



## **ISSUES IN OWNERSHIP OF REAL ESTATE**

### **LEBANON**

#### **Moghaizel Law Offices**

##### **CONTACT INFORMATION:**

##### **Fadi Moghaizel**

Moghaizel Law Offices

Ashrafieh 5585 Building

Pierre Gemayel Avenue

P.O. Box 166742

Ashrafieh, Beirut 2066 7113, Lebanon

Tel: 961.1.425.222 / Fax: 961.1.424.366

Email: [mlo@mlof.com](mailto:mlo@mlof.com)

Web Site: [www.mlof.com](http://www.mlof.com)

- 1. Is perpetual fee simple ownership of real property permitted? If not, what are the principal forms of ownership, or other principal form of ownership, of real property?**

Yes, absolute property ownership is permitted in Lebanon.

- 2. What instruments are used to convey fee simple ownership, or other principal form of ownership, of real estate?**

A deed is used to convey ownership of real estate. A deed will be construed as conveying the entire estate or interest that the grantor owns unless a limitation is clearly expressed.

- 3. How in this jurisdiction is the ownership of real property recorded or searched? Who generally performs the search?**

The real property ownership is recorded at the Real Estate Register. If a private party wishes to make a search about another party's real estate ownership, it has to submit a search request to the above register.

**4. What assurances of ownership are available to purchasers of real property (e.g., title insurance or title opinions)? What is the cost of obtaining such assurances?**

No need for assurances. The owner of a real property holds a Property Title Deed and has register his ownership recorded at the Real Estate Register.

**5. What are the most common forms of investment vehicles? What are the most common entities employed to own investment real estate in a tax efficient manner?**

A Lebanese Joint Stock Company, a Lebanese Limited Liability Company or a Lebanese Holding Company are the most common forms of entities used for such purpose.

**6. Has this jurisdiction adopted, or is it considering, legislation permitting the creation of real estate investment trusts or similar entities?**

N/A

**7. What state or local transfer, stamp or similar taxes are levied generally on sellers or buyers upon the direct transfer of real estate?**

There is a Lebanese Conveyance Transfer Tax statute. Any document that transfers an interest in real estate is subject, upon being recorded, to a tax on the value of the property in question. A document is any deed, instrument or writing whereby any real estate within Lebanon or any interest therein, shall be quitclaimed, granted, bargained, sold or otherwise conveyed to a grantee.

Conveyance costs are paid by the purchaser as follows:

- a. Formal real estate sale agreement's costs:
  - Proportional notarization costs: 1‰ (one per thousand) of the purchase price as well as, other notarization lump fees that should not exceed US\$ 300.
  - Proportional Bar fees: 1‰ (one per thousand) of the purchase price.
  - Proportional stamp duty fees: 3‰ (three per thousand) of the purchase price.
- b. Real Estate conveyance fees: 5% of the purchase price.
- c. Municipal proportional fees: 5% of the Real Estate conveyance fees mentioned above in point b.
- d. Lump sum costs, sundries and expenses to obtain the Property Title Deed from the Real Estate Register that should not exceed US\$ 300.

**8. What state or local transfer, stamp or similar taxes are levied generally on sellers or buyers upon the transfer of interests in entities which own real estate?**

See our reply to question 7 above.

**9. How significant is local regulation and taxation of real estate? How significant is the variation of real estate law among political subdivisions of this jurisdiction?**

Property tax is governed by the Law of September 17, 1962. Such tax is called built property tax; it applies to all buildings and their supplements such as the land, gardens, other spaces forming part of the plot provided they do not exceed 2,000 square meters, as well as the roof and façade of the building if used for commercial, industrial or advertisement purposes, pipes, central equipment and installations permanently fixed to the buildings, elevators, heating and air-conditioning installations etc. Vehicles and ships set on a fixed location and used for residential, commercial or industrial purposes are also deemed as a built property. In general, if the building is not generating any return because it is vacant and provided a relevant application is filed to the Ministry of Finance in this regard, no built property tax shall apply. Also, new buildings that have been completely finalized and have not been leased or occupied yet, are deemed vacant and accordingly no built property tax applies thereon, provided the owner files an application in this regard to the Ministry of Finance within one month as of completion of the building.

No municipal tax or other financial taxes apply over a vacant and unbuilt land which is not used.

Rate of the Build Property Tax:

<b>Rate</b>	<b>Taxable Portion</b>
4%	Over the portion of revenues not exceeding LL 20,000,000 <sup>1</sup> .
6%	Over the portion of revenues ranging between LL 20,000,000 and LL 40,000,000.
8%	Over the portion of revenues ranging between LL 40,000,000 and LL 60,000,000.
11%	Over the portion of revenues ranging between LL 60,000,000 and LL 100,000,000.
14%	Over the portion of revenues exceeding LL 100,000,000.

The Real Estate Laws do not vary in Lebanon.

**10. Must ultimate beneficial owners of entities which own real estate be disclosed as a matter of public record?**

No.

---

<sup>1</sup> 1 USD = 1,500 L.L.