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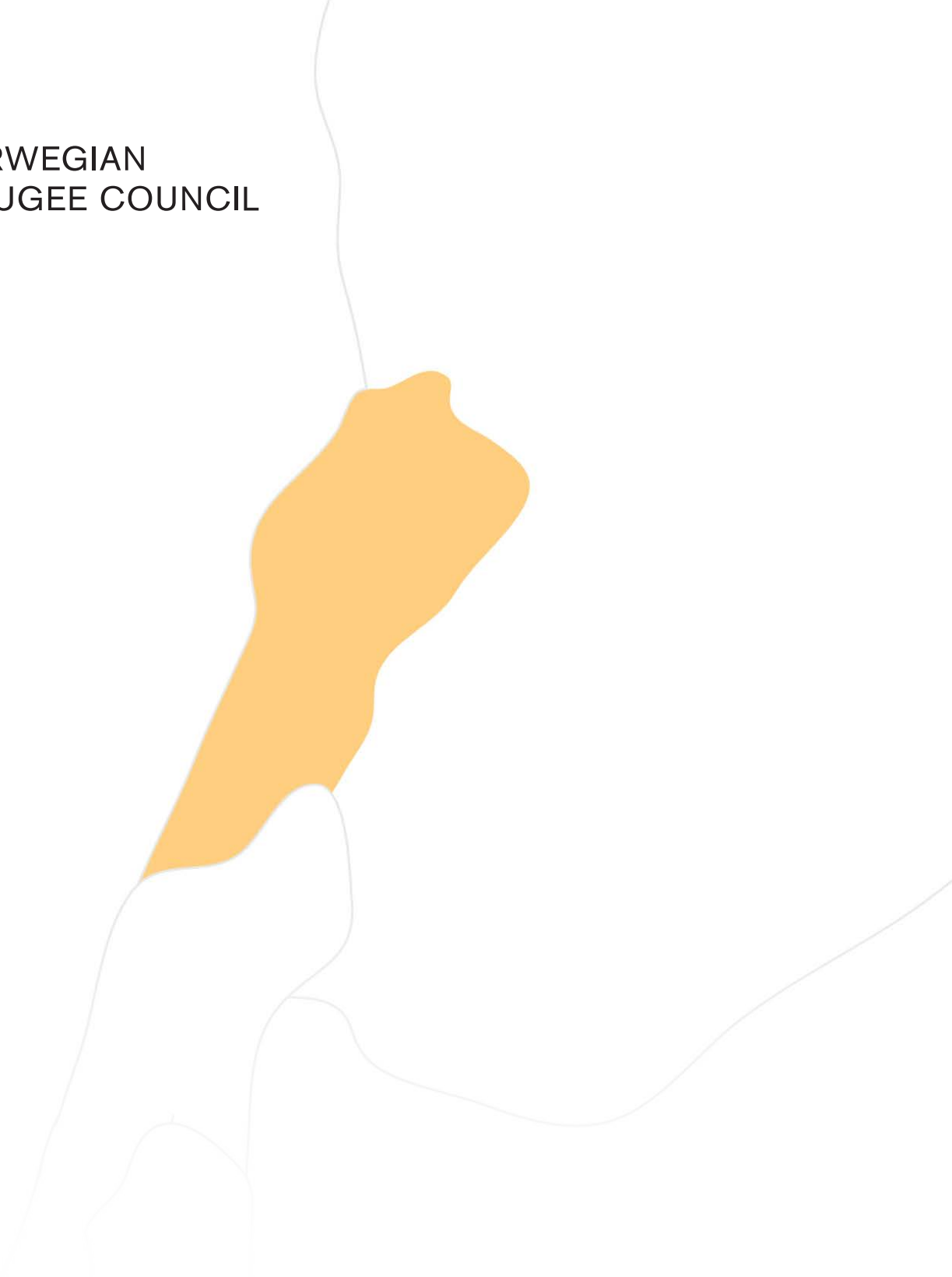


# Self-Employment and Small Business Guide

**For Lebanon**



NORWEGIAN  
REFUGEE COUNCIL



## CREDITS

### Acknowledgements:

Legal guide authored by Layal Abou Daher, legal consultant. Edited by Martin Clutterbuck/NRC. January 2024.

### Design:



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Falafel Shop



## 1 | Summary and Usage of Information



### Background to Guide

The Self-Employment and Small Business Guide summarizes the key requirements for persons working as self-employed persons or in small businesses in Lebanon. While a self-employed person or the owner of a small business can work through different types of business structures, this guide covers registration requirements for traders practicing commercial activities and non-traders outside a company structure as well as work permit requirements for foreign nationals, such as Syrian refugees. It also covers the various tax registration, municipal licenses fees and sectoral requirements, such as membership of professional syndicates. The guide also sets out specific requirements for different types of small businesses, including shops, restaurants, street traders, persons working in digital livelihoods to home-based businesses.

The Guide sets out the applicable legal framework for all persons in Lebanon, including for Lebanese nationals and Palestinian Refugees from Lebanon (PRL). It also focuses on requirements for Syrian refugees and Palestinian Refugees in Syria (PRS), many of whom work informally as self-employed persons. Syrians and PRS in Lebanon are limited to working in three main sectors, namely agriculture, construction and cleaning/environment. They may only work legally if they have legal residence in Lebanon as well as a work permit. Further, they may not work legally if they were registered as refugees with UNHCR before 2015. As an estimated 83 percent of Syrian refugees in Lebanon are estimated to be without legal residency, a large number work informally without work permits.<sup>1</sup> Many also work informally as self-employed persons, such as persons selling goods on the street or in small kiosks, working as contractors or self-employed tradespersons or as day labourers.

Foreigners, including Syrians and PRS, may legally operate businesses in Lebanon and many Syrian businesses operate successfully in Lebanon, including those pre-dating the conflict. However, in order to operate a business, foreign nationals require legal residency and a work permit and must meet the requirements for business registration.

Whilst it remains difficult for Syrian refugees and PRS to work legally as self-employed persons in Lebanon, this guide sets out the relevant legal framework, highlighting also the challenges and limitations. It focuses on the practical reality for many Syrian refugees and PRS in Lebanon who are working in self-employment to survive and feed their families. It reviews the existing literature on Lebanon's economic situation and informal employment status quo and relies heavily on Focus Group Discussions (FGD), case studies and discussions held with Syrian refugees and PRS during research for the Guide.

1 VASyR 2022: Vulnerability Assessment of Syrian Refugees in Lebanon, 19 May 2023.



The guide is intended for a wide audience of legal and humanitarian professionals working with displacement-affected persons, including legal practitioners, livelihoods, humanitarian and youth workers as well as other professionals supporting persons with livelihoods opportunities, small business grants or the establishment of small enterprises.



## Structure of Guide

The Guide is divided into different chapters and sections. Following the introduction on **Summary and Usage of the Guide**, the **Glossary** in **section two** sets out key terms and definitions for easy reference. **Section three** provides a **General Overview** of registration and licensing requirements for self-employed persons and small business owners. The general **Legal Framework** for small business is covered in **section four** including key laws and government agencies responsible for registration and approval. **Section five** sets out the legal residency and work permit requirements for **Foreign Workers in Lebanon, including Syrians**. This also covers foreign nationals wishing to start businesses in Lebanon.

**Section six** looks at **Business Structures** in general including company structures. **Section seven** provides an analysis of **Self-Employment** in Lebanon, including a definition of self-employment, examples from the field and the relationship between self-employed persons and the Labour Law, with particular focus on the large number of persons working as daily labourers. The **eighth section** details the requirements for **Registration as a Trader**, including a definition of commercial activities and procedures for registration as a trader, of commercial establishments and of trade names. Common requirements for most types of businesses including tax registration and payment of municipal fees are set out in **section nine** on **Common Requirements for all Sectors**.

Licensing and approval processes vary according to the nature of the business and **section ten** sets out the **Sector-Specific Requirements** for different types of businesses from craft and service industries, general shops, cafes and restaurants, digital livelihoods and home-based businesses. **Section eleven** sets out the limited regulatory framework for conducting e-commerce whilst **section twelve** sets out **General Business Obligations** and legal remedies for business owners.

On account of the difficult nature of the economic situation in Lebanon, including for refugees, **section thirteen** provides a review of Lebanon's economic crisis and the informal employment *status quo*. It provides background and context for the **Challenges faced and Coping Mechanisms** used by **Syrian refugees who are largely working in Lebanon without legal residency or work permits**. This is largely based on discussions with refugees in the field. **Section fourteen** provides a list of **Information and Other Resources**.



## Keeping up to Date

Rules, regulations, registration, licensing and permit requirements for small businesses can be complex and change regularly. All efforts have been made to ensure the information in the Guide is up to date and accurate as of January 2024. However, interested persons should make their own enquiries about registration and licensing requirements, check with local authorities or seek independent legal advice to be certain.

NRC accepts no liability or responsibility for actions taken or not taken or any losses arising from reliance on this guide or any inaccuracies contained in the guide.

The guide is based on research conducted by legal consultant, Layal Abou Daher, as well as additional research provided by El Meouchi lawyers.





Lebanese Construction Workers, Aarsal (Photo: Charbel Kousseifi/NRC)



## 2 | Glossary of Acronyms and Key Terms

Term	Definition
<b>Ambulant Merchant</b>	An ambulant merchant is a street vendor, namely someone who trades or buys and sells on the street, such as at street, market or food stands or other temporary or mobile premises.
<b>Articles of Association</b>	See 'Memorandum of Understanding'.
<b>Civil Law</b>	Civil law is the body of law governing private relations between persons, including the laws of contracts, obligations, liabilities, debts and property, including ownership, usage and rights over property.
<b>Classified Businesses</b>	Classified businesses are businesses that may involve a health risk or have an impact on the general public, such as through smell or noise.
<b>Commercial Activities</b>	Commercial activities include the provision of goods and services, industrial activities, transportation, hospitality including restaurants, financial activities, real-estate, import/export and other activities conducted on a for-profit basis.
<b>Commercial Register</b>	The Commercial Register is a state-operated database that registers any person or business undertaking commercial activities and operating as a trader.
<b>Company</b>	A company is a legal entity authorized to practice business and registered as a company with the Commercial Register.
<b>Digital Livelihoods</b>	Digital livelihoods covers persons working in the digital economy, such as on social media platforms, online sales or subscription platforms, providing digital or online services, working as programmers, coders, web-designers or providing other services to or through the digital sector.



Term	Definition
FGD	Focus Group Discussion.
Gig work	Gig work is work conducted on a casual, ad hoc or contract basis outside of a formal employment relationship. It includes persons working as delivery drivers, contractors or consultants and people working in digital livelihoods on an irregular or non-standard basis <sup>2</sup> .
GSO	General Security Office.
ILO	International Labour Organisation.
Home-Based Businesses	Typically small businesses operated by persons from home. This could include online businesses, as well as sewing, baking or other types of activities.
KII	Key Informant Interview.
Legal persons	Legal persons are bodies established under law with the legal capacity to conduct business, such as companies, businesses, organisations and government agencies.
Limited Liability Companies	Limited liability companies are private companies whose owners are legally responsible for its debts only to the extent of the amount of capital they have invested in the company.
Memorandum of Understanding	The Memorandum of Understanding (also called Articles of Association) is a key document that governs the establishment and operation of a registered company. It sets out the internal rules for management of the company, company structure and rights of shareholders and the powers of the management.
Limited Liability Companies	Limited liability companies are private companies whose owners are legally responsible for the debts of the company only to the extent of the amount of capital they have invested in the company.
Memorandum of Association	The Memorandum of Association (also called Articles of Association) is a document that governs the establishment and operation of a registered company. It sets out the internal rules for management of the company, company structure, rights of shareholders and the powers of the management.
MoL	Ministry of Labour.
MoSA	Ministry of Social Affairs.
Natural persons	Natural persons are individual with a legal personality and thus the capacity to conduct business.

<sup>2</sup> See section 10.8 (Gig work) for further details.



Term	Definition
<b>Notary Public</b>	A person authorized to perform certain legal formalities, such as authenticating or witnessing documents, drafting and certifying contracts or deeds.
<b>NSSF</b>	National Social Security Fund.
<b>Partnerships</b>	Partnerships are legal entities operated by two or more individuals in which they share profits and liabilities in accordance with their partnership agreement.
<b>PRL</b>	Palestinian Refugees from Lebanon.
<b>PRS</b>	Palestinian Refugees from Syria.
<b>Self-Employment</b>	Persons who work for themselves as 'own account' workers and are not in an employment relationship in which they are supervised and subordinate to an employer.
<b>Shareholders</b>	Shareholders are persons who purchase shares in a company. Shares are units of value in a company which can be purchased and traded and which can increase or decrease with the value of the company. Shareholders are entitled to a proportional share of the profits of the company.
<b>Small business</b>	For the purpose of this report, a small business covers individuals undertaking small commercial or simple trades with low general expenses such as traders, merchants or shop keepers, typically with 10 or less employees <sup>3</sup> .
<b>Syndicates</b>	Syndicates are associations of workers or professional from a particular occupation or profession. They often play a role in regulating the standards of the profession.
<b>TA</b>	Tax Administration.
<b>Traders</b>	Traders are natural or legal persons (entities) who carry out commercial activities in their own name as a profession.

<sup>3</sup> For further definitions of small business, see [Wikipedia Small Businesses](#).



Female Taxi Driver (Photo: UN Women)

## 3 | General Overview

The following section provides a **quick overview of the main requirements for persons operating as self-employed persons or running small businesses in Lebanon outside a company structure.**

### Self-Employed Persons

A **self-employed person is an individual who engages in a business activity in their own name outside any subordinate relationship.** This can include traders, shopkeepers, street vendors, craftsmen/industrial or liberal professionals<sup>4</sup>.

In principle, this form of doing business, when outside a company structure, does not require a lot of administrative formalities and thus offers an easy outlet to generate income.

Applicable laws and administrative requirements are determined, on a sector-basis, by the type of activity exercised. Additional steps are required if the self-employed person wishes to exercise the activity through a shop or a commercial establishment.

### Small Businesses

**Small businesses can be operated under different arrangements in Lebanon.** An individual may choose to register as a **trader (sole-trader)** or within a **company structure** such as a **partnership** or a **limited liability company.** There are different administrative requirements for registration of different businesses.

### Refugees, Work Permits and Self-Employment

**Any foreign national wishing to work in Lebanon, either as an employee, self-employed person or business owner must have a work permit and legal residency.** Unlike other foreign nationals, work permits for Syrian refugees and PRS require a Lebanese sponsor, either a Lebanese employer or Lebanese national who can provide an undertaking on behalf of the person being sponsored.

<sup>4</sup> Agricultural workers are excluded from the scope of this study.





## Operating as a Trader

Lebanese law requires persons who practice any type of **commercial activity** to be **registered in the Commercial Registry, unless they are specifically exempted**. **Commercial activities** are defined as including the provision of goods and services, manufacturing and industrial activities, provision of financial services, real-estate, hospitality and transport. Persons operating from a commercial establishment, such as a shop or office, should also register their commercial establishment.

Self-employed persons perform work undertaken through **service contracts** with the person contracting them. They have contractual rights and obligations under the Civil Code and Law of Commerce, not the Labour Law.



## Basic Requirements

Common requirements for self-employed persons, whether nationals or foreigners, in Lebanon include:

- ✓ Lodgement of tax declarations.
- ✓ The need for relevant municipal licenses and payment of related municipal fees.



## Sector Specific Approvals

Registration and license requirements for small businesses in Lebanon depend on:

- ✓ The business structure chosen.
- ✓ The location of the business.
- ✓ The type of business or sector within which the business operates.
- ✓ Other business specific requirements.





## Step by Step Guide

The following guide provides a simple summary of the main steps for registration of small businesses outside of a company structures:

### **STEP 1 Foreign nationals, including Syrian refugees, must obtain legal residency and a work permit.**

Sponsorship by a Lebanese national, such as an employer is necessary for Syrian refugees and PRS. However, refugees registered with UNHCR are not allowed to work and risk losing their legal residency if they work. They may de-register with UNHCR and find a Lebanese sponsor, although this involves losing any rights and entitlements as a registered refugee.

### **STEP 2 Decide what business structure to adopt.**

This can include registration as an individual **trader, partnership or limited liability company**<sup>5</sup>. Foreign nationals are not permitted to engage in a wide range of commercial activities, outside of a company structure, with some exceptions. Syrians may work in the construction, agricultural or environmental sectors, Palestinians from Lebanon (PRL) do not require work permits unless working in liberal professions and the Minister of Labour may permit foreign nationals to work in certain professions. Foreign nationals may also engage in commercial activities within a Lebanese company structure. With only a few exceptions in areas such as commercial representation, real estate, insurance, media and banking, foreign investors are allowed to own 100 percent of a Lebanese company. Investors may acquire shares in existing local companies or establish their own companies. Foreign companies are also permitted to trade in Lebanon through local branches.

### **STEP 3 Register as a trader.**

All persons engaged in commercial activities must register as a trader with the Commercial Register, unless exempted. Persons engaged in small-scale commerce with low expenses, such as street vendors, local taxis and small-scale traders, are exempt from the registration requirement.

### **STEP 4 Register the commercial establishment.**

If the trader is operating business premises, such as a shop, office or workshop, they should register their commercial establishment in the Commercial Register.

### **STEP 5 Submit a tax declaration to the Tax Administration.**

All self-employed persons, traders and non-traders, must be registered for tax purposes.

### **STEP 6 Pay any relevant municipal fees.**

This includes the annual rental fee for the business premises as well as any license or investment fees.

### **STEP 7 Obtain any necessary approvals for that business.**

Persons operating food production and other businesses must obtain health attestation certificates whilst persons in liberal and other specialized professions must be members of the relevant professional syndicate. Persons running hospitality businesses must obtain Investment Licenses whilst persons operating business with an impact on the environment, health or the general public must obtain environmental approval and/or approval from local authorities.

5 There are specific conditions to register a company. These conditions are not discussed in this guide.





## 4 | Legal Framework

Different laws and regulations govern self-employed persons and small businesses in Lebanon generally, without distinguishing between small businesses established and operated by Lebanese or foreign individuals or entities (including Syrians). These include the following:

- ✓ **Code of Commerce (CoC) No. 304 of 24 December 1942.** The establishment and operation of small businesses in Lebanon is generally regulated under the CoC. The Code includes “regulations pertaining to commercial activities undertaken by any person, regardless of the person’s legal capacity”, and also includes “provisions that apply to persons that have chosen commerce as a profession.”<sup>6</sup>
- ✓ **Code of Obligations and Contracts (CoOC) of 9 March 1932.** The Code of Obligations and Contracts (also known as the Civil Code) sets out the main principles for the regulation of civil relations between individuals. It covers contractual relationships, obligations between parties, property ownership, usage, leases and other issues involving day to day transactions and relations. The Civil Code is applicable to any given issue for which there is no provision in the CoC, to the extent of its compatibility with the principles in the CoC<sup>7</sup>. In case no such provision exists in the Civil Code, the judge may refer to judicial precedents, rules of equity and commercial ethics.<sup>8</sup>
- ✓ **Law of 10 July 1962 concerning the Entry and Stay in Lebanon and Exit and its Decree of 28 July 1962<sup>9</sup>.** This law covers the entry, exit, visa and residency procedures for foreign nationals in Lebanon.
- ✓ **Decree No. 17561 of 18 September 1964 regulating the Employment of Foreign Persons.**
- ✓ **The Labour Code of 23 September 1946<sup>10</sup>** which sets out the rights and responsibilities of employees and employers in the workplace. This includes working conditions, leave entitlements, working hours, payment of wages, social security and pension, health and safety standards and procedures for termination of employment.

6 Article 1 of Code of Commerce (CoC).

7 Article 2 of CoC.

8 Article 3 of CoC.

9 Law of 10 July 1962 concerning the Entry and Stay in Lebanon and Exit and its Decree of 28 July 1962.

10 Labour Code of 23 September 1946.



- ✓ **The Code of Civil Procedure Decree Law No. 90 of 16 September 1983<sup>11</sup>.** The Code sets out the rules of procedure and evidence when taking civil claims to court, such as proving the existence of a contract or a right to damages for non-performance of a contract.
- ✓ **Law No. 60 of 12 August 1988 related to Municipal Fees and Allowances** which sets the fees and allowances that municipalities determine and collect directly from business owners in the municipality, such as rental fees.
- ✓ **Consumer Protection Law No. 659 of 4 February 2005 as amended by Law No. 265 of 15 April 2014<sup>12</sup>.** This law sets out the rights of consumers and the obligations of traders and businesses providing goods and services to consumers. The law contains provisions on product safety, pricing of goods and services, rights of consumers, dispute resolution of complaints and access to product information.

Other laws of relevance to small businesses include:

- ✓ Banking and finance laws and regulations.
- ✓ Health and environmental protection laws.
- ✓ Trademarks and intellectual property laws.
- ✓ Import, export and customs laws and regulations.
- ✓ Laws for arbitration of commercial disputes.
- ✓ Property laws in relation to land, property and business assets.

Municipal level laws, rules, regulations and instructions are also highly important.

11 Code of Civil Procedure Decree Law No. 90 dated of 16 September 1983.

12 Consumer Protection Law No. 659 of 4 February 2005 as amended by Law No. 265 of 15 April 2014.



Fabric shop in Lebanon (Photo: DFID)



## Government Authorities and Administrative Units

Government authorities usually involved in registration and licensing of business entities in Lebanon include:

- ✓ The Commercial Register, in relation to the registration of any person or business undertaking commercial activities and operating as a trader.
- ✓ The Ministry of Labour, in relation to the issuance of work permits and designation of sectors reserved for Lebanese; see also the Department of Employment and Regional Departments.
- ✓ The Ministry of Finance, which accepts payments for registration of traders.
- ✓ Tax Administration, to whom traders must submit a tax declaration and pay tax on income earned.
- ✓ Ministry of Economy and Trade, which registers trademarks.
- ✓ Ministry of Social Affairs, Directorate of Crafts and Hand-based Industry, who promotes and regulates the craft sector.
- ✓ Ministry of Health, Official Medical Committee, who provides health attestation certificates for small business.
- ✓ Ministry of the Environment, who provides environmental approvals that may be necessary for certain businesses, such as industrial businesses.
- ✓ Ministry of Tourism, which provides investment licenses for entertainment venues.
- ✓ General Security Office, who regulates entry into Lebanon, legal residency and exit from Lebanon.
- ✓ Local municipalities for issuance of municipal licenses and payment of fees.
- ✓ The National Social Security Fund, for registration of employees in the social security scheme.
- ✓ Labour syndicates, such as the Syndicate of Lebanese Craftspersons, who regulate national professions, especially for liberal professionals.

Other local government authorities officials for obtaining local approvals or licenses such as the Governor (Mouhafez) or Qaim Maqam, for businesses that may involve a health risk or have an impact on the general public, such as through smell or noise.





Syrian Construction Workers (Photo: Charles Fred)



## 5 | Foreign Workers in Lebanon, including Syrians

### 5 1 Work Permits and Prior Approval

All non-Lebanese persons<sup>13</sup> working on Lebanese territory are subject to the same legislation with respect to the conditions required in order to start a **remunerated or non-remunerated professional activity in Lebanon**. **Foreigners are not allowed to work or to engage in a profession in Lebanon unless they have a work permit issued by the MoL in accordance with the Lebanese Laws.**<sup>14</sup> Foreigners are defined under the law as any '*natural person who is not of the Lebanese nationality*'.<sup>15</sup>

The relevant laws are the Law concerning the Entry and Stay in Lebanon and the Exit and its Decree and the Decree regulating the Employment of Foreign Persons.<sup>16</sup> The only exceptions mentioned relates to the category of artists who must obtain the approval from the GSO,<sup>17</sup> and PRL who are registered with the Ministry of Interior and who are also exempted from the work permit requirement.<sup>18</sup>

Foreigners intending to work in Lebanon must apply for a prior approval from the MoL before entering Lebanon. There are two different paths, depending on whether the foreigner intends to work as an **employee** or **employer**.<sup>19</sup> In both cases they must apply for a work permit at the MoL and submit the required documents within ten days upon their entry to the country.<sup>20</sup> Legal residency is thus closely tied to MoL approval for work permits.

13 Except for the Palestinian Refugees. On this topic and legal frameworks applied to different groups of foreigner workers, See LEADERS (2019), [The Labour Sector in Lebanon: Legal Frameworks, Challenges and Opportunities](#), p33.

14 Article 25 of the Law of 10 July 1962 concerning the Entry and Stay in Lebanon and the Exit. For the procedure and required documents to apply for a work permit within the current conditions applied for Syrian refugees, see [NRC Guide to Employment Rights in Lebanon](#).

15 Article 1 of Law of 10 July 1962 concerning the Entry and Stay in Lebanon and the Exit.

16 Law of 10 July 1962 concerning the Entry and Stay in Lebanon and the Exit and its Decree No. 10188 of 28 July 1962; and Decree No. 17561 of 18 September 1964 regulating the Employment of Foreign Persons. In addition to Decision No. 1/221 relating to the Documents Required to Acquire a Work Permit for Foreigners of 5 October 2006 of the Minister of Labour. This Decision provides additional conditions that restrict the types of businesses for which foreigners can apply for a work permit as employers.

17 See also Decree No. 17561 of 1964. Article 2 of the Decree states that "Any foreigner wishing to enter Lebanon to engage in a profession or work, with or without remuneration, must obtain the prior approval of the Ministry of Labour and Social Affairs before his arrival, unless he is an artist, who must obtain this approval from the Directorate of General Security" (Unofficial Translation).

18 On this topic and legal frameworks applied to different groups of foreigner workers, See LEADERS (2019), [The Labour Sector in Lebanon: Legal Frameworks, Challenges and Opportunities](#), p33.

19 Articles 3 and 5 of Decree No. 17561 of 1964.

20 Article 6 of Decree No. 17561 of 1964.





However, unlike other foreigners, Syrian nationals have been allowed to apply for legal residency and work permits after they have entered the country.<sup>21</sup> Syrian nationals can apply for work permits in Lebanon as employers as well as employees if they meet the relevant criteria.

There are other obstacles and barriers for Syrians. These include the requirement to have a Lebanese sponsor or employer in order to acquire legal residency and, more generally, the broad reluctance to grant work permits to Syrians.<sup>22</sup>

The inconsistent application of regulations by GSO since 2015 has also impeded the prospects of Syrians applying for work.<sup>23</sup> As per the latest available annual report issued by the MoL in 2018, the total number of Syrians who have acquired a work permit in 2017 is limited to 551, while 1655 Syrians were able to renew their work permits.<sup>24</sup>

## 5 2 Restrictions for Foreigners engaging in Commercial Activities

More significantly, the possibility for foreign individuals to undertake commercial activities in Lebanon is restricted under Decision No. 1/29 of 2018.<sup>25</sup> Under the category of 'work owners' the Decision states that the right to undertake the following works and professions is restricted to Lebanese nationals. This includes:

**Commercial activities of all kinds** – restaurants – exchange works – accounting – brokerage – insurance – commission – engineering works of all kinds – metalcraft – printing publication and distribution – sowing and mending – hairdressing – ironing and dyeing – repairing cars (bodywork, painting, mechanic's works, glass installation, car bedding and electricity) – liberal works (engineering, medicine, pharmacy, lawyers, etc.) and all other professions regulated by a law prohibiting their exercise by non-Lebanese and any profession or trade or work which is proven to constitute competition or damage to Lebanese work owners.<sup>26</sup>

This reflects the general principle of preserving jobs in Lebanon for Lebanese workers. There are three exceptions to the general rule<sup>27</sup>:

- **Palestinians born in Lebanon and registered officially in the records of the Ministry of Interior and Municipalities are exempted from restrictions and requirement to obtain a work permit.**<sup>28</sup> However, this exemption does not include liberal professions and other professions that are regulated by a legal text which prohibits foreigners from undertaking them.

21 Minister of Labour, Decision No. 21/221 and Decision No. 1/219 of 5 October 2006 and Memo No. 89/2 of 20 November 2006. Equally Syrian nationals benefit from a 75 percent exemption on the work permit fees; Law No 70/1 of 19 January 1970 as amended in 2004. Except for these exemptions, self-employed Syrian nationals are required to fulfil the other requirements and obtain a work permit.

22 Based on NRC/ICLA Factsheet on Employment Law for Syrian Nationals, 'Syrians employers can only apply for a work permit at the Ministry of Labour when they want to establish their own Limited Liability Company, Joint Stock Company, Holding Company or Offshore Company'. The report states that 'Syrian nationals are not able to start businesses through other routes, such as by registering as a trader in the commercial registry or by simply starting a business establishment'. see NRC (2014), Factsheet on Employment Law for Syrian Nationals, ICLA Factsheet Series for Lawyers, p10.

23 For the negative effects of this practice on the overall foreigner workers, See LEADERS (2019), [The Labour Sector in Lebanon: Legal Frameworks, Challenges and Opportunities](#), p33.

24 <https://www.labor.gov.lb/Temp/Files/454d221f-9d0c-4d06-b327-8b8478636fad.pdf>.

25 Minister of Labour, Decision No. 1/29 of 15 February 2018 related to professions that should be restricted to Lebanese nationals.

26 Article 2 of Decision No. 1/29 of 2018.

27 See Article 2 of Decision No. 1/29 of 2018.

28 Article 2 of Decision No. 1/29 of 2018.

- **The Minister of Labor has the right to exempt some foreigners from the application of the provisions of the decision, provided they fulfil one of the conditions set out in the Foreign Workers Regulation, which includes.<sup>29</sup>**
  - Specialists, experts or technicians whose work cannot be undertaken by a Lebanese national, provided that the foreigner proves it by virtue of an attestation issued by the National Employment Office, and the person requesting the employment of the foreigner proves that he or she tried to find a Lebanese national for three months but did not succeed.
  - Managers or representatives of a foreign company registered in Lebanon.
  - Residents in Lebanon since birth.
  - Persons of Lebanese origin or born of a Lebanese mother.
  - Foreigners from countries which allow Lebanese nationals to undertake the work or profession that the foreigner is asking to undertake in Lebanon.<sup>30</sup>
- Syrian workers are permitted to apply for work permits in the fields of **agriculture, construction and environment** and are thus exempted from the provisions of Decision No. 1/29 in relation to these sectors only.<sup>31</sup>

The Minister of Labour has a discretionary right to decide, on an annual basis, the jobs and professions that should be restricted to Lebanese citizens.<sup>32</sup> In addition to lacking any objective criteria or comprehensive assessment, this list has been constantly broadening,<sup>33</sup> most of the time in contradiction to some of the main commercial and economic principles consecrated in Lebanese legislation.<sup>34</sup>

On an annual basis in the month of December the Minister of Labour (MoL) is authorized to issue decisions in relation to the work and professions that the MoL considers necessary to be limited to Lebanese nationals only.<sup>35</sup> Decision No. 1/29 was issued in 2018, and the Minister of Labor has not apparently issued any other decision annulling or amending Decision 1/29 since that time. Decision No. 1/29 is therefore still being enforced in practice by the MoL.

29 Article 8 of Foreign Workers Regulations.

30 Article 8 of Foreign Workers Regulations.

31 Article 2 of Decision No. 1/29 of 2018. This exemption was provided for under Article 2(2) of MoL Decision No. 1/41 of 2017.

32 See Articles 8,9 of Decree No. 17561, following the traditional principle of the protection of jobs for Lebanese nationals. Since 1982 Ministry of Labour decrees and decisions have reserved a wide list of professions for Lebanese citizens. These decisions are almost similar on the content. The main restricted professions include: administrative, banking, insurance and educational activities of all kinds, in particular: the president, dean, manager, deputy manager, office director, treasurer, accountant, secretary, clerk; teaching; nursing; all jobs in pharmacies, pharmaceuticals, laboratories; aesthetician; blacksmith; stenographer, computer officer, archivist, commercial representative, marketing representative, warehouse; salesman; jeweler; tailor; sewer; electrical fitter; paint works; mechanics; maintenance; glass installation; chef oriental food; usher; guard; driver; waiter; barber; tiling; paper fitter; plasterer; aluminum, iron and wood and decoration; upholstery; e-business; surveyor; estimator; sea fishing; engineering of various specialties; teaching at primary, intermediate and secondary levels, with the exception of teaching foreign languages. These decrees also serve to exempt certain individuals or groups from all or part of these restrictions. For example: the husband and children of a Lebanese woman (but not the wife of a Lebanese man); PRL (except for syndicated professions); Syrian workers in the agriculture, sanitation and construction sectors; the director or representative of a foreign company registered in Lebanon; a resident in Lebanon since birth; and a specialist or technical expert whose work cannot be done by a Lebanese (proven by a statement from the National Employment Office).

33 The decisions of the successive Ministers have always granted an explicit exception to Syrian refugees with respect to three sectors: agriculture, construction and environment sectors. However, this exception did not figure in the latest Decision No. 1/96 issued 21 November 2021.

34 Lebanese commercial and economic Legislations promote a domestic free trade and investment policies open to foreigners; local and foreign investors are subjects to the same set of laws and regulations. The respective decisions of the successive ministers, as per their excessive broad scope, not only are in clear contradiction with this whole free-enterprise regime but would also nullify the latter if applied on all foreigners as provided.

35 Article 9 of Foreign Workers Regulations.



Regarding the exemption relating to the condition of reciprocity mentioned in Decision No. 1/29,<sup>36</sup> although a number of treaties have been concluded between Lebanon and Syria with the aim of achieving reciprocity in economic integration following the principle of freedom of residence, work, employment and the exercise of economic activity in accordance with the laws and regulations in force in both countries, there are no explicit clauses providing for reciprocity in terms of allowing the nationals of one country (either Syria or Lebanon) to establish small businesses to conduct commercial activities in the other country.

**In principle, Syrian nationals may not, unless exempted by a decision of the Minister of Labor in accordance with the restrictive provisions of Decision No. 1/29,<sup>37</sup> establish and operate small businesses as this would qualify them as undertaking commercial activities as work owners.<sup>38</sup>** In practice, Decision No. 1/29 has been implemented in some Lebanese municipalities which have closed down commercial shops and industrial businesses managed or owned by Syrians nationals.

## 5 3 Foreigners establishing Companies in Lebanon

**Syrians may establish companies or go into partnerships with Lebanese nationals in order to conduct business under the same laws and regulations that are applicable to other foreign nationals wishing to conduct business in Lebanon.** The Code of Commerce (CoC) does not differentiate between local and foreign investors in general, except in sectors with specific requirements and limitations such as real estate, insurance, media and banking. However, all foreigners require a valid visa or work permit to work or operate a business in Lebanon.

Foreigners in general (including Syrian nationals) are permitted to establish Lebanese companies through which they may operate their businesses in Lebanon provided the foreigner's financial contribution to the company comprises a minimum of LBP100,000,000.<sup>39</sup> In accordance with MoL Decision No. 205 of 2008, a foreigner wishing to become a work owner in Lebanon must present the MoL with the following documents:

- ✓ A request signed by the foreigner or his or her official proxy determining the type of work of the company that he or she wishes to establish, its size, location and capital and confirming that the contribution of the foreigner to the capital of the company is no less than LBP100,000,000.
- ✓ A bank certificate must be submitted proving that the foreigner has at least LBP 1 million.<sup>40</sup>
- ✓ A copy of the foreigners' passport valid for a period of 18 months at least.
- ✓ An undertaking authenticated before a notary public regarding the employment of a minimum of three Lebanese persons provided that they are registered with the National Social Security Fund (NSSF) and that the business is registered at the MoL (Department of Employment and Regional Departments),
- ✓ An undertaking for the registration of the company as a joint-stock or limited liability company before the Commercial Register, and before the other competent administrative bodies prior to presenting the request for the prior approval or the work permit and provided that the terms of the Commercial Register or the license match the work permit with respect to the type of work, the value of the declared capital in addition to an undertaking to include the last auditor's report.<sup>41</sup>

36 See the last point of Article 3 of Decision No.1/29 of 2018.

37 Article 3 of Decision No. 1/29 of 2018.

38 European Training Foundation (ETF) (2015) [Labour Market and Employment policies in Lebanon](#), p4.

39 MoL Decision No. 205/1 of 3 October 2008.

40 Decision No. 1/221 of 5 October 2006 relating to the documents required to acquire a work permit for foreigners.

41 In practice, the MoL requires that the company be already duly incorporated and registered prior to the request under Decision No. 205 being submitted. It is understood that the MoL reviews each request on a case by case basis and has been accepting such undertakings provided that the Syrian is able to prove that they have the funds required in order to comply with the minimum capital part requirement of LBP 100,000,000 whether through a bank account, real-estate properties or others. The MoL is also currently accepting undertakings for capital increases (i.e. to meet the minimum capital part requirement of LBP100,000,000) in already established companies provided that as mentioned before, the Syrian is capable of proving that they have the funds required to meet the minimum capital part requirement imposed by the MoL.

There are also minimum quota requirements for the employment of Lebanese nationals in companies employing foreigners, namely:

- In businesses that undertake cleaning works, one Lebanese worker should be employed for each 10 foreign workers.
- In businesses that undertake construction and similar works, the proportion shall be of one Lebanese for each foreigner.
- In other businesses, the proportion is three Lebanese for each foreigner.<sup>42</sup>

The Minister of Labour may amend these quotas if it appears from the situation in the business and the nature of the work that these proportions should be increased or decreased.<sup>43</sup>

42 Article 2, Decision No. 75.

43 Article 2, Decision No. 75.



Daily Workers, Bar Elias (Photo: Nadine Mali)



Syrian Factory Owner (Photo: DFID)



## 6 | Types of Business Structures

### 6.1 Business Structures

There are a range of possible structures for doing business in Lebanon. These include persons working as sole-traders in self-employment or company structures.

For the purpose of the guide, **small business** is defined to cover individuals undertaking small commercial or simple trades with low general expenses such as traders, merchants or shop keepers outside a company structure.<sup>44</sup> The CoC provides that: *"individuals that undertake small commerce or simple trades with low general expenses such as the ambulant merchant or the merchant on a daily basis or those who operate small deliveries by land or sea, are not subject to the obligations related to commercial books or the ones related to the publishing rules required by this law."*<sup>45</sup>

**Self-employment**<sup>46</sup> can be categorized under the broader concept of entrepreneurship. As per the United Nations Conference on Trade and Development (UNCTAD), entrepreneurship *'implies the capacity and willingness to undertake conception, organization, and management of a productive new venture, accepting all attendant risks and seeking profit as a reward'*.<sup>47</sup> This definition refers to any *'individual who identifies opportunities in the marketplace, allocates resources, and creates value'* regardless of the legal structure that this individual might adopt for his business.

In fact, an entrepreneur might choose to conduct his or her professional activity by:

- ✓ Creating a company following one of the relevant business organization forms, i.e. partnership or limited company, and thus creating an entity that has a separate legal personality from the owner regardless of its size (micro-enterprises, small to medium-size enterprises (SMEs) and high-growth firms).
- ✓ Working as self-employed persons without creating a distinct entity. Under this model, self-employed persons would have an unlimited liability with respect to the business obligations as they share one combined legal and financial entity with their business.

44 Article 10 of the CoC provides that: "the individuals that undertake small commerce or simple trades with low general expenses such as the ambulant merchant or the merchant on a daily basis or those who operate small deliveries by land or sea, are not subject to the obligations related to commercial books or the ones related to the publishing rules required by this law".

45 Article 10 of CoC.

46 See definition in section seven (Self-Employment) of this guide.

47 UNCTAD (2012), [Entrepreneurship Policy Framework and Implementation Guidance](#), p1; See also on this topic with respect to Refugees and migrants, UNCTAD (2018), [Policy Guide on Entrepreneurship for Migrants and Refugees](#).



## 6 2 Company Structures

Whilst very few self-employed persons will establish company structures, it is important to set out the available options. As noted above, companies, as legal entities, can protect against unlimited liability for persons in business, under certain conditions. The main company structures under Lebanese law are as follows:

### 1. Limited Liability Companies

**Limited liability companies** are companies established between one (single shareholder) to 20 persons and formally registered with the Commercial Register. The legislative Decree No. 34 of 5 August 1967 allows foreigners to own and manage 100 percent of the shares of limited liability companies, except if the company engages in certain commercial activities such as exclusive commercial representation. The liability of partners in the company is limited by the value of their shares which, in turn, reflects the value of their financial contribution to the company. The company is regulated by the Articles of Association or Memorandum of Understanding which is drafted by the company founders and sets out roles and responsibility within the company as well as administrative and governance functions. The Articles of Association must be signed, notarised and lodged with the Commercial Register.

### 2. Joint Stock Companies

**Joint stock companies** are formed by three or more persons and must have a minimum capital of LBP 30 million. Shareholders in the company are entitled to membership of the company, have a right to participate in management decisions and a right to vote. The liability of shareholders is limited to the value of their shares. Foreign nationals may own shares in joint stock companies although two thirds of the members of the Board of Directors of the joint stock company must be Lebanese nationals.<sup>48</sup>

Other company structures in Lebanon include holding companies,<sup>49</sup> offshore companies<sup>50</sup> or branches of foreign companies operating in Lebanon.

## 6 3 Partnerships

Lebanese law recognizes two types of partnerships, namely (1) general partnerships and (2) limited partnerships.

**General partnerships** are comprised of two or more people or 'partners'. All partners are personally liable for the debts and obligations of the company. As general partnerships engage in commercial activities, they must be registered in the Commercial Register.

**Limited Partnerships** are a limited form of partnership with two types of partners. General partners own and manage the business and are liable for all debts and obligations whilst limited (or silent) partners provide financial contributions to the business but are not involved in management of the business. As such, their obligations are limited to the extent of their financial contribution.

Whilst it is not necessary for partnerships to lodge Articles of Association with the Commercial Register, it is important for partners to draft a partnership agreement which sets out their mutual obligations. Such a partnership agreement should be detailed enough to clarify arrangements between the partners and minimise the potential for future disagreement.

48 Article 144, Law No. 126 of 29 March 2019.

49 Holding Companies are governed by Decree No. 45 of 1983 and Law No. 772 of 11 November 2006.

50 Offshore companies are regulated by Decree Law No. 46 of 24 June 1983.



It should cover the following issues:

- Roles and responsibilities of partners in relation to the daily operation and administration of the business.
- The financial contributions of each partner to the business, including respective shares in the business,
- Profit sharing arrangements between the partners,
- Financial and bookkeeping arrangements, including keeping records of income and expenditures, banking arrangements, authorisation to sign and to take out loans and incur debt, auditing, liaison with tax and other government agencies including Social Security,
- Decision-making and delegated or executive power for representing the business,
- Procedures for resolving disputes,
- Arrangements for closure or winding-up of the business and dissolution of the partnership, including distribution of income and assets, repayment of financial contributions and dealing with debts and liabilities.

Such agreements might prove useful in the event of business disputes between partners.



Roof Repair, Bedawi Refugee Camp (Photo: Dar Al Mussawir/NRC)



Fashion Designer (Photo: UN Women)

## 7 | Self-Employment

### **7** **1** Self-Employment: Definition

**Self-employment** is a way of doing business regardless of the type of activity exercised and the chosen business structure. In simple words, the self-employed person might be defined as an entrepreneurial, own-account worker. Rather than being dependent on an employer and a salary provided by the latter, a self-employed person would generate income directly from clients and thus from the service or goods provided outside any subordination relationship.

Self-employment is defined by the World Bank as covering “those workers who, working on their own account or with one or a few partners or in cooperative, hold the type of jobs defined as a “self-employment jobs” i.e. jobs where the remuneration is directly dependent upon the profits derived from the goods and services produced”.<sup>51</sup>

Self-employment seems to be a rising trend in Lebanon.<sup>52</sup> In 2011, a World Bank study had estimated that 15.6 percent of the total employment in Lebanon was self-employed.<sup>53</sup> In 2020, this number was reported to be at 36.12 percent.<sup>54</sup> Similarly, it is a growing trend among Syrian refugees mainly engaging in the informal sector.<sup>55</sup> While some Syrians have taken this path out of an ‘entrepreneurial’ spirit and/or building on their previous experience in Syria, others seem to have adopted this way, more recently, as a survival mechanism.<sup>56</sup>

51 World Bank definition of self-employment as contained in [World Bank Meta Glossary](#).

52 See, Bayt.com (2021), [Bayt.com Survey: Entrepreneurship in the Middle East and North Africa](#).

53 See above, World Bank (2011), *Striving for Better Jobs. The challenge of informality in the Middle East and North Africa*, World Bank, Washington, DC, p9.

54 Lebanon - Self-employed; total (% of total employed) - actual values, historical data, forecasts and projections as sourced from the World Bank in July of 2022; Retrieved from <https://tradingeconomics.com/lebanon/self-employed-total-percent-of-total-employed-wb-data.html>.

55 This is suggested implicitly by the above reported figures which are estimated based on the total level employment in Lebanon and thus includes levels of employment of Syrians.

56 Fathallah R. (2020), [Under the Radar? How Syrian Refugee Entrepreneurs Adapt and Operate in Lebanon's Informal Economy](#), Issam Fares Institute for public policy and international affairs, AUB, p8.





In fact, the COVID-19 pandemic, coming on top of a state of general economic collapse, severely affected the livelihood of Syrian refugees amongst other groups of vulnerable workers. An ILO report<sup>57</sup> reveals that an extremely high number of employees (Lebanese and Syrians) suffered, from reduction and/or loss in their wage income due to the pandemic. This resulted in termination of work,<sup>58</sup> decrease in their working hours or cuts in their wage income by employers.

## 7 2 Examples from the Field

These various scenarios are reflected in the Focus Group Discussions (FGDs) and interviews conducted with Syrian refugees for the purpose of this research. For most of those interviewed, the successive crises have been a turning point in their work orientation as indicated by the following examples.

*'What my husband was making has become insignificant. I had to contribute to the family expenses, but no one would give me a job. So, I did what I know most, I started preparing 'Laban' (yogurt) and other dairy products and selling them to my neighbours'* says one female participant.<sup>59</sup>

Other participants reported drastic changes in their work arrangements. *'I had an agreement with my employer that included a place for me and my family to stay in, besides a monthly salary'*, explains one male participant.<sup>60</sup> He adds, *'when the crisis started, the salary started to decrease. My employer would make cuts under different justifications including the rent. I ended up being paid almost nothing. I had no other choice than to work on my own.'*

Interviewed self-employed Syrian refugees revealed working in different sectors outside any regulatory framework.<sup>61</sup> Among the participants this included: tradespersons, handymen (tailors, plumber, electricians, carpenters, tiles setters, mechanics), maintenance workers (i.e., air conditioning maintenance), cleaners, hairdressers, caterers, and daily workers accepting whatever work they could find.

A small number of the participants reported having their own shops. Most of them stated working from home or delivering services and goods in clients' houses using their personal connections to reach clients (mainly neighbours, friends, acquaintances) or through specific applications i.e., WhatsApp.<sup>62</sup> Representatives of municipalities, who were interviewed as key informants asserted however that many Syrians effectively own, either directly or indirectly, shops in their respective municipal areas.<sup>63</sup> Sometimes the shops are registered under the names of Lebanese persons or through informal agreements with particular municipalities. These shops include general retail stores, groceries, bakeries, maintenance and repair workshops.

57 The report states that 94 percent of the employed respondents from both nationalities (Lebanese and Syrians) reported large wage reductions due to discharges or cut in their working hours or income wage from the employer side; ILO (2021), *Assessing Informality and Vulnerability among Disadvantaged Groups in Lebanon: A Survey of Lebanese, and Syrian and Palestinian Refugees*, Beirut, ISBN: 9789220348833, p15.

58 In an ILO study, 84 percent of the respondents were permanently or temporarily laid-off as a result of the COVID-19 crisis. The study estimates that sixty percent of the Syrian refugees were permanently laid-off while 31 percent were temporarily laid-off; ILO (2020), *Impact of COVID-19 on Syrian refugees and host communities in Jordan and Lebanon*, Evidence Brief for policy, p3.

59 FGD, Group I, Beirut, 22 July 2022.

60 FGD, Group II, Tyre, 20 July 2022.

61 The same study (ILO; 2020) suggests that: '2020 Around one-third (35 percent) of employed Syrian refugees worked in the agricultural sector, while 19 percent were employed in construction and a total of 20 percent in retail trade/ repair industry/ other services'; ILO (2020), [Impact of COVID-19 on Syrian refugees and host communities in Jordan and Lebanon, Evidence Brief for policy](#), p3.

62 Out of 32 Syrian refugees (males and females) who participated in the FGDs, four said that they own or have owned a shop.

63 KII, Mount Lebanon, Head of Municipality, 18 July 2022; KII, South, Head of Municipality, 20 July 2022; KII, Beirut, Municipal Development Officer, 21 July 2022; KII, Mount Lebanon, Head of Municipal Police, 25 July 2022.

The private employment sector in Lebanon is regulated mainly by the Labour Law<sup>64</sup> and the Social Security Law<sup>65</sup> and their supplementary decrees,<sup>66</sup> in addition to Decree No. 1756 regulating the Employment of Foreign Persons.<sup>67</sup> The Labour Law does not define the employment contract. This definition is found in the Code of Obligations and Contracts<sup>68</sup> which describes it as *'a contract under which one of the contracting parties agrees to put up his/her work in the service and under the management of the other party, in return for a remuneration that the latter commits to perform'*.<sup>69</sup> Lebanese jurisprudence sets out three basic requirements for a contract to be characteristic of an employment relationship. These requirements, considered as *'the pillars of the employment contract'* are:

- Work.
- Remuneration
- 'Legal subordination, i.e. the employee's subjection to the employer's supervision and control and performance of any work under his management.'<sup>70</sup>

The jurisprudence considers that **legal subordination** is the most decisive criterion that differentiates a work contract from other project and service contracts.<sup>71</sup> This fundamental element is measured by the Lebanese courts through several indicators; *'the most important of which are the work centre, working hours, and the subjection of the wage earner to the employer's supervision and direction.'*<sup>72</sup> As a result, the type of work performed by the employee does not affect the description of the contract.

On this basis, a car mechanic, a tailor, a food caterer, a seller, or any other person who provides a service or goods to a client through a contractual relationship that does not represent subordination in the sense developed by the jurisprudence is a **self-employed person** and is excluded from the Labour Law and its protection.<sup>73</sup> Similarly, a daily worker who performs her/his tasks, be it for one day or few days, in an independent way and outside the direct supervision of the client is also considered as self-employed.<sup>74</sup>

Self-employed workers, both Lebanese and foreigners, are currently excluded from the formal social security system, although this was possible for Lebanese for a while in 2003.<sup>75</sup> In fact, the Social Security Law of 1963 which established the National Social Security Fund (NSSF), has a broader scope than the Labour Law and was initially intended to be inclusive of all categories of workers in the formal sector.<sup>76</sup>

64 The Labour Law was issued on 23 September 1946.

65 The Social Security Law was issued through Decree No. 13955 of 26 September 1963.

66 Other laws and decrees add to these texts, i.e., Decree No. 7993 on Trade Unions (1952) and the Law on Collective Labour Contracts, Mediation and Arbitration (1964).

67 Decree No. 1756 of 1964 regulating the Employment of Foreign Persons. For a comprehensive analysis of the Lebanese Labour Law, please see LEADERS (2019), [The Labour Sector in Lebanon: Legal Frameworks, Challenges and Opportunities](#).

68 Code of Obligations and Contracts, also known as the Civil Code, issued on 9 March 1932. Article 12 of Labour Law refers to the employment contract as defined in the general Civil Code.

69 Article 624 of the Code of Obligations and Contracts, unofficial translation.

70 Court of Cassation, Civil Chamber, Beirut, Decision No. 93, of 29 November 2018, accessed through Centre of Research and Studies in Legal Information at the Lebanese University, (<http://77.42.251.205/>).

71 Labour Arbitration Council, Decision No. 678, of 10 December 2018, accessed through Centre of Research and Studies in Legal Information at the Lebanese University, (<http://77.42.251.205/>).

72 Court of Cassation, Civil Chamber, Beirut, Decision No. 1, dated 3/01/2013; accessed through Centre of Research and Studies in Legal Information at the Lebanese University, (<http://77.42.251.205/>).

73 In addition, other categories are also explicitly excluded from the Labour Law regardless of the type of contracts (based on the type of the activity). This includes domestic workers and agricultural unions which are subject to special legislation. Labour law sets protective minimum standards for wages, dismissal, working hours, annual leave, etc.

74 It is worth noting that daily workers who perform their tasks under the direct supervision and as per the instructions of the client/employer are considered in an employment relationship in the sense meant in the labour law but are excluded from the scope of the latter (Article 7). The legislator estimated that the specificity of the daily work and worker requires a particular protective regime that still has not seen the light.

75 Lebanese Taxi drivers are an exception to this exclusion. On the general topic, see Abdo N. (2019), [Social Protection in Lebanon: From a System of Privileges to a System of Rights](#).

76 Shoufani N. (2011), Social Security Law in Brief. Explanation, Beirut, p74.

The law cites, among other beneficiaries, workers of all types of contracts, including temporary, seasonal, interns, and others types of workers. It also mentions workers who work for several employers, explicitly naming workers at sea and in ports, construction workers and workers who are not linked in any form to an employer, provided their coverage is determined by a decree issued by the Council of Ministers upon a specific procedure.<sup>77</sup> So, whilst the Social Security Law sets ambitious targets, its application remains incomplete and fragmented. Workers who are not linked to any employer are still excluded from the law at present.

Foreigners working in Lebanon are entitled to social security benefits, provided they have valid work permits and their countries of origin offer equal treatment to Lebanese workers. However, the law excludes from coverage those who do not work for a specific employer.<sup>78</sup>

## 7.4 Daily Workers

Daily workers can be considered employees if they work under the subordination and supervision of an employer for a wage, even for a short time. However, they would be considered self-employed if they are not in an 'employment relationship' as defined in the Labour Law, but work, for example, on an ad hoc basis as contractors on a short-term service contract. Daily workers or daily labourers who work on a small scale for themselves are not considered traders if they undertake small commerce or simple trades with low general expenses.<sup>79</sup>

77 Article 9 of Social Security Law. See the study published by the NSSF General Director, Karaki M. (2011), [Categories under Social Security Fund](#).

78 As per Article 9, alinea 5 of the Social Security Law.

79 Article 10 of CoC.



Construction Work (Photo: Dar Al Mussawir/NRC)



Tripoli Souk (Photo: Charles Fred)



## 8 | Registration of Traders conducting Commercial Activities

### 8 1 Commercial Activities

Any person conducting commercial activities in Lebanon must register as a trader with the Commercial Register, unless exempted by law. The CoC does not exclusively define what can be considered a 'commercial activity'. Instead, the law provides a non-exhaustive set of certain activities which considered as commercial in 'nature'.<sup>80</sup> This list includes:

- Purchasing goods and other tangible and intangible movables for the purpose of selling them for a profit, whether they were sold as they were or after being converted or transformed.
- Renting such goods.
- Manufacturing, and factories, even if associated with an agricultural investment, unless the transformation of the products is done by simple material work.
- Mining and petroleum activities.
- Public warehouses.
- Supply of products.
- Printing and publishing.
- Exchange and banking.
- Land and sea transport.<sup>81</sup>
- Public entertainment.

All activities that can be considered equivalent to these activities because of the similarity of their characteristics and purposes are also considered commercial activities.<sup>82</sup>

80 Articles 6, 7 of the CoC.

81 Depending on the size of the business, a taxi driver might be considered as a trader or someone with small craft.

82 Article 6 of CoC.



All the activities undertaken by a merchant for the needs of his or her business are also considered commercial under the law. In case of doubt the person's activities are presumed to be undertaken for commercial purposes unless proven otherwise.<sup>83</sup>

## 8 2 Traders

A person who engages in commercial activities is called a trader and must abide by the general regulations of the CoC which contains the general rules governing commercial activities as well as the conduct of persons who have taken trade as a profession.<sup>84</sup>



### Definition of Trader

Traders are defined as follows:

- Persons whose career is to undertake commercial activities.
- Companies that have a commercial object.<sup>85</sup>

In order to qualify as a trader the following conditions should be met:<sup>86</sup>

- ✓ **The person must undertake commercial activities.** In other words, the person must be undertaking commercial activities as defined by Article 6 of the CoC or equivalent or similar activities.
- ✓ **The commercial activities must be undertaken as a profession and as a main source of livelihood.** This means that the individual should practice the commercial activity in a substantial, regular, frequent, and continuous way so that s/he becomes accustomed to doing them. The person's intent must be directed towards practicing this business for profit and as a main source of livelihood.<sup>87</sup>
- ✓ **The individual must be conducting the activities independently and for his or her own account.** The commercial activities must be conducted outside a subordinate relationship that would limit their authority while carrying out such business. This is because the trader bears the risks of his or her commerce and is responsible for the debts and commitments arising from them. If a person undertakes commercial activities on someone else's account they do not bear the risks and liabilities and cannot be considered a trader.
- ✓ **The person must have the capacity to undertake commerce,** namely the authority to undertake valid legal acts. The capacity can be affected by the age of the person or by their lack of capacity, such as for young children or persons under legal guardianship or care on account of their limited mental capacity.

83 Article 8 of CoC.

84 Article 1 of CoC.

85 Article 9 of the CoC. It is worth noting that companies that have a civil object but have been established in the form of joint stock or limited partnership commandite companies are subject to all the obligations of the merchants determined in chapters two and three of the CoC and to the provisions of the concordat and bankruptcy determined in book 5 of the CoC.

86 Reference here is made to the legal writings of Edouard Eid and Christian Eid in "The Guide of Commercial Law" (الوسيط في القانون التجاري) Volume I (2007), pp 96-108.

87 State Council, Decision No. 7, 3 October 2007.





## Exemption for Traders involved in Small-Scale Commerce

An important exception to the requirement to register as a trader is contained in Article 10 of the CoC which states that **“individuals that undertake small commerce or simple trades with low general expenses such as the ambulant merchant or the merchant on a daily basis or those who operate small deliveries by land or sea, are not subject to the obligations related to commercial books or the ones related to the publishing rules required by this law.”**

**Ambulant merchants** are persons who trade on the street, markets or at temporary or mobile stands. This includes persons selling fruit and vegetables, foodstuffs, clothes, newspapers and other such items.<sup>88</sup> The exception also includes the owners of small transportation services such as the owners of service cars/taxis that undertake the transport of people or even merchandise to limited locations, or the owners of boats that undertake some transport for short distances on the coast.

The CoC does not expressly address whether persons conducting small-scale online business should benefit from the same exemption under Article 10. However, according to legal commentary, it can be assumed that the **standard** according to which the provisions of Article 10 applies is the **level of business sale and the quantities being sold**. As such, small scale online traders might benefit from this exemption.

The owners of such trades are considered traders and their activities related to the needs of their trade are considered as commercial activities. However, on account of the small scale of their work and the exemption under Article 10 they are not subject to the commitments due by the merchant such as keeping financial records and registering at the Commercial Register. According to legal writings they are also not subject to the provisions governing bankruptcy.<sup>89</sup>

## 8.3 Registration as a Trader

Physical persons can register themselves as traders at the Commercial Register of Beirut or the locality where their main business is located.<sup>90</sup> Every court of first instance has a registry managed by the clerk of the court under the supervision of the President or another appointed judge, for this purpose.<sup>91</sup> The role of the clerk is to record the data submitted by applicant without verifying its veracity.

The registration procedure is simple. After submitting the application at the Commercial Register, applicants must pay the required fees at the Ministry of Finance before going back to the Register to finalize the procedure.<sup>92</sup> The fees are approximately LBP2,500,000.

Persons who are not formally registered as traders in the Commercial Register are still considered to be traders under the law.<sup>93</sup>

88 See for example Lebanese legal commentary including, Legal writings of Edouard Eid and Christian Eid in “The Guide of Commercial Law” (الوسيط في القانون التجاري) Volume I (2007), p106.

89 See for example Lebanese legal commentary including, Legal writings of Edouard Eid and Christian Eid in “The Guide of Commercial Law” (الوسيط في القانون التجاري) Volume I (2007), p106.

90 The documents required include an application form and a declaration form to be filled by the person of concern and one photo; See the site of the [Ministry of Commerce](#).

91 Article 23 of CoC.

92 See the site of the [Ministry of Commerce](#).

93 State Council, Decision No. 179, 7 July 1978. Being a trader confers to the person a legal status as regulated by the legislator and imposes on those who acquire it certain obligations, such as keeping commercial books. As mentioned previously, similarly to other self-employed persons, traders are subject to income tax on their personal income.



## 8 4 Registration of Commercial Establishments

Traders may own **commercial establishments**, i.e. businesses, in their capacity as individuals.<sup>94</sup> Commercial establishments are regulated by the Code of Obligations and Contracts (CoOC) and Decree No. 11 of 11 July 1967. They are defined as the 'means of the commercial project' or, in simpler words, the physical space where the trader exercises their business activity and interacts with clients such as a retail store, grocery store, private office, showroom, supermarket, restaurant or other business premises.<sup>95</sup>

**Commercial establishments** consist of non-material elements (commercial name, slogan, clients) and material elements (physical space, furniture, equipment, etc.). The Commercial Register has a special register in which commercial establishments and related contracts are registered.<sup>96</sup> The registration of the commercial establishment,<sup>97</sup> should include the commercial name of the business and the subject of the trade. The registration has a declaratory effect and is intended to make public the establishment and any related act or contract that the business undertakes. In essence, it officially authorizes the commercial establishment to act as a business and engage in trade with the public.

In practice, commercial establishments are not limited to traders. Craftsmen and other professionals might choose sometimes to register as traders in order to own a 'commercial establishment' through which they can exercise their activities.<sup>98</sup>

## 8 5 Registration of Trade Names

Traders who adopt their own brand names and logos, whether on goods or services and wish to protect them from improper use must register them as trademarks.<sup>99</sup> The Ministry of Economy and Trade has launched an online registration service for trademarks available on <https://portal.economy.gov.lb/>.<sup>100</sup> The website also includes a guide to the registration process for trademarks and other intellectual property rights as well as the steps to be completed and fees to be paid. Registration is possible in person at the Ministry. In all cases, payment should be made in person.

The registration of a commercial establishment equally offers a way to protect the trade name. In fact, before completing the registration the clerk will check that the chosen name and logo are specific to the registered establishment and not used by someone else.

94 Commercial establishments are the only type of establishments, apart from company structures, that have a legal status requiring registration and which is subject to a specific legal regime. In other countries, e.g. France, there are craft establishments, for example, which are regulated by law.

95 Article 1 of Decree No. 11 of 11 July 1967.

96 Article 23 of Code of Obligations. For the steps to follow to register a commercial establishment, the required documents and fees, please see [http://cr.justice.gov.lb/com/com\\_1.aspx](http://cr.justice.gov.lb/com/com_1.aspx).

97 The Lebanese legislation does not yet recognize/regulate E-commercial establishment. The literature is trying to fill this gap by making a kind of analogy between the existing legislation and the latter. See [Lebanese Commercial Law and the Internet](#).

98 The question whether a foreigner might register a commercial establishment is not clear in the texts. The Code of Commerce provides clearly that a foreigner can register as a trader and traders can establish and register commercial establishments, which should imply that foreigners registered as traders have this possibility too. In fact, the related articles the Code of Commerce as well as the related Decree, although they do not make an explicit reference to foreigners, do not exclude them. In addition, as mentioned in a previous note, the Decision No. 1/221 relating to the Documents Required to Acquire a Work Permit for refers explicitly to the possibility of registering a commercial establishment for a foreigner.

99 Trademarks are mainly protected under the Resolution No. 2385/1924 issued on 17 January 1924 amended by the law of 31 January 1946 relating to "Regulations and Systems of Commercial, Industrial, Literary, Artistic and Musical Property in Lebanon" (the 1924 law). The 1924 Law does not explicitly protect notorious trademarks. This text is complemented by the protection offered by the provisions of two international conventions ratified by Lebanon: Paris Convention and the Madrid Agreement. These international obligations have not been translated in national laws yet.

100 The portal was launched in January 2013.





Butcher, Tripoli (Photo: Charles Fred)



## 9 | Common Requirements for All Sectors of Self-Employment

In order to work as self-employed persons in Lebanon there are **certain common requirements**. These include:

- Registration as a trader with the Commercial Register.
- Lodgement of tax declarations.
- Payment of the relevant municipal fees.

There may also be sector-specific requirements, depending upon the sector of work. In addition, foreigners must be in possession of legal residency and a valid work permit.

### 9 1 Tax Declarations

Any person working as a self-employed person in Lebanon (Lebanese and foreigner) must abide by **Lebanese tax laws and thus register with the Tax Administration**.<sup>101</sup> Based on the principle of territoriality, Lebanese income tax law imposes tax on the total income generated through any work or business activity exercised in Lebanon.

The business activity should be conducted in a normal or regular manner in Lebanon, regardless of the type of place from which it is carried out (registered or non-registered business, office, shop, home, hotel).

Every self-employed person intending to start practicing a profession or a business activity for the first time in Lebanon must make a declaration to the Income Tax Department in Beirut or in the governorate where the business activity is being conducted directly upon commencement of work.<sup>102</sup>

They may otherwise risk being considered 'undisclosed' and thus are liable to legal fines for undeclared income. Only foreigners with legal residency and a work permit can be registered for tax purposes.

101 See, Income Tax Act issued by Decree No. 144, of 12 June 1959 and its amendments including Law No. 44 of 11 November 2008 related to Tax Procedures.

102 Other tax obligations of self-employed persons include: declaring any changes or new activities to the portfolio within a two month period from the date of the change (Article 32 of the Tax Procedures Law) and keeping proper records of all sources of income. These obligations are outside the scope of this study.







## Types of Taxable Income

Taxable income is divided into three types:<sup>103</sup>

- Profits from industrial, commercial, and non-commercial professions.
- Salaries, wages and pension.
- Revenue from moveable capital.

Tax is charged on all profits generated by commercial and industrial professions and establishments as well as non-commercial or non-industrial works (liberal professions).<sup>104</sup> It is also charged on any revenue generating work that is not included under these categories if it is not otherwise subject to income tax.

Tax is charged on all profits generated in Lebanon by all types of persons, including natural (physical) persons, i.e. self-employed individuals, regardless of the place of their residence as long as the contact place with their clients is in Lebanon.<sup>105</sup> Self-employed persons such as tradespersons, handymen (tailors, plumber, electrician, carpenter, tiles setter, mechanics), maintenance workers (e.g., air conditioner maintenance), cleaners, hairdressers, caterers, and daily workers are thus obliged to pay income tax, regardless of whether they are carrying out their professional activities via an establishment (shop) or from home.



## Who makes the Declaration and When?

The commencement of work must be declared to the Tax Administration by the self-employed (taxpayer) **within two months** from the date of starting up a business activity or the date of affiliation or issuance of a license for professionals required to be affiliated to a syndicate/order. Different criteria mark the start of the two month period depending on the type of activity. The date of starting a business activity is the date of the first act that might be considered as a first business activity or income (first job, first income, engaging any employee, etc.).<sup>106</sup>



## How to submit the Declaration?

Tax Declaration forms are available on the official website of the Ministry of Finance.<sup>107</sup> A list of the required documents is also available on the website. This includes identity documents, licenses, affiliations or registration documents as relevant, and deeds, rent contracts and other documents related to the nature and the place where the activity is exercised.

103 Article 1 of Income Tax Act issued by Decree No. 144 of 12 June 1959.

104 Article 2 of Income Tax Act issued by Decree No. 144 of 12 June 1959. Commercial occupations include trade activities, grocery stores, clothes stores, etc.; Industrial occupations include car mechanics, plumbing, tailors, etc. Liberal professions include lawyers, doctors, engineers, etc.

105 Article 3 of Income Tax Act issued by Decree No. 144 of 12 June 1959.

106 For the details, please refer to the Ministry of Finance website on taxation.

107 Start of Work Form M10 and Personal Identification Form M11.



Depending on the type of business, a self-employed person must pay certain fees to the municipality in which the business is established.<sup>108</sup> Law No. 60 of 1988 related to Municipal Fees and Allowances sets the fees and allowances that municipalities determine and collect directly.<sup>109</sup> Depending on the case, one or several fees might be due. These fees include:

- **Rental value:** Residents of buildings, both tenants and/or owners, are charged an annual fee on the rental value of the place they are occupying. The term 'building' is to be understood in a broad way and encompasses any 'place' that is fixed (i.e., kiosks, cars or other vehicles that are set permanently in one place on a private land) and used for housing, trade, industry, or any other purposes.<sup>110</sup> Also included in this category are vacant lands used in non-agricultural investment. Different fees are applied depending on the nature of the occupation of the land.<sup>111</sup>
- **Meeting venues and gambling clubs:** Meeting venues and gambling clubs would appear to include institutions, and shops that can be qualified as touristic, i.e. restaurants, fast food premises, movie theatres, coffee shops, hotels, game centres and similar premises.<sup>112</sup> These places are subject to a license fee and an investment fee. The license fee is collected once upon granting the license and the investment fee is collected annually.<sup>113</sup>
- **Advertisements:** Advertisements, such as signs, relating to businesses, goods and services are subject to fees (license fees and/or investment fees) wherever they are found within the municipal area, whatever their type, and whether they are permanent or temporary.<sup>114</sup> Different fees are due depending on the type of advertisement.
- **Usage of municipal public land:** Both license and investment fees are due for persons using municipal public land for business purposes. This could include a permit given to an individual to establish a kiosk, stand or advertising sign on land owned by the municipality.<sup>115</sup> Such licenses are granted by the head of the executive authority in the Municipality within the municipal area and by the *Qaim Maqam* or the Governor outside a municipal area. In 2018 the Ministry of Interior restricted the right of municipalities to grant licenses related to kiosks and made such licensing subject to a pre-approval from the Ministry.<sup>116</sup>
- **Classified businesses:** Classified businesses are charged a licensing fee that is collected once upon granting the license.<sup>117</sup> These are industrial institutions/shops or premises which are classified by law as per their type and the level of the risk they represent to environment and neighbourhood.

The practice of municipalities in collecting these fees and issuing licenses is inconsistent with respect to Syrian refugees. Interviews conducted with representatives of municipalities reflect different understandings of these provisions and/or different applications. In any event, it is important to highlight that, licenses granted by municipalities as 'license fees' do not replace the initial licenses required under special laws, but rather add to them.

- 108 For a comprehensive overview of the topic, See, Mourad A. & Al-Siddiq Z. (2018), Citizen and Municipality Handbook, Nahnoo.
- 109 Law No. 60 related to Municipal Fees and Allowances dated 12 August 1988.
- 110 Article 3 of Law No. 60 of 12 August 1988 related to Municipal Fees and Allowances.
- 111 Article 12 of Law No. 60 of 12 August 1988 related to Municipal Fees and Allowances.
- 112 As per the non-exhaustive enumeration contained in Article 19 of Law No. 60 related to Municipal Fees and Allowances dated 12 August 1988.
- 113 Article 20 of Law No. 60 related to Municipal Fees and Allowances dated 12 August 1988.
- 114 Article 28 of Law No. 60 related to Municipal Fees and Allowances dated 12 August 1988.
- 115 Article 43 of Article 28 of Law No. 60 related to Municipal Fees and Allowances dated 12 August 1988.
- 116 Memo No. 11628 (kitab) of 28 August 2018. On 2 December 2019, a new general communication (taamim) was issued by the Minister of Interior based on the above-mentioned memo instructing the municipalities to remove all kiosks which did not have a permit or with permit are on the public way/land [Instruction dated 2 December 2019](#).
- 117 Article 53 of Law No. 60 of 12 August 1988 related to Municipal Fees and Allowances.



Air Conditioning Mechanics, South Lebanon (Photo: Racha El Daoi/NRC)



## 10 | Sector Specific Requirements

**Sector-specific requirements** exist for different businesses, depending on the nature of the business. The following section sets out key requirements for different sectors including crafts or service industries, general or classified shops, industrial premises, cafes, restaurants or hospitality venues, liberal professions, street vendors, gig workers, persons working in digital livelihoods or home-based businesses.



### 10.1 Craft or Service Industries

**Craft or service industries** cover a wide variety of occupations such as carpenters, electricians, mechanics or other skilled professions working predominantly by hand. There is no definition of craftsmen or crafts-based industry in Lebanon. The role of supporting and managing this sector was assigned to a specific directorate created within the Ministry of Social Affairs under the name of the 'Directorate of Crafts and Hand-based Industry' by Decree No. 5743 in 1994.<sup>118</sup> This directorate is divided into two branches, namely (1) the branch for the development of crafts and (2) the branch for marketing of craft products.<sup>119</sup>

It is only in 2011 that a Syndicate of Lebanese Craftsmen was founded.<sup>120</sup> With the exception of this syndicate and the limited role that MoSA is playing there is still no legal framework regulating this sector in Lebanon.<sup>121</sup>

MoSA uses a very narrow notion of crafts-based industry limited to traditional/cultural occupations.<sup>122</sup> This notion is not legally binding and differs from the one used by the Lebanese jurisprudence. Following the steps of French literature, Lebanese judges adopt a very broad approach that considers craftsmen or artisans as **'any person who is working with his hands'**.<sup>123</sup>

Similarly, the notion of craftsmen adopted by ILO is broad and includes workers relating to building, metal, machinery, printing, electrics, electronics, food processing, woodworking, garment, and laborers not elsewhere classified who are considered a 'minor group' category.<sup>124</sup>

118 In 1994 Decree No. 5743 was passed which created and organised the 'Directorate of Crafts and Hand-based Industry' within the Ministry of Social Affairs (MoSA). See Article 38 of Decree No. 5743.

119 Article 43 of Decree No. 5743.

120 Minister of Labour, Decision No.1/47 of 18 April 2001.

121 See articles 44 and 45 of the Decree No. 5743. See, Dandach R. (2021), [Creative and Crafts based Industry: An Illegal Sector at risk of vanishing](#).

122 As shown by the mapping of people working in crafts in Lebanon done by MoSA in 2000.

123 Arbitration Labour Council, Decision No. 1045, 15 November 1966.

124 ILO (2012), [International Standard Classification of Occupation. Structure, Group Definitions and Correspondence Tables \(ISCO-08\)](#), Volume 1, Geneva, p36.



Use of this extensive interpretation would cover craftsmen, food caterers (cooking, baking, selling home prepared meals, etc.), tailors, handymen and tradespeople (electricians, plumbers, tilers, mechanics), hairdressers, private drivers,<sup>125</sup> and Uber drivers.<sup>126</sup> Working in these sectors as a self-employed person does not require any specific license, with two reservations:

- To be able to work as a private driver or Uber driver, the self-employed person must have a Lebanese driving license (category private).<sup>127</sup> This requirement is not linked to the work status of the driver but rather is a general condition for any person who would like to drive a car in Lebanon.
- As per Decision No. 2734 persons working in the food industry (e.g. caterers), beauty and hairdressing, private drivers (drivers of rented cars), butchers and bakers should provide a mandatory health attestation confirming that they are not carrying any transmissible disease.<sup>128</sup> This attestation should be certified by the Official Medical Committee (Beirut) within the Ministry of Health. The attestation should be renewed every three to six months depending on the sector.<sup>129</sup>



## 10 2 General Shops or Business Premises

Traders and non-traders, such as craftsmen or even intellectual workers, can choose to have a **business centre, or 'shop'** through which they carry out their professional activities. This business space can take the legal form of a commercial establishment (regulated by the CoC) or can be simply a facility owned or rented by the self-employed person deprived of any legal status. In other words, an individual can own or rent a shop in their own name without it being registered in the Commercial Register as a commercial establishment. Depending on the nature of the activity carried out, shops and businesses might be subject to specific licenses and fees, such as municipal fees.



## 10 3 Classified Shops or Premises with Extra Requirements

There are specific procedures for **shops and premises deemed 'dangerous' or that might cause harm to health or cause nuisance**. Decree No. 21 of 1932 states that this procedure applies to warehouses, workplaces, and all commercial stores that create *'risks or danger, whether for security, good air, neighbours' comfort, public health or agriculture'*.<sup>130</sup> These premises are divided into three categories according to the risks they generate and the significance of the precautions that should be taken in the set-up phase.<sup>131</sup>

- The **first category** includes shops that **must be kept away from housing/populated neighbourhoods**.
- The **second category** includes shops that **cannot be set-up in populated neighbourhoods unless some necessary precautions are taken to prevent risks**.
- The **third category** includes shops that **create important risks for the neighbourhood or public health but are subject to general provisions established for the interest of neighbours or public health**.<sup>132</sup>

125 Outside the scope of a project (considered as a commercial activity), the private driver whom work relies rather on his skills as a driver than the car (as an asset) might be considered as a craftsman. Same goes for Uber drivers. The Taxi driver should have a different type of licence that is only accessible to Lebanese.

126 Uber drivers are still not regulated in Lebanon. What is required to work as Uber driver so far is a private driving licence and a car.

127 See site for [Types of Vehicle Licenses in Lebanon](#).

128 Article 1 of Decision No. 2734 of 10 October 1924 which is still valid.

129 Article 2 of Decision No. 2734 of 10 October 1924 which is still valid.

130 Article 1 of Decree No. 21 of 22 July 1932 as amended relating to Shops that are Dangerous or Might Cause Harm to Health or Cause Nuisance. It is unlikely for self-employed persons to establish such an establishment under their own names without going through a company (business organization form).

131 Article 2 of Decree No. 21 of 22 July 1932.

132 Article 3 of Decree No. 21 of 22 July 1932.



Shops in the first and second categories may not open unless a license/permit is granted by the governor (*Mouhafez*). Shops falling into the third category must obtain a license from the *Qaim Maqam* before commencing operations. Once granted, the license must be presented to the head of the Municipality in which the shop is established or to the *Qaim Maqam* if there is no municipality.<sup>133</sup> Failure to follow this procedure is punishable by a fine and may lead to closure of the shop.<sup>134</sup>

Illustrative Examples of Classified Shops <sup>135</sup>	
Sector	Category
Bakeries that use diesel, flammable liquids and gas as fuel	2
Bakeries that use electrical ovens or firewood	3
Sewing, when the number of used machines is above 10	2
Sewing, when the number of used machines is between 3 and 10	3
Commercial places for mixing concrete	2
Manual carpentry factories	2
Retail stores for vegetables when the area of the store is more than 3 square metres	2
Carpet washing and cleaning shops	2
Cars' mechanic and electrical repair if it is in the underground floors and the area is about 100 square meters	3
Cars' mechanic and electrical repair if it is at the level of the highway and the area is about 100 square meters	2
Car dismantling	2



10 4

## Industrial Premises

Specific regulations and requirements exist for operating **industrial premises**, such as factories, workshops, chemical plants, plants for manufacturing industrial machinery, food processing plants, building or construction materials, fuel or minerals and other equivalent industrial products.

133 Article 13 of Decree No. 21 of 22 July 1932.

134 Article 36 of Decree No. 21 of 22 July 1932.

135 Decree No. 4917 of 24 March 1994 amending the Classification of shops that are Dangerous or Might Cause Harm to Health or Cause Nuisance. This Decree has been amended by Decree No. 5243 of 5 April 2001 in its parts related to industrial activities which are outside the scope of this study.



Decree No. 21 of 1932 refers to factories and industrial establishments and there is a specific law through Decree No. 8010 relating to Procedures and Conditions for Licencing Industrial Establishments that sets out the relevant standards.<sup>136</sup> This law includes five different categories of industrial premises, all with different licensing requirements. Approvals from the Ministry of the Environment may also be necessary.

As it is unlikely that persons in small business or self-employment will be operating industrial premises, the relevant license and permit requirements are not covered by this Guide.

## 10 5 Cafes, Restaurants and Other Hospitality or Tourist Venues

'**Touristic institutions**', such as restaurants, cafes and hotels, are regulated by Decree No. 15595 relating to General Conditions for Setting and Investing in Touristic Institutions, as well as its' amendments.<sup>137</sup> A list of what is considered as a touristic institution is contained in a separate decree.<sup>138</sup> Restaurants, pubs, and any place that offers food and beverages, all types of touristic accommodation places, such as hotels or guesthouses, as well travel agencies are included on that list. Touristic institutions are subject to a specific Investment License issued by the Ministry of Tourism.<sup>139</sup>

However, small places that serve 'dry food and beverages'<sup>140</sup> and small places which do not have a dine-in service are exempted from the licensing conditions provided they have the required health certificates for the premises.<sup>141</sup>

Decree No. 15595 states that any person who fulfils the conditions required to exercise a commercial activity is eligible to apply for an Investment License.<sup>142</sup> An application, explaining the project concept along with economic and financial studies should be first submitted to the Ministry of Tourism for an initial approval (first stage approval).

The Minister of Tourism can make recommendations or suggest changes at this stage. Once granted, the initial approval must be submitted again with additional detailed documents to the Ministry with a request for the Investment License.<sup>143</sup> The tradename, logo, slogan or any other visual identification of the institution should be explicitly mentioned in the application and are also subject to Ministry approval.<sup>144</sup>

The license is personal to the applicant and can only be transferred to other parties with the approval of the Minister. Separately, the Ministry may grant a license to sell alcoholic drinks subject to certain conditions.<sup>145</sup> Any changes to the legal status of the touristic business or any other factual change must be declared to the Ministry.<sup>146</sup> The license remains in effect as long as the touristic institution is operational and fulfils the legal requirements.

Foreigners who have a work permit and a valid legal residency may apply for an Investment License provided they fulfil all the conditions required. In this case, the license is given by a decision taken by the Minister of Tourism.<sup>147</sup>

136 Decree No. 8010 of 12 June 2002 relating to Procedures and Conditions for Licencing Industrial Establishments.

137 Decree No. 15595 of 21 September 1970 relating to General Conditions for Setting and Investing Touristic Institutions. Relevant amendments include Decree No. 4221 of 18 October 2000. The word *Mouassassa* is used in the original title of the law in Arabic which might be translated more accurately by 'establishment'. However, to avoid confusion with commercial establishment, the word 'institution' is used here.

138 See Decree No. 27 for 5 August 1967 and its amendments, including mainly Decision No. 16 of 12 January 2011.

139 Touristic businesses are divided into categories depending on the size of the facilities and the services provided. Specific health and safety guidelines are set per category. Specific procedures are set to seasonal touristic institutions including those set out doors. See Decision No. 208 of 8 June 2010 relating to the conditions required to grant permits for seasonal touristic institutions.

140 'Dry food' is the literal translation of the text. By dry food is meant cold sandwiches and snacks.

141 Article 7 of Decision No. 3210 of 10 August 1974 relating to Details for Licencing Requirements for some Touristic Institutions and Related Conditions.

142 Article 1 of Decree No. 15595 of 1970.

143 Article 3 of Decree No. 15595 of 1970 sets out the documents required that should be submitted at this stage. See also Article 2.

144 Article 9 of Decree No. 15595 of 1970.

145 Article 5 of Decree No. 15595 of 1970.

146 Article 7 of Decree No. 15595 of 1970.

147 Article 4 of Decree No. 15595 of 1970.



**10 6**

## Liberal Professions

**Liberal professionals** include persons in certain skilled technical, medical, financial, legal or scientific professions such as engineers, doctors, accountants, lawyers. The ILO defines liberal professionals as those persons who *'increase the existing stock of knowledge, apply scientific or artistic concepts and theories; teach about the foregoing in a systematic manner; or engage in any combination of these activities.'*<sup>148</sup>

Practicing these occupations requires specific professional qualifications. A liberal professional is generally a self-employed individual who exercises one of these activities – intellectual, technical or care services - under their responsibility and in the interests of the client and the public.

Liberal professions are divided into two main categories:

- **Regulated liberal professions** which are subject to specific regulations governing the admission to the profession and its practice.<sup>149</sup> Under this category, professionals are supervised by a professional body and should observe strict ethical rules, such as doctors, engineers, architects, lawyers and so on.
- **Non-regulated liberal professions** which usually include intellectual and artistic workers, but also in general any profession that cannot be classified under any other categories. Whilst these professions require specific educational qualifications, their practice under the category of self-employment does not require any authorisation/permit or follow any definite procedure. This category includes for instance: private teachers, day care providers, consultants, freelancers, IT professionals, graphic designers and other general categories.

**10 7**

## Street Vendors

**Street vendors or ambulant merchants** include individuals who trade on the street, markets or at temporary or mobile stands. This includes persons selling fruit and vegetables, foodstuffs, clothes, newspapers and other such items.<sup>150</sup>

Such persons typically require municipal licenses to sell goods on the street. The local municipality has a discretionary right to determine the areas in which street vendors are allowed to practice their activities.<sup>151</sup> Street vendors should apply for a license to the municipality.

A symbolic lump sum license fee is charged, and a special badge is given to street vendor authorizing them to practice their activity in the specific location.<sup>152</sup> On 2 December 2019, a new general communication (taamim) was issued by the Minister of Interior instructing the municipalities to remove all kiosks which do not have a permit and which are on public land.<sup>153</sup>

Whilst street vendors require municipal licenses, there is no obligation on them to register as traders. The CoC exempts persons undertaking simple trades with low general expenses such as ambulant merchants.<sup>154</sup>

148 These occupations are classified by the ILO as follow: Science and Engineering Professionals; Health Professionals; Teaching Professionals; Business and Administrations Professionals; Information and Communications Technology Professionals and Legal, Social and Cultural Professionals. ILO (2012), [International Standard Classification of Occupation. Structure, Group Definitions and Correspondence Tables \(ISCO-08\)](#), Volume 1, Geneva, p109.

149 This category is usually restricted to nationals as per the specific regulation of each profession.

150 See for example Lebanese legal commentary including, Legal writings of Edouard Eid and Christian Eid in "The Guide of Commercial Law" (الوسيط في القانون التجاري) Volume I (2007), p106.

151 Article 60 of Law No. 60 related to Municipal Fees and Allowances. The Arabic text refers to 'wandering vendors' i.e. those who do not have a fixed place.

152 Articles 61-62 of Law No 60 related to Municipal Fees and Allowances.

153 Memo (*kitab*) No. 11628 of 28 August 2018. See [Instruction dated 2 December 2019](#).

154 Article 10 of CoC.



**Gig work** is work conducted on a casual, ad hoc or contract basis outside of a formal employment relationship.<sup>155</sup> Gig workers include independent contractors, online platform workers, contract firm workers, on-call workers or temporary workers who work on a sub-contracted or ad hoc basis. This can include persons working as transport or food delivery drivers, such as for Uber, Careem or Talabat or persons working in call centres. An increasing number of persons are engaged in gig work globally and it can be confusing to determine if someone is considered an employee, and covered under the Labour Law, or a contractor, and excluded from coverage under the Labour Law.

Lebanon does not have specific laws tailored to gig workers and therefore the legal status and rights of gig workers in Lebanon, similarly to daily workers, are determined based on their contractual arrangements with organisations or individuals they work for. These agreements will play a significant role in determining their rights and responsibilities. Thus, applying labour law provisions will depend on whether they are in a subordinate wage relationship with their employer through an employment contract (either written or verbal) or work independently on their own account or as sub-contracted workers under a service contract.

Persons working as gig workers who are not considered to be employees may register as traders. However, if their work or income is low cost and small scale they may be exempted under the law.<sup>156</sup> There may be other permit or licensing requirements for gig workers, depending on the nature of their business. For example, private drivers or Uber drivers require a Lebanese driving license. In any case, gig workers have the obligation to register with the Tax Administration and lodge their tax declaration.

A large and increasing number of persons work in **digital livelihoods** globally. Digital livelihoods have been defined to include four main sectors of digital work and learning including:

- Digital educational efforts and trainings in digital skills.
- Work practices on digital labour platforms and for remote employers, such as home-based freelancing and microwork.
- Work that makes use of digital skills but takes place locally outside of the digital economy.
- Small-scale digital entrepreneurialism that uses digital tools and e-commerce platforms to run and grow businesses, often from home.<sup>157</sup>

This can include a wide range of IT professionals, consultants and workers including those working in coding, web design, software engineering, data analysis, data security, database development, graphic design and many other areas.

ILO have noted that whilst digital skills training among Syrian refugees in Lebanon increased self-confidence and social cohesion, employment in the digital sector was low. A survey conducted among 542 Syrian and Lebanese participants of ILO's Digital Skills Training (DST) showed that only 13 percent were employed.<sup>158</sup> A key factor was Lebanon's "restrictive legislation, which excludes them from many professions and sectors of the economy. While freelancing over the internet presents a possible alternative in a legal grey zone, refugees also face significant barriers in accessing work online. These barriers include a widespread struggle to fulfil even the basic pre-conditions for accessing digital livelihoods: a computer, reliable internet, and digital literacy."<sup>159</sup>

155 See for example; [Gig Economy Data Hub](#) or [Wikipedia Gig Worker](#).

156 Article 10 of CoC.

157 [ILO: Digital refugee livelihoods and decent work; towards inclusion in a fairer digital economy](#), p4.

158 ILO Digital refugee livelihoods, p5.

159 ILO Digital refugee livelihoods, p5.



Persons who are not in an employment relationship but are self-employed in the digital livelihoods sector, may not need to register as traders, depending on the scale and location of their business. As liberal professionals they may not be required to obtain any licenses or permits. If they operate from a shop or office they may choose to register as a commercial establishment.

## 10 10 Home-Based Businesses

Depending on the nature of the business, it is possible that no licenses, permits or registration are necessary for persons conducting small-scale **home business**. Whilst all foreign nationals, including Syrians, must have legal residency and work permits in order to conduct any type of business in Lebanon, no additional registration is required for individuals that “undertake small commerce or simple trades with low general expenses”.<sup>160</sup> This could include persons making handicrafts or clothes for sale, persons conducting small-scale online business or persons working remotely from home or doing part-time or casual work from home. However, persons baking, cooking or otherwise involved in food production must obtain a health attestation.<sup>161</sup> Similarly, private drivers and hairdressers must obtain a health attestation. Persons working in liberal professions regulated by a Syndicate must be registered with that syndicate.

All persons who are conducting commercial activities from home that is characterized as more than small-scale are required to register as traders.<sup>162</sup>

## 10 11 Family Businesses

In Lebanon, **family businesses** are governed by the same laws and regulations as other businesses and are conducted in the same way, including through a company structure. However, in practice, family businesses are often formed using partnerships.

Using a partnership structure for a family business in Lebanon is often a strategic choice due to several reasons including the fact that:

- They are established based on trust and acquaintance.
- A partner is not allowed to dispose of his shares without the consent of all other partners.
- All partners are jointly and personally liable for the company's debts and obligations.
- No required capital is requested by law.
- They are relatively simple to set up and manage.
- They offer flexibility in terms of management and decision-making.
- They allow family members to have a more hands-on and collaborative approach.

160 Article 10 of CoC.  
161 Decision No. 2734.  
162 Article 1 of CoC.



Home-Based Sewing (Photo: Joshua Berson)



## 11 | E-Commerce

Law No 81 Relating to Electronic Transactions and Personal Data was adopted in Lebanon in 2018.<sup>163</sup> This law, which has a broad scope, introduces the concept of e-commerce for the first time in Lebanese legislation.<sup>164</sup>

E-commerce is defined in the first article of the Law as *“an activity whereby a person provides or remotely offers goods and services to another person”*.<sup>165</sup> This category includes, for instance, retail vendors who interact with their clients via any digital application (Instagram, Facebook, etc.) or any self-employed person who offers services through these means.

On the substantive level, the law does not introduce any new legal regime but rather tends to **adapt the existing legislative framework to the specificities of the digital forum**. Article 30 confirms, for example, that the traditional principle of freedom of commerce remains applicable in electronic commerce, to the extent permissible by law.

Another example is Article 4 which provides that trade books are governed by the relevant provisions in the CoC. The few new obligations introduced by this law on anyone practicing e-commerce through a digital forum aim at **protecting internet clients and consumers** i.e. the right of permanent access to information related to the trader/business owners and allowing a quick identification of the person sitting ‘behind the computer’ or the website owner.

For the remainder of e-commerce, the law declares that *“all matters related to e-commerce and not mentioned in the present law shall be governed by the applicable laws, particularly the Code of Commerce, the Code of Obligations and Contracts, the Civil Procedure Law and the Consumer Protection Law”*.<sup>166</sup>

Similarly, on the procedural level, the Law gives electronic writings, such as contracts, emails, or digital messages, the same legal effect as written documentation and paper signatures and submits them to the relevant applicable laws including the Lebanese Civil Procedure Code.<sup>167</sup>

163 The law was adopted on 10 October 2018; Lebanese Republic, Official Gazette, issue No. 45 of 18 October 2018, p4567.

164 The Law focuses on 3 main topics: e-commerce; electronic writings and personal data protection. Al Zeenni A. (2019), [The ‘E-Transactions’ Law of 10 October 2018, the Problem or the Solution?](#), Eptalex ATLF Beirut.

165 Law No. 81 Relating to Electronic Transactions and Personal Data. Non-official translation.

166 This law has been amended by the Law on E-Transactions.

167 Article 4 of Law No. 81 Relating to Electronic Transactions and Personal Data.





Food Preparation (Photo: Racha El Daoi/NRC)



## 12 | General Business Obligations

Small business owners and traders should be aware of their **general business and contractual rights and obligations under Lebanese law**. Self-employed persons, both Lebanese and non-Lebanese, are excluded from the Labour Law and are instead covered by the Code of Obligations and Contracts (CoOC).<sup>168</sup>

This is also true for traders when dealing with non-traders, i.e. clients. Most commercial activities or relationships are governed through project or manufacturing contracts under the CoOC.<sup>169</sup> These contracts cover the following:

- Agreements where a party commits to provide a service for the other party in exchange for an appropriate remuneration determined in accordance with the importance of the service required.
- Agreements where a craftsman or a liberal professional commits to offer their services to the other contracting party.
- Agreements where a teacher commits to perform the profession for the benefit of an institution or a private person.
- Agreements relating to transportation.

The formation of contractual relations between parties through such contracts as well as the enforcement and termination of these specific type of contracts and in general the rights and obligations of the parties are governed by the general provisions of the CoOC<sup>170</sup> as well as specific provisions in the CoOC relating to the client-trader relationship, purchase contracts,<sup>171</sup> and lease contracts.<sup>172</sup>

Other laws and regulations may be of relevance to self-employers persons and small business owners. These include issues such as banking and finance, property leases, customs, imports and exports and industry health and safety standards.

The Consumer Protection Law sets out the rights of consumers to goods and services of a certain standard as well as the obligations of vendors to ensure goods and services meet those standards.<sup>173</sup>

168 See this study above Self-employment and Labour Law.

169 Article 624 of the Civil Law covers "Project or manufacturing contracts" (عقد المقاولة أو إجارة الصناعة).

170 Articles 624 to 628 and Articles 657 to 689 cover general obligations between parties.

171 Articles 372 to 498 of the Civil Law.

172 Articles 533 to 623 of the Civil Law.

173 Consumer Protection Law No. 659 of 2005.



Regular civil courts have jurisdiction to hear any claims resulting from the contractual relationship of a self-employed person with a client or a consumer. However, parties must prove the factual, legal and evidentiary basis of the claim in accordance with civil procedural standards as established in the law.

These courts are regulated by the Code of Civil Procedure<sup>174</sup> and its amendments as well as the Law on the Judicial System<sup>175</sup> and the Law Governing the Organisation of the Courts.<sup>176</sup> Self-employed persons can claim their rights successively in front of three levels of court jurisdiction: the first level courts; the second level courts (Court of Appeal); and the Supreme Court of the judicial order, the Court of Cassation which is based in Beirut.



## 13 | Main Challenges and Coping Mechanisms



### 13.1 Lebanese Economic Crisis

More than decade after the start of the Syrian crisis, 'Lebanon remains at the forefront of one of the worst humanitarian crises of our time and continues to host the highest number of displaced per capita and per square kilometre in the world'.<sup>177</sup> The Government of Lebanon (GoL) sets the number of Syrians who have taken refuge on Lebanese soil at 1.5 million Syrians, including 789,842 persons registered with UNHCR as of June 2022.<sup>178</sup> To these numbers add around 257,000 Palestinian Refugees currently residing in Lebanon (PRL)<sup>179</sup> and 31,400 Palestinian Refugees from Syria (PRS).<sup>180</sup> The arrival of Syrian refugees has increased the pressure on the country's economy including the labour market.<sup>181</sup> Authors seem however to agree that Syrian refugees arrived to an economy that was already facing 'structural problems long before their arrival'<sup>182</sup> creating thus a "humanitarian crisis within an economic crisis".<sup>183</sup>

In 2019, Lebanon's economy collapsed resulting in widespread civil demonstrations and since then, Lebanon seems to be 'sinking into one of the most severe global crises episodes'.<sup>184</sup> Starting March 2020, the COVID-19 outbreak, and related measures taken by the Government of Lebanon (GoL) have further aggravated an already tumultuous situation.<sup>185</sup> The Beirut Port explosion on 4<sup>th</sup> August 2020 has added a heavy list of loss in terms of death toll and material damage.<sup>186</sup>

174 Decree Law No. 90 of 16 September 1983.

175 Decree Law No. 150 of 16 September 1983.

176 Decree No. 7855 of 16 October 1961.

177 Government of Lebanon and United Nations (2021), [Lebanon Crisis Response Plan 2022-2023](#), p5.

178 [UNHCR Syria Regional Refugee Response: Lebanon](#). Data updated to 23 September 2023.

179 See Government of Lebanon and United Nation (2021), [Lebanon Crisis Response Plan 2022-2023](#), p5. However, the official number of Palestine Refugees registered with UNRWA in Lebanon as available on the [UNRWA Lebanon](#) page is 479,000 PRL.

180 See [UNRWA Lebanon](#).

181 See, among other publications, Brun C., Fakh A., Shuayb M., and Hammoud M. (2021), World Refugee & Migration Council, [The Economic Impact of the Syrian Refugee Crisis in Lebanon. What It Means for Current Policies](#). ILO (2014), Assessment of the Impact of Syrian Refugees in Lebanon and their employment profile, ILO Regional Office for Arab States - Beirut: ILO, 2014, ISBN 9789221266769. Errighi L. & Griesse Jorn (2016), [The Syrian Refugee Crisis: Labour Market Implications in Jordan and Lebanon](#), Discussion Paper 029, European Commission, ISSN 2443-8022.

182 Kabbanji, L., and Kabbanji, J. (2018), [Assessing the development-displacement nexus in Lebanon](#) Vienna: International Center for Migration Policy Development, p15, See also Baumann H. (2019). The Causes, Nature, and Effect of the Current Crisis of Lebanese Capitalism, Nationalism and Ethnic Politics, 25:1, 61-77, DOI: 10.1080/13537113.2019.1565178.

183 Government of Lebanon and United Nations (2021), [Lebanon Crisis Response Plan 2022-2023](#), p5.

184 World Bank (2021), Press Release, [Lebanon Sinking into One of the Most Severe Global Crises Episodes, amidst Deliberate Inaction](#).

185 UNHCR and World Bank Group (2020), Compounding Misfortunes. Changes in Poverty since the onset of COVID-19 on Syrian Refugees and Host Communities in Jordan, the Kurdistan Region of Iraq and Lebanon, p4.

186 Based on a Human Rights Watch report: 'The Beirut port explosion killed 218 people [...]. It wounded 7,000 people, of whom at least 150 acquired a physical disability; caused untold psychological harm; and damaged 77,000 apartments, displacing over 300,000 people. There was extensive damage to infrastructure, including transport, energy, water supply and sanitation, and municipal services totalling US\$390-475 million in losses. According to the World Bank, the explosion caused an estimated \$3.8-4.6 billion in material damage'. Environmental damages and those encountered by the productive sectors and businesses relying on the port as a main entry and exist point to their import activities are to be added to this list. See, Human Rights Watch (2021), [They Killed Us from the Inside. An Investigation into the August 4 Beirut Blast](#).



As per June 2021, the World Bank estimated that 'more than half of the population is likely below the national poverty line'<sup>187</sup>; rising unemployment rates in addition to local currency inflation and falling purchasing power being among the negative effects of this multi-faceted crisis.<sup>188</sup> In the midst of this vulnerable population are the Syrian refugees<sup>189</sup> and other migrant workers who have been driven into deeper 'levels of vulnerability and informal employment'.<sup>190</sup>



## Refugee Entrepreneurship

Against, and despite, this background, there is a growing interest in researching refugee entrepreneurship globally as well as locally.<sup>191</sup> Recent studies seeking to shed light on the context and characteristics of Syrian refugees' start-ups in Lebanon denounce 'the unclear laws, and weak and fragmented policy enforcement'<sup>192</sup> which makes it difficult to set a comprehensive and clear framework for such professional activity.<sup>193</sup> As such, it is important to outline the regulatory regime and available procedures that Syrian refugees, as foreigners, could follow in Lebanon in certain sectors of self-employment, despite well-known challenges related to acquiring valid legal residency, work permits and restrictions on their access to work.

There are a number of reasons for this. Firstly, the informal self-employment sector is a significant part of the Lebanese economy and should be studied. Secondly, it is important for refugees to understand the legal rules and requirements for self-employment, even if they may not be eligible at present. They can then make an informed decision about the risks of engaging in this work. Thirdly, considering labour market changes and needs in certain sectors, such as health workers during the COVID pandemic, it is hoped that new opportunities and/or relaxation of certain requirements may occur in host countries throughout the region, including in the sector of self-employment. Finally, some data is available to suggest that refugee entrepreneurship may not just contribute to the local economy and local jobs but grow the local economy.



## Gender Dimensions

The significant disparity between working men and women in Lebanon should also be noted. In 2018 the labour force participation rate by women was 23 percent, although only 7 percent of Syrian women were working. Key reasons for not working cited by women included cultural reasons (29 percent), the need to take care of children and adults in the households (23 percent and 24 percent), and the lack of skills and experience to apply for jobs (19 percent).<sup>194</sup> Commentators have noted that Syrian women are more likely to work in hairdressing and cosmetics, tailoring, or any other home-based business. Due to social norms and child care and household responsibilities, women are more likely to work from home or to operate their businesses out of sight or in concealed shops.<sup>195</sup>

187 Lebanon is identified by the World Bank as a 'Fragility, Conflict & Violence (FCV) State— there is growing wariness of potential triggers to social unrest'; World bank (2021), Press Release, [Lebanon Sinking into One of the Most Severe Global Crises Episodes, amidst Deliberate Inaction](#). See also, World Bank (2022), [Lebanon Economic Update April 2022](#).

188 ILO (2021), [Assessing Informality and Vulnerability among Disadvantaged Groups in Lebanon: A Survey of Lebanese, and Syrian and Palestinian Refugees](#), Beirut, ISBN: 9789220348833, p15.

189 Palestinian refugees registered with UNRWA in Lebanon fall also under this category but outside the scope of this research. For a summary on this topic see, ILO (2014), [The Work of Palestinian Refugees in Lebanon is a Right and a Common Interest](#), Policy Brief.

190 ILO (2021), [Assessing Informality and Vulnerability among Disadvantaged Groups in Lebanon: A Survey of Lebanese, and Syrian and Palestinian Refugees](#), Beirut, ISBN: 9789220348833, p8.

191 Fathallah R. (2020), [Under the Radar? How Syrian Refugee Entrepreneurs Adapt and Operate in Lebanon's Informal Economy](#), Issam Fares Institute for public policy and international affairs, AUB.

192 Fathallah R. (2020), [Under the Radar? How Syrian Refugee Entrepreneurs Adapt and Operate in Lebanon's Informal Economy](#), Issam Fares Institute for public policy and international affairs, AUB, p8.

193 Alexandre L., Salloum C. & AlAlam A.F. (2018), An Investigation of Migrant Entrepreneurs: the Case of Syrian Refugees in Lebanon January 2019, *International Journal of Entrepreneurial Behaviour & Research* 25(1) DOI:10.1108/IJEER-03-2018-017. See also, Editorial Board (2013) *Entrepreneurship & Regional Development*, Taylor & Francis Journals, vol. 29 (9-10), pages 847-868.

194 ILO, Lebanon: [Lebanon: Public works for women's empowerment, refugee livelihood promotion and host community development](#).

195 Fathallah R. (2020), [Under the Radar? How Syrian Refugee Entrepreneurs Adapt and Operate in Lebanon's Informal Economy](#), Issam Fares Institute for public policy and international affairs, AUB, p19.



On account of the difficulties in obtaining legal residency and work permits in Lebanon, a large number of Syrians work informally, both as wage-employed and self-employed persons. **Informal employment** covers *'all remunerative work [...] that is not registered, regulated, or protected by existing legal or regulatory frameworks, as well as non-remunerative work undertaken in an income-producing enterprise'*.<sup>196</sup>

The significant predominance of informal employment is not specific to one sector – although it is symptomatic of the agricultural and seasonal sectors - nor to a sole workers group.<sup>197</sup> A large number of Syrians work as informal day labourers in Lebanon. Such work can be considered self-employment, but only if the day labourers work independently and are not in a sub-ordinate relationship or under the direct supervision of an employer.

The challenges faced by the labour market in Lebanon pre-existed the influx of Syrian refugees into country. ILO reports<sup>198</sup> count these challenges not only in terms of unemployment rates and limited creation of job opportunities,<sup>199</sup> but also in terms of precarious working conditions, low female participation and fragmented and insufficient social protection coverage and above all high rates of informality.<sup>200</sup>

'Informality is principally a governance issue' explain experts.<sup>201</sup> In Lebanon, it can be traced back mainly to inadequate legal and regulatory frameworks, lack of enforcement of laws and regulations and inappropriate social protection policies which seem to discourage workers from engaging in the formal sector. Already in 2011, a World Bank study estimated that 65.5 percent of the labour force was not contributing to social security while 15.6 percent of the total employment was self-employed.<sup>202</sup>

Syrian workers have always been part of the Lebanese labour mosaic. Since the 1940s, Syrian workers have pursued work in Lebanon, mainly in the agriculture<sup>203</sup> and construction sectors.<sup>204</sup> Starting in 1993, bilateral agreements for economic and social cooperation and coordination<sup>205</sup> between Syria and Lebanon have allowed Syrian nationals to freely enter, reside and work in Lebanon.<sup>206</sup> This flexibility in dealing with Syrian workers was motivated by Lebanon's need for this type of cheap and low-skilled labour in the absence of similar Lebanese labour. Since that time the agricultural sector has suffered from the lack of any specific regulatory framework.

196 This definition was adopted in 2003 at the 17<sup>th</sup> International Conference of Labour Statisticians at the ILO (17<sup>th</sup> ICLS) guidelines; See [Statistical definition of informal employment](#).

197 In 2012, a study suggested that '20 percent of the total labour force is informal wage employment,' while 'another 30 percent is self-employed in low productivity activities and is also not covered by the mandatory programs'; Middle East and North Africa Human Development Group (MNSHD) (2012), Republic of Lebanon. Good Jobs needed. The Role of Macro, Investment, Education, Labor and Social Protection Policies (Miles), Report No. 76008-LB, p3.

198 Ajluni S. & Kawar M. (2015), [Towards Decent Work in Lebanon: Issues and Challenges in light of the Syrian Refugee Crisis](#), ILO Regional Office for Arab States, Beirut, ISBN: 9789221299530.

199 See also on this topic, Middle East and North Africa Human Development Group (MNSHD) (2012), Republic of Lebanon. Good Jobs needed. The Role of Macro, Investment, Education, Labor and Social Protection Policies ("Miles"), Report No. 76008-LB.

200 Middle East and North Africa Human Development Group (MNSHD) (2012), Republic of Lebanon. Good Jobs needed. The Role of Macro, Investment, Education, Labor and Social Protection Policies (Miles), Report No. 76008-LB, p3.

201 ILO (2014), [Transitioning from the Informal to the Formal Economy](#), Report V(1), International Labor Conference, 103<sup>rd</sup> Session, Geneva, p7.

202 World Bank (2011), [Striving for Better Jobs. The challenge of informality in the Middle East and North Africa](#), World Bank, Washington, DC, p9.

203 Turkmani N. & Hamade K. (2020), [Dynamics of Syrian Refugees in Lebanon's Agriculture Sector](#), Issam Fares Institute for Public Policy and International Affairs, American University of Beirut.

204 See, Chalcraft J. (2009), [The Invisible Cage: Syrian Migrant Workers in Lebanon](#), Stanford Studies in Middle Eastern and Islamic Societies and Cultures, (Stanford, Calif.: Stanford University press), p336.

205 Three bilateral agreements between Lebanon and Syria provided special rights and privileges for Syrian residents and workers in Lebanon: the 1993 Agreement for Economic and Social Cooperation and Coordination between Lebanon and Syria, the 1993 Agreement Regulating the Entry and Movement of Persons and Goods between Lebanon and Syria, and the 1994 Bilateral Agreement in the Field of Labour between the Government of the Syrian Arab Republic and the Government of the Lebanese Republic. These agreements set out principles of free movement of goods and people, and granted freedom of work, residence, and economic activity for nationals of both countries. Since the beginning of the Syrian conflict, it has also governed the entry of Syrian refugees into Lebanon via official border crossings.

206 In principle, Syrians were not exempted from the requirement to obtain work permits. In practice, however, few would apply for a permit and authorities were allowing it.

Agricultural workers are explicitly excluded from the labour law benefits and are thus left to informal work arrangements that come with poor working conditions;<sup>207</sup> lack of work contracts, long working hours, low paid wages, unsafe working environments, and the lack of access to social protection including paid leave days and health care.<sup>208</sup>

Syrians arriving to Lebanon after 2011 have continued to seek work in the informal sectors<sup>209</sup> as they constituted a relatively easy outlet for livelihoods. In fact, restrictions imposed by the GoL and the General Security Office (GSO) on Syrian refugee's legal residency starting 2014,<sup>210</sup> coupled with periodic decisions by the Minister of Labour indicating the sectors in which Syrians are allowed to work, have made their access to the formal labour market extremely constrained. More recently, with the successive economic crisis and the decrease in humanitarian assistance, more Syrian refugees have found themselves obliged to enter the labour market, increasing levels of informality and reducing wages.<sup>211</sup> An ILO study of 2020 noted that Syrians '*recorded extremely high rates of informality*', i.e. 93.9 percent, of total employment. In comparison '*64.3 percent of Lebanese workers from vulnerable households were in informal employment*'.<sup>212</sup> The fact is most of these workers find themselves trapped in jobs that are far from the requirements for '*decent work*'<sup>213</sup> and at high risk of exploitation.<sup>214</sup>

### 13 3 Examples from the Field

During FGDs and interviews conducted for the purpose of this study, Syrian refugees reported many challenges resulting from their status as self-employed persons. The main challenges were the following:

- **Finding a sponsor:** As per the 2005 GSO regulations, Syrian refugees who are working are required to renew their legal residency through a sponsorship arrangement. Participants reported having challenges in finding a sponsor since they are self-employed. Whilst it might seem contradictory to require a 'work' sponsor for someone who is self-employed, the sponsor does not need to be a Lebanese employer but can be a Lebanese national who is prepared to give an undertaking of support for a Syrian. Often sponsors ask for payment from refugees in return for sponsorship. Without a sponsor, the GSO refuses to renew legal residency for those who wish to work. In the words of one Syrian respondent '*The [GSO] looked at my hands and said to me that these hands are working. They took my documents and gave me a green document and asked me to come back with a sponsor*'.<sup>215</sup> Other participants identified Lebanese individuals who were prepared to sponsor them but they could not pay the fees requested by the potential sponsors. '*Whilst I can barely manage to pay the renewal fees, how am I supposed to pay 50 USD or 100 USD to the sponsor?*'<sup>216</sup> asked one male participant.

- 207 'Refugee agricultural workers in Lebanon, however, describe feeling trapped in jobs with no security or contract, minimal wages, long working hours, lack of protection, exposure to multiple health hazards, bad working conditions, and cyclical poverty'; Turkmani N. & Hamade K. (2020), [Dynamics of Syrian Refugees in Lebanon's Agriculture Sector](#), Issam Fares Institute for Public Policy and International Affairs, American University of Beirut, p4.
- 208 Several studies look at the agricultural sector in Lebanon and examine the exploitation faced by Syrian refugees. Among others, LEADERS (2019), [Working Conditions in the Construction, Food Services and Agro-Industry Sectors in the Bekaa Valley](#); Habib R. (2019), [Survey on Child Labour in Agriculture in the Bekaa Valley of Lebanon: The Case of Syrian Refugees](#), Beirut, ISBN 978-9953-586-47-2.
- 209 ILO suggests that 24 percent of Syrian refugees in Lebanon work in the agricultural sector, with 70 percent of those distributed between Akkar, (34 percent) and Beqaa (36 percent); See, ILO (2014), [Assessment of the Impact of Syrian Refugees in Lebanon and their employment profile](#), ILO Regional Office for Arab States - Beirut: ILO, 2014, p25.
- 210 Janmyr M. (2016), [Precarity in Exile: The Legal Status of Syrian Refugees in Lebanon](#), *Refugee Survey Quarterly*, p35, 58–78.
- 211 See, LEADERS (2019), [Dignity at Stake: Challenges to accessing Decent Work in Lebanon](#).
- 212 See, ILO (2020), [Impact of COVID-19 on Syrian refugees and host communities in Jordan and Lebanon](#), Evidence Brief for policy, p9.
- 213 Decent work has been defined by the International Labour Organization and endorsed by the international community as being productive work in conditions of freedom, equity, security and human dignity; Ajluni S. & Kawar M. (2015), [Towards Decent Work in Lebanon: Issues and Challenges in light of the Syrian Refugee Crisis](#) Beirut, ISBN: 9789221299530, p2. See also, ILO (2020), [Employment and Decent Work in Refugee and Other Forced Displacement Contexts: Compendium of ILO's Lessons Learned, Emerging Good Practices and Policy Guidance](#).
- 214 ILO (2019), [Labour Force and Household Living Conditions Survey \(LFHLCs\) in Lebanon 2018-2019](#).
- 215 FGD, Group II, Tyre, 20 July 2022.
- 216 FGD, Group II, Tyre, 20 July 2022.



- **Restricted access to livelihood opportunities:** Participants, who suffer from restricted freedom of movement because of their limited legal status reported similar restrictions on their access to livelihoods. This challenge was highlighted by daily workers who actively seek work wherever it is found and those who provide their services at the clients' premises. *'I move in a very limited geographical area. Finding work on regular basis is not possible unless I take risks and venture outside my safe perimeter'*<sup>217</sup> said one of the participants who reported being detained seven times since 2006. Other participants working from home reported equal challenges in reaching a client base because of their irregular situation. Most of these participants stated that they rely on their personal connections when reaching out. A female FGD participant stated that *'I work from home and few people knows about me. Mainly I work for neighbours and friends which limits any perspective for me to generate regular income or to expand.'*<sup>218</sup>

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- **Shortage in supply and raw materials:** Whilst most participants highlighted the advantages of being self-employed in terms of flexibility and independence, several participants working from home expressed concerns about shortage in terms of supply of the materials necessary to provide their services. Female participants working in tailoring reported that sometimes they are unable to finish the work because of power cuts and the cost of power. This was also reported by female participants who work as hairdressers and male participants working as motorcycle repair mechanics from home. A female participant who used to work as food caterer explained that, due to inflation, she could no longer afford to buy the necessary ingredients to prepare the orders. She changed her procedures by asking clients to provide the ingredients which has drastically affected her income.

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- **Informality and access to legal remedies:** Due to the fear of being arrested for those without legal residency or the fear of having their businesses shut down for participants who work informally, all participants and interviewees stated that they do not approach local authorities to claim their rights. Trapped in an unbalanced service provider – client relationship, most of the participants reported having to deal with exploitative clients that would refuse to pay the service provided or pay it at their convenience. While this trend was reported mostly while dealing with Lebanese clients, some participants faced a similar challenge with PRL. *'Even if I approach authorities'* explained one male participant *'how am I going to prove what I am saying? I am not even supposed to be working.'*<sup>219</sup> A female participant stated, *'I spent 3 days working on clothes for one of my neighbours. After I delivered them, she sent her daughter to pay me with some bread and an old home-cooked meal. She knows I can do nothing about it'.* She adds. *'I asked her to take them back to her mom, at least that I was able to do'.* This finding was mirrored in the interviews with lawyers working as consultants with NRC/ICLA. Two of the lawyers stated that they rarely get to negotiate or mediate in a dispute with clients on behalf of Syrian beneficiaries who are scared of the potential consequences if they raise a dispute with a Lebanese national.

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- **Tensions with host community:** Participants reported being subject to harassment from some host community members especially those who own similar businesses. Examples given include spreading defamatory information about the business of the Syrian refugee, denunciation and complaints to the municipality or local authorities about the refugee citing different reasons i.e. illegality of the business, nuisance, risk to the public health etc. Representatives of municipalities confirmed that they receive complaints relating to Syrian refugees' shops and businesses on a regular basis. One head of municipality asserted that he relies on Lebanese citizens to identify illegal Syrian shops. Other participants reported that authorities, namely GSO or the Ministry of Labour, conduct spot-checks to ensure that Syrians are working legally with work permits.

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- **Lack of knowledge of regulatory framework for self-employment in Lebanon:** Few participants had any information about the legal requirements or steps that they should follow to formalize their business. Whilst most participants had no interest in understanding the laws and regulations if they do not have valid legal residency, none of those interviewed knew where to access this information if they wanted to.

217 See Case Study 2.

218 FGD, Group I, Tyre, 20 July 2022.

219 FGD, Group II, Tyre, 20 July 2022.







## Negative Coping Mechanisms

In an attempt to adapt to these challenges, participants reported adopting a series of negative coping strategies which may expose them and their families to harm. These strategies included:<sup>220</sup>

- **Limiting exposure and restricting movement the client base:** Operating from home was reported as the most common technique. Many Syrians felt that, despite its limitations, this was the most efficient way to remain under the radar of the authorities. As a complementary means, some participants said they worked only with Syrian and Palestinian clients. *'I minimize the risk of being exploited on one hand, and on the second hand I avoid being denounced by an angry Lebanese doing the same type of work'*<sup>221</sup> said a participant working as a tailor. Others would open shops in big areas where people do not know each other. *'I have been in Lebanon for many years. I know how to talk like a Lebanese. People do not suspect that I am Syrian, at least so far'*<sup>222</sup> shared one male participant. Another female participant established her shop in a Palestinian camp whilst others chose to open their business in other areas where Lebanese authorities do not enforce the law.
- **Disguised employment relationship:** Participants who own shops reported being able to do so through a disguised relationship of employment with a Lebanese party. The most common scheme was to register the shop under the name of Lebanese person whilst the Syrian refugee, who was the real owner of the shop, was declared to be a simple employee.

220 These findings are consistent with findings generated by a prior study on the same topic. See, Fathallah R. (2020), [Under the Radar? How Syrian Refugee Entrepreneurs Adapt and Operate in Lebanon's Informal Economy](#) Issam Fares Institute for public policy and international affairs, AUB, p8.

221 FGD, Group I, Beirut, 22 July 2022.

222 FGD, Group II, Beirut, 22 July 2022.



Shepherd, Bekaa (Photo: Elias Abu Ata)





Lebanese Flour Mill (Photo: UN Women)



## 14 | Information and Available Resources

- Ajluni S. & Kwar M. (2015), [Towards Decent Work in Lebanon: Issues and Challenges in light of the Syrian Refugee Crisis](#) ILO, ILO Regional Office for Arab States, Beirut, ISBN: 9789221299530.
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The logo for the Norwegian Refugee Council (NRC), consisting of the letters 'NRC' in white on an orange square background.

**NRC**

NORWEGIAN  
REFUGEE COUNCIL

A photograph of two women in a kitchen. The woman in the foreground is wearing a black hijab and a black jacket with 'REFI' on it. She is smiling at the camera. The woman in the background is wearing a leopard print top and a dark blue headscarf, and is leaning over a counter. There are several large pots on the counter, one containing yellow lentils and another containing chickpeas. There are also some cans and a blue bucket in the background.

# Self-Employment and Small Business Guide

**For Lebanon**