ICSDs (see template attached), if the Customer/Participant is entitled to and request payment of the additional amounts. Annex A is deemed valid for all relevant interest payments until it is revoked or amended by the Customer/Participant.
- Annex B, Advice of excluded securities, in the form provided by the ICSDs (see template attached) if the Customer/Participant is not entitled to or do not request payment of additional amounts and has previously provided an Annex A. Annex B is deemed valid for the Security and interest payment that are specified in the advice.

4. Procedures

4.1. Relief of withholding tax at source

The table below describes the different steps and responsibilities in the handling of:

- Exemption at source or/and;

Reduced treaty rate at source

Step	Deadline	Action	Owner	Remark/ deviation
1	At least 20 Business Days before the taxable income event payment date <i>(irrespective of the fact that a holding is</i>	The Depository notifies the ICSDs of an upcoming taxable income event via agreed means of communication. The notification shall specify: <ul style="list-style-type: none">- the entitlement date (:98A//RDTE)- the payment date (:98A::PAYD)- the taxability of the event (:92A::TAXR)	Depository	

	<i>recorded with the respective ICSD or not</i>), or as soon as reasonably possible in case the security is created less than 20 days before the taxable event (i.e. in the case of short first coupon).	<ul style="list-style-type: none"> - the nature of the tax if specific and necessary (e.g. NRA tax, etc.) (:70E ::ADTX) - the type of relief available (at source, quick refund) and the deadline by which the Depository requires to receive the relevant certification - the applicable tax procedure (code word), i.e. Lebanon. 		
2	After being notified of the taxability of the event	<p>The ICSDs notify their respective Customers and Participants of an upcoming income payment specifying the certification requirements to be met to benefit from relief of withholding tax.</p> <p>As applicable, the ICSDs collect certification instructions from their Customers and participants.</p>	ICSDs	
3	End of ICSDs' daylight processing dated Payment date-3 BD	At source certification date	ICSDs	
4	PD- 2 BD before 12 PM (CET time)	<p>The ICSDs instruct the Depository by sending an Annex C by fax and mail, Annexes A and B are kept within ICSDs. Such certificate lists the nominal amount of the Security for which additional amounts are to be paid with the interest and the nominal amount of the Security for which additional amounts are not to be paid with the interest.</p> <p>ICSDs report their entitlement based on their positions recorded on their books after closing of their respective daylight process dated Payment Date-3 BD.</p> <p>In case of missing instruction from ICSDs, maximum withholding tax is applied by default.</p>	ICSDs Depository	Deviation on means of communication and instruction contents

5	At the latest 18:00 CET 2 Business Days prior to the income payment date	<p>Upon instruction received from the ICSDs, the Depository validates the appropriate amount of withholding tax to be withheld from the income payments to be made to the ICSDs and send pre-advice messages to them via MT564 with function :23G:REPE, of the net and gross amounts to be paid.</p> <p>In addition to the standard fields to be used for income pre-advice messages, the pre-advice shall include the cash amount due per tax rate.</p>	Depository	
6	1 Business Day before Payment Date	Entitlement date for bearer instruments	ICSDs	
7	On Payment Date	According to instruction received from the Depository, the paying agent pays the income proceeds to the accounts of the respective ICSD with good value.	Depository/ Agent	
8	Immediately upon receipt of original certificates (if applicable)	The Depository acknowledges in writing to the ICSDs the receipt of the original tax certificates (for audit purpose) (Acknowledgement of receipt can be achieved by signing the delivery letter accompanying the certificates, scanning it and returning it to the ICSDs via e-mail).	Depository	

4.2. Quick Refund/Late Adjustment procedure

No quick refund or late adjustment procedure is available for the Securities.



Annex A

One-Time Certification with respect to payment of additional amounts on securities held in the ICSDs, subject to this type of certification and to Lebanese withholding tax pursuant to Article 51 of Law No. 497 of the Lebanese Republic dated January 30, 2003 (the "2003 Budget Law") and related implementing regulations

This certificate duly filled in and signed has to be provided to the attention of the appropriate ICSD tax department before the first relevant interest payment date.



Dear Sir/Madam:

We, the undersigned Clearstream Customer/Euroclear Participant, understand that, in order to obtain payment of additional amounts from the Issuer of the above mentioned securities in respect of taxes required to be withheld by the Issuer on payments of interest on such securities, as more fully provided in the terms and conditions applicable to the securities, the concerned ICSD is required to provide the Issuer through the Common Depository with certain information.

In this connection, we certify that, as of the date hereof, except to the extent set forth in any separate certification relating to this One-Time Certification, any above mentioned securities, which are or may be held in our account(s) specified below, are beneficially owned by persons or entities other than a bank, financial institution or other trading entity subject to income tax in the Lebanese Republic pursuant to Chapter 1 of the Income Tax Code and therefore eligible to claim a tax credit in the Lebanese Republic in respect of taxes required to be withheld by the Issuer on payments of interest on such securities pursuant to Article 51 of Law No. 497 of the Lebanese Republic dated January 30, 2003 (the "2003 Budget Law") and related implementing regulations.

Account in which the above mentioned securities are held:

Relevant ICSD, account No. _____

We undertake to advise the appropriate ICSD, promptly, in the form of an advice of excluded securities by authenticated means of communication, if any statement contained in this certification is not correct as of any date. Absent any such advice, the matters certified in this certification shall apply to all payments made or to be made in respect of securities, which are or may be held in the above-identified account(s).

We understand that this certification is required in connection with certain tax laws of the Lebanese Republic. We hereby irrevocably authorise and appoint the appropriate ICSD, the Common Depository or Common Service Provider, and the Issuer, as attorneys-in-fact, each acting singly, to provide this certification or a copy hereof, and any other document submitted in connection herewith by or on behalf of the undersigned to the relevant ICSD, the Common Depository or Common Service Provider, or the Issuer, to the appropriate authorities in the Lebanese Republic, including Lebanese tax authorities, in connection with any administrative, legal or other official proceedings or inquiries in respect of which the statements made in this certification are or could be relevant.

[Insert name of Clearstream Customer/Euroclear Participant]

Date: _____

(Authorized signature) (Name and title of authorized signatory)

(Authorized signature) (Name and title of authorized signatory)



Annex B

One-Time Certification with respect to payment of additional amounts on securities held in ICSDs, subject to this type of certification and to Lebanese withholding tax pursuant to Article 51 of Law No. 497 of the Lebanese Republic dated January 30, 2003 (the "2003 Budget Law") and related implementing regulations.

The certificate is to be provided by customers/participants to the tax department of respectively Clearstream Banking, S.A. or by Euroclear Bank S.A./N.V as appropriate by authenticated means of communication from time to time as necessary to qualify any statements made in such One-Time Certification prior to any interest payment date.



For: ISIN code: [insert ISIN Code]
Issuer: [insert issuer name]
Interest due: [insert next Interest Payment Date]
Total Holding: [insert total nominal amount held in the account specified below]
Nominal Amount to be taxed: [insert nominal amount to be excluded]
Security Description: U.S.\$ [•] [•]% Series [•][insert security type] due [•] (the "securities")
issued by [insert issuer name].
Securities Clearance Account number: [insert account number]

Dear Sir/Madam:

We certify that the above-indicated Nominal Amount to be taxed is held on behalf of persons that are banks, financial institutions or other trading entities subject to income tax in the Lebanese Republic pursuant to Chapter 1 of the Income Tax Code and therefore eligible to claim a tax credit in the Lebanese Republic in respect of taxes required to be withheld by the Issuer on payments of interest on such securities pursuant to Article 51 of Law No. 497 of the Lebanese Republic dated January 30, 2003 (the "2003 Budget Law") and related implementing regulations. We understand that such persons are not entitled to the payment of additional amounts in respect of taxes withheld by the Issuer on payments of interest on such securities pursuant to Article 51 of the 2003 Budget Law, and related implementing regulations.

We hereby confirm that the statements in the One-Time Certification delivered by us with respect to payment of additional amounts on securities subject to Lebanese withholding tax pursuant to Article 51 of Law No. 497 of the Lebanese Republic dated January 30, 2003 (the "2003 Budget Law") and related implementing regulations, which are held in the ICSDs, are true and complete and continue in full force and effect, subject only to the foregoing. Without limiting the generality of the foregoing, we hereby confirm our authorization of the relevant ICSD, Common Depository or Common Service Provider and Issuer and appoint the relevant ICSD, Common Depository or Common Service Provider, and Issuer as our attorneys-in-fact, each acting singly, to provide this Certification or a copy hereof to the appropriate authorities in the Lebanese Republic in connection with any official proceedings where any statements made in this Certification are or could be relevant.

[Insert name of the ICSD Customer/Participant]

Date: _____

(Authorized signature) (Name and title of authorized signatory)

(Authorized signature) (Name and title of authorized signatory)