

**Law No. (7) of 1378 FDP (2010 AD)
on income taxes**

The General People's Congress,

- In implementation of the resolutions of the Basic People's Congresses in their annual session of 1377 FDP;

Upon review of:

- The Declaration on the Establishment of the Authority of the People;
- The Great Green Charter of Human Rights in the Jamahiriyan Era;
- Law No. (20) of 1991 AD on the promotion of freedom;
- Law No. (1) of 1375 FDP on the rules of procedure of the People's Congresses and the People's Committees;
- The Code of Civil and Commercial Procedure;
- Law No. (2) of 1986 AD on real estate tax;
- Law No. (28) of 1369 AD on livestock tax;
- Law No. (11) of 1372 FDP on the Income Tax Law;

formulated the following Law:

**Part (1)
General Provisions**

Article (1)

All income in the Great Socialist People's Libyan Arab Jamahiriya resulting from any assets located therein, tangible or intangible, or from any activity or work therein shall be subject to tax.

Income from abroad shall be subject to tax in the cases set out in this Law.

Article (2)

Tax shall be assessed based on a declaration submitted by the taxpayer on their income. The tax must be paid on the basis of this declaration after the deadline set for submission thereof on the dates referred to in Article (19) of this Law.

Article (3)

The final tax assessment for each taxpayer shall be based on the declaration referred to in the preceding Article if the declaration is accepted by the Authority. In this case, the assessment may not be challenged.

Article (4)

Without prejudice to the penalties set out in this Law, if a taxpayer fails to submit the declaration referred to in Article (2) of this Law, the Authority may estimate the income as it deems appropriate and assess the tax based on this estimate, in accordance with the controls set out in the implementing regulations.

Article (5)

In all cases, the Authority must notify the taxpayer of the tax assessment and payment dates. Taxpayers have the right to file a grievance against this assessment before the preliminary committee within forty-five days from the date of notification.

Article (6)

Decisions on grievances submitted by concerned parties against tax assessment declarations and penalties imposed under Part (4) of this Law shall be made by preliminary committees to be formed under a decree from the Secretary. This decree shall also specify the committee's headquarters, areas of jurisdiction and the remuneration of its members.

Each committee shall be headed by a judge from the court of first instance in whose jurisdiction the committee's headquarters is located, to be selected by its general assembly, and two members who are employees of the Planning and Finance Sector, each holding a grade not lower than nine, provided they are not employees of the Tax Authority.

The formation may include a number of alternate members.

The committee shall rule on grievances within a period of not more than two months from the date the grievance was submitted.

Article (7)

Preliminary Committees shall hold competence to rule on all points of disagreement between the taxpayer and the Authority.

Article (8)

Grievances shall be submitted pursuant to a claim filed by the taxpayer to the secretariat of the preliminary committee against a receipt, accompanied by a statement indicating payment of a fee of one-half percent (1/2%) of the disputed tax, provided that such is not less than ten LYD.

The committee secretary shall send a copy of the grievance claim to the Authority, which shall provide its opinion thereon within thirty days from the date it is notified of the claim. The committee chairman shall set the date for review of the grievance, provided both the taxpayer and Authority are notified of such at least one week prior thereto.

When the committee issues a decision in their favour, the taxpayer shall be refunded the fee paid for the grievance. In the event of a partial ruling in the taxpayer's favour, the committee shall determine the portion of the fee to be refunded.

The committee may ask the Authority and the taxpayer to submit the data and papers it deems necessary. Authority employees and taxpayers may appear before the committee, and taxpayers may assign a third party to represent them before the committee.

Article (9)

Committee meetings shall not be valid unless attended by all members thereof. Committee sessions shall be confidential. Committee decisions shall be issued by majority and must be substantiated and signed by the chairman and members of the committee within thirty days from the issue date.

The committee secretary shall notify both the taxpayer and the Authority of its decisions.

Article (10)

The tax shall be due upon the taxpayer's notification of the preliminary committee's decision, even if it is challenged.

Article (11)

Both the Authority and the taxpayer shall have the right to challenge preliminary committee decisions before the appeals committee referred to in the following Article, within fifteen days from the date they are notified of the decision.

Article (12)

Challenges submitted against preliminary committee decisions shall be ruled on by one or more appeals committees formed under a decree from the Secretary, which shall also determine the committee's headquarters, area of jurisdiction and the remuneration of its members.

Each committee shall be headed by a president of the court of first instance in whose jurisdiction the committee's headquarters is located and have as members one member of the Financial Audit Authority holding a grade not less than ten nominated by the Secretary of the Authority's General People's Committee and one member holding expertise on commercial or accounting matters.

The decree forming the committee may include a number of alternate members.

The committee shall rule on grievances within a period of not more than three months from the date the challenge was submitted.

Article (13)

Challenges shall be submitted pursuant to a claim filed by the claimant to the secretariat of the appeals committee in exchange for a receipt. The committee secretary shall serve the other party a copy of the claim in order for them to provide their opinion on the challenge within fifteen days from the date they are served a copy of the claim.

If the taxpayer is the claimant, their claim must be accompanied by a statement indicating payment of a fee of one percent (1%) of the tax determined by the preliminary committee, whereby such shall not be less than twenty LYD.

The provisions and procedures set out regarding challenges before the preliminary committee shall apply to challenges before the appeals committee and the return of fees.

Appeals committee decisions shall be final.

Article (14)

Each committee shall be assigned a secretary by the Authority's General Director, selected from among the Authority's employees.

Article (15)

Without prejudice to the penalties provided, no grievance or challenge submitted by taxpayers for companies and partnerships shall be accepted unless supported by documentation or the legally-required books and accounts.

Article (16)

The burden of proof before preliminary or appeals committees shall be on the claimant.

Article (17)

At any time prior to issuance of the preliminary committee's decision on the grievance, the Authority may conduct conciliation with the taxpayer at their request.

The General Director of the Authority shall form conciliation committees. Each committee shall be composed of three Authority employees, provided it not include the party who made the preliminary tax assessment undergoing conciliation.

If conciliation takes place, the claimant shall be deemed to have waived their grievance and the competent committee shall be notified of such.

Article (18)

If the Authority verifies that the taxpayer did not submit a declaration, submitted an incorrect or incomplete declaration, hid activities, documents or the like, submitted incorrect data or used fraudulent means to avoid paying tax, in full or in part, or hid amounts subject to tax, the Authority may make an additional assessment, without prejudice to the penalties provided in this Law.

The Authority may, of its own accord or at the taxpayer's request, amend the original assessment if there is an error in the estimation or calculation of the tax.

The Authority must notify a taxpayer if the assessment it made undergoes any amendment with regard to the grounds on which the original or additional assessment was made and the reasons for such amendment.

Grievances may be filed against additional assessments as with original assessments.

Article (19)

Except in those cases where it is otherwise provided, the tax shall be collected in one payment if it is not more than one hundred LYD. If over such amount, the tax shall be collected in four instalments, due on the 10th to the 25th of the months of March, June September and December. The tax or first instalment thereof, as the case may be, shall be paid on the first of the stated dates following the due date.

Article (20)

Without prejudice to any other penalties, in the event of late payment or provision of the tax on the set date, a fine of one percent (1%) of the tax due shall be imposed for each delay of one month or portion thereof that is not less than fifteen days. Such fine shall not exceed twelve percent (12%) of the amount.

This fine shall be collected at the same time that the tax is collected.

Article (21)

Tax debt is payable at the Authority headquarters without need to be claimed at the debtor's premises.

Article (22)

The tax year is a period of twelve months commencing from 1 January of each year. However, if the nature of the activity engaged in by the taxpayer requires a different financial year from the tax year, and their accounts are in order, the Authority Secretary may decide to adopt the taxpayer's financial year as the basis for the tax assessment.

Article (23)

If a taxpayer is prevented from managing his activity or property or does not reside in the Great Socialist People's Libyan Arab Jamahiriya, the person undertaking the management or in possession of such property shall be deemed a representative thereof as relates to the application of this Law.

Article (24)

If a taxpayer dies, the tax shall be due upon their death and the heirs' representative or the estate liquidator shall submit a declaration on the taxpayer's activity up to the date of death and pay the tax on the basis of the declaration, within six months from the date of death and before making any distributions from the estate.

Article (25)

The state's right to claim any amounts due thereto under this Law shall lapse with the passage of seven years.

Article (26)

A taxpayer's right to claim the refund of any amounts paid in excess of those due shall lapse with the passage of five years, commencing from the payment date, unless the right to request a refund appears after procedures adopted by the Authority, in which case the deadline shall commence from the date the taxpayer is notified of their right to a refund. The term shall end with a request sent by the taxpayer to the Authority by registered letter to refund the surplus paid thereby.

Article (27)

Rulings may not be issued against the Authority for interest on amounts refunded to a taxpayer under a ruling.

Article (28)

A taxpayer's sale of their taxable property or or activity, or a portion thereof, or any other disposal made thereby that results in the assignment of all or a portion of such property or activity shall not be executed before the Authority unless established in an official document.

In all cases, if it has strong evidence, the Authority may disregard any disposal or procedure when it deems that the intent thereof is to evade taxes, in accordance with the implementing regulations of this Law.

Article (29)

Unless otherwise provided by law, the tax shall be assessed annually after the end of the tax year.

In the cases in which there is a risk of tax evasion for any reason, the Authority may estimate the income subject to tax during the tax year and assess and collect such tax, without prejudice to the penalties set out in this Law.

Article (30)

With the exception of the Code of Civil and Commercial Procedure, the Authority Secretary may, if it is found that the assets of the public treasury are vulnerable to loss, issue an order

to attach property that it deems satisfies the tax, regardless of who is in possession thereof. Such property shall be deemed to be placed under provisional attachment pursuant to this order and may not be disposed of unless the attachment is lifted by court order, a decision from the Authority Secretary or if six months pass from the date of attachment without the taxpayer being notified of the tax amount as per the Authority's estimate.

Article (31)

Tax and other amounts due to the state under this Law shall be a lien on all taxpayer property for amounts they are obliged to pay or provide to the public treasury in accordance with this Law. Such lien shall rank after court fees and expenses in terms or priority.

Article (32)

In the application of this Law, a person shall be deemed properly served any paper if they or their legal representative sign indicating receipt thereof or if such paper is sent to them by registered letter with return receipt or handed over to their representative or authorised employee. If the process server does not find any such persons at the location of the person's activity or if those present refuse to receive the document or appear to lack legal competency, such must be written and witnessed by another person, with a copy of the document delivered to the police station and a letter sent by registered mail to the party being served stating such.

If the party being served does not have a known domicile, service shall be made in accordance with the procedures set out in the Code of Civil and Commercial Procedure.

Article (33)

The following shall be exempt from the tax:

1. Income of public legal entities funded by the general budget, income of religious and other charitable associations, institutions and bodies recognised by the state and other bodies based on charitable purposes, social reform or sporting, cultural and social activities, as set out in the implementing regulations of this Law.
2. Income from bank savings account deposits.
3. Income from charitable endowments.
4. Amounts paid to beneficiaries in life insurance agreements, whether upon death or after the passage of a certain period stipulated in the agreement, as set out in the implementing regulations of this Law.
5. Student income received from scholarships and remuneration granted for study purposes.
6. Compensation paid to families of persons martyred, missing or permanently disabled while performing their jobs, as set out in the implementing regulations of this Law.
7. Income from writing books and preparing studies and research in the cultural and scientific research field.
8. Income from purely agricultural activity.
9. Income from export activities, as set out in the implementing regulations of this Law.
10. Foreign income of Libyans and foreigners residing in the Great Jamahiriya.
11. Income from work and the like pertaining to workers in public administrative units funded by the general budget.
12. Income from basic and retirement pensions.

13. Development activities that the General People's Committee has decided to encourage by offering tax exemptions.
14. Any other income exempted from tax under the Law or based on an international treaty or agreement.

Part (2)
Taxes on Individuals and Partnerships
Chapter (1)
General Provisions

Article (34)

Without prejudice to Article (64) of this Law, the provisions of this Part shall not apply to income subject to the companies tax, nor shall they apply to the portion of this income distributed to company shareholders.

Article (35)

The following income shall be subject to a specific tax, determined in accordance with this Law:

- a. Commercial, trade and craft income.
- b. Partner income at bodies that apply the saying "partners not labourers".
- c. Self-employment income.
- d. Income from work and similiar activities, without prejudice to Article (33) paragraph (12) of this Law.
- e. Income from bank deposits.

Article (36)

Any natural person whose annual taxable income does not exceed one thousand, eight hundred LYD (LYD 1800) if single or two thousand, four hundred LYD (LYD 2400) if married without dependant children shall be exempted from the taxes imposed on the income referred to in the preceding Article, in addition to an exemption of three hundred LYD (LYD 300) for each minor child. This exemption shall also apply if the person is widowed or divorced and has dependant children.

Widowed or divorced women shall be treated as a male provider if they are the actual sole provider for their children.

The following amounts shall also be exempt from the taxes imposed on income referred to in the preceding Article:

- a. Life insurance premiums taken out by the taxpayer benefiting his spouse or dependants.
- b. General insurance premiums, such as fire and theft, taken out by the taxpayer.
- c. Health insurance premiums.

A portion commensurate to the term for which the tax is assessed shall be deducted from the exemption amounts under the two preceding paragraphs if such term is less than a tax year.

Persons may not enjoy the aforementioned exemption more than once each tax year. If there are multiple sources of income, the exemption amount shall be deducted from the lower tax base.

Article (37)

Any change in a taxpayer's social or family status shall not affect the taxes due or calculation thereof until the month following the date such change took place.

Article (38)

Without prejudice to Articles (52) and (60), each taxpayer shall submit to the Authority a written declaration of their taxable income, within the ninety days following the end of the tax year. Such submission shall be on the form and in accordance with the rules specified in the implementing regulations.

If the year ended with a loss, the declaration must include the amount of the loss. In all cases, the declaration shall be accompanied by supporting papers and documentation.

Articles (39), (40), (41), (42), (43), (44) and (45) shall apply with regard to the declaration, calculation of loss and suspension and waiver of activity.

Article (39)

Without prejudice to Articles (50-57), the tax shall be determined annually on the basis of the net income in accordance with the accrual or cash basis method during the tax year as per the taxpayer's choice. Taxable income shall be determined on the basis of the results of operations of the various types of activities engaged in by the taxpayer, after deducting all costs that are established to have been actually incurred in the course of obtaining such income during the financial year, in particular:

- a. Depreciation instalments of equipment, tools, buildings and all assets used in producing the income.
- b. Depreciation instalments shall be calculated according to the annual rates set out in the implementing regulations, within the limits of the purchase price of such assets.
- c. Any third-party debt that has become zero during the period for which the income is calculated, on condition that such debt falls within the accounts of the activity or arises from a loan taken out related to engaging in the activity. Amounts of such debt recovered shall be deemed income.
- d. Amounts paid to workers in accordance with the retirement system or any alternate system or in accordance with any special alternate system.
- e. Taxes and fees paid by the taxpayer in connection with their activity, with the exception of tax paid in application of this Part.
- f. Donations to non-profit charitable bodies recognised by the state not exceeding two percent (2%) of the net income.
- g. Any allocations made in accordance with the standards and rules set out by the competent bodies in the State. Amounts recovered from such allocations shall be subject to the stipulated tax.

Article (40)

Establishment costs necessary to begin engaging in an activity shall be deemed an income expense and shall be deducted in accordance with the annual rates set out in the implementing regulations.

The following shall not be deemed an income expense:

- a. Any other instalments other than those referred to in the first paragraph of this Article for the depreciation of any asset.
- b. Any amounts spent to increase or enlarge assets or sustainably improve them, without prejudice to the taxpayer's right to add them to the asset value and depreciation under the first paragraph of this Article.
- c. The taxpayer's personal or family expenses.
- d. Any amounts deducted by the taxpayer as a salary or remuneration for their work or the work of their spouse or minor children.

Article (41)

The amounts added to profits or allocated to a capital increase shall be subject to tax if they were not previously subject to tax as a result of being deducted from gross income under Article (39) of this Law. These amounts shall be deemed income earned during the year that they were distributed or placed at the disposal of the beneficiaries thereof in any manner.

Article (42)

If a year's accounts close with a loss, this loss shall be entered within the expenses of the following year and deducted from its profits. If the profit is not enough to cover the loss in full, the remainder shall be transferred to the profits of the following year(s), up to five years.

Article (43)

If a taxpayer stops engaging in an activity whose income they pay taxes on, whether permanently or for a period of time, the tax shall be collected on the income up to the date the activity was stopped.

In this case, taxpayers must notify the Authority of such within sixty days from the date the activity was stopped, and submit the documents and information required to liquidate the tax.

Article (44)

If an activity is assigned in full or in part, the assignor and the assignee must notify the Authority of such assignment within sixty days of the date thereof. The assignee and assignor shall be jointly responsible for the taxes due for the assigned activity up to the date of the assignment for the tax year in which the assignment took place.

The assignee may ask the Authority to provide it with a statement of the taxes due thereto for the assigned activity. The Authority shall provide him with said statement within sixty days from the request date. The joint liability set out in this Article shall be limited to the amounts listed in this statement, without prejudice to the Authority's rights before the assignor.

If the Authority does not notify the assignee within said period of the amount due thereto, the amount shall be cleared.

Article (45)

Profit from the sale of an activity or any of the material or immaterial assets thereof shall be deemed taxable income. Profit shall be determined by the difference between the sale price and the cost after deducting the depreciation instalments or the amount estimated by the Authority for depreciation if the taxpayer does not have properly kept accounts.

If the sale price is less than the market value, the market value shall be deemed the price thereof. Change of the legal form of an activity, including merger, shall be deemed a type of sale.

Chapter (2)

Tax on Commercial, Trade and Craft Income

Article (46)

Income from engaging in any commercial, trade or craft activity shall be subject to tax even if incidental and unrelated to the profession. All income arising from any other source not subject to another specific tax shall be subject to tax, unless exempted under a special provision in this Law.

In the application of this Chapter, commercial activities shall be considered to be:

- a. Division and sale of land after undertaking the necessary preparatory works.
- b. Managing movable and immovable production or service properties and operating them for a third party.
- c. Brokerage activities of any kind.
- d. Use of agricultural land, without prejudice to Article (33) paragraph (8) of this Law.

The implementing regulations shall set out the manner in which tax on this income is to be collected, the payment dates thereof and the data and declarations that must be submitted.

Article (47)

The annual tax rate for commercial profits shall be 15%.

Article (48)

The annual tax rate for trade and craft profits shall be 10%.

Article (49)

Taxes on partnerships shall be on the partner's income from the revenue of the partnership's activity. If the partnership contract stipulates that one of the partners obtains a specific amount or portion of income in any form or under any description prior to profit distribution, this amount shall be deemed a portion of the partner's share in the partnership income. The partnership management must submit a tax declaration within the ninety days following the end of the tax year using the form and in accordance with the rules set out in the implementing regulations. This declaration must be certified by a certified auditor listed in the register of professional Libyan accountants and auditors. In order for the partners to enjoy the exemption set out in Article (36) of this Law, each must submit with the

partnership declaration a declaration that they do not enjoy said exemption from any other taxable income, otherwise they shall lose their right to this exemption.

Chapter (3)

Tax on Partner Income at Bodies that Apply the Saying "Partners not Labourers"

Article (50)

Partner income in all production units that apply the saying "partners not labourer" shall be subject to tax.

Article (51)

The annual tax rate shall be 10%.

A final tax assessment may be made for each portion of the year wherein the right to any taxable income is established, in accordance with the rules set out in the implementing regulations.

Article (52)

All economic units that apply the saying "partners not labourers" shall be bound to provide the tax to the Authority accompanied by a statement containing the names of the partners and the income they received, in accordance with the dates set out in the implementing regulations.

Chapter (4)

Tax on Self-Employment Income

Article (53)

Tax shall be imposed on income from self-employment engaged in by a taxpayer independently in which the main element thereof is the work.

Article (54)

The annual tax rate shall be 15%.

Chapter (5)

Tax on Income from Work and Similar Activities

Article (55)

Without prejudice to Article (33) Paragraph (11) of this Law, tax on work income and other income from any service or job, whether permanent or temporary, shall apply, including:

- a. For work and allowances, commissions, remuneration, benefits, representation allowances and all payments, recurrent and non-recurrent, whether cash or in kind, paid by companies, bodies, institutions and individuals for services performed in the Great Socialist People's Libyan Arab Jamahiriya for any person residing therein or abroad, or for services performed outside the Great Socialist People's Libyan Arab Jamahiriya if the party obliged to pay the income does not have in this case a free-standing organisation abroad and has separate accounts for payment of income.

- b. Allowances, commissions, remuneration, benefits, representation allowances and all payments, recurrent and non-recurrent, whether cash or in kind, paid by foreign governments and international bodies for services performed in the Great Socialist People's Libyan Arab Jamahiriya, unless exempted under a law or international agreement.

The tax set out in this Article shall not apply to the following:

1. Contributions made by the taxpayer to the retirement system or any other alternate system.
2. Amounts received by the taxpayer for actual expenses incurred in performing their work.
3. Deductions made from the taxpayer for disciplinary penalties imposed by deduction or fine.
4. Cash allowance for accumulated leaves at the end of service.
5. End of service remuneration.

Article (56)

No amounts paid by employers for their workers under the retirement system or any other alternate system shall be included in calculating taxable income.

Article (57)

Tax shall be assessed on the total amount of income subject to this tax collected by the taxpayer over the deduction limit. This tax shall be due upon receipt of the income, however or wherever earned.

Article (58)

The annual tax rate shall be as follows:

- First 1200 LYD of income: 5%
- Income in excess of this amount: 10%

The final tax assessment shall be made for each portion of the year in which the right to any taxable income is established. In this case, the assessment shall include incidental income received by the taxpayer during this period.

For the purposes of calculating this tax exemption, the year shall be 360 days divided into 12 equal months.

Article (59)

Employers are obliged to provide the tax to the Authority against its deduction from income in the manner and on the dates set out in the implementing regulations.

In the cases in which the party obliged to provide the tax is not resident in the Great Socialist People's Libyan Arab Jamahiriya and does not have a representative therein or is unable to provide it for any reason, the taxpayer shall pay the tax directly to the Authority as set out in the implementing regulations.

Article (60)

The employers referred to in Article (55), paragraph (1), clause (a) of this Law shall submit a list of the names of those working for it, their domiciles, positions and income received to the Authority.

They must also notify the Authority of all changes made to this information, all by the dates and in accordance with the rules set out in the implementing regulations.

Chapter (6) Tax on Bank Deposit Interest

Article (61)

Interest from bank deposits, regardless of the term of these deposits, shall be subject to tax.

Article (62)

The tax rate shall be five percent (5%) of the taxable income.

Part (3) Tax on Companies

Article (63)

The tax shall be imposed on income in the Great Socialist People's Libyan Arab Jamahiriya and abroad pertaining to national companies as well as foreign branches of companies in Libya, irrespective of the type of activity or objective engaged in.

In the application of this Law, companies shall mean the companies set out in the law regulating commercial activity, and branches of foreign companies shall mean aspects of the activity and business engaged in by foreign companies in the Great Socialist People's Libyan Arab Jamahiriya, irrespective of their organisation or legal form.

Article (64)

In addition to companies, the income of other legal entities, whether public or private, shall be subject to the tax if their activity is commercial, trade, craft or real estate investment, even if this activity is not among its main activity.

Article (65)

Companies under liquidation shall remain subject to tax until the final distribution of its assets is completed.

Liquidators may not pay any of the company's liabilities in any manner until the company's tax liabilities are paid.

Article (66)

The tax shall be determined annually on the basis of the amount of additional income under the accrual or cash basis method as per the taxpayers choice within the tax year. Taxable income shall be determined on the basis of the result of operations of the different types completed during the year, after deduction of all costs that are established to have been incurred in obtaining this income.

General expenses, service compensation, interest or commissions paid by a foreign company as part of its central expenses for its branches in the Great Socialist People's Libyan Arab

Jamahiriya shall be taken into consideration only to the extent that they are deemed necessary and obligatory to achieve the branch's objectives, with a maximum of five percent (5%) of the administrative expenses approved by the Authority.

Article (67)

The Authority may estimate the income of any of a foreign company's branches on the basis of a percent of the foreign company's total income proportionate to the branch's business earnings, on condition that this income is estimated in a manner similar to that set out in this Law.

Article (68)

Income of branches of foreign companies from wired and wireless communications activities and the various types of transit activities from the Great Socialist People's Libyan Arab Jamahiriya to abroad shall be due in the Great Socialist People's Libyan Arab Jamahiriya.

Article (69)

A change in the legal form of a company shall be deemed a suspension of activity and its merger with other companies shall be deemed an assignment thereof. In this case, the difference between the book value of the merged company's assets and the value these assets represent in the capital of the new company shall be subject to tax.

Article (70)

The annual tax rate shall be 20%.

Article (71)

With the exception of Article (22) of this Law, the financial year of companies and legal entities subject to this Law shall be taken as the basis for their tax assessment.

Companies subject to this Part shall submit an annual declaration of their income certified by a certified auditor listed in the register of professional Libyan accountants and auditors. This declaration shall be submitted on the form and in accordance with the rules and conditions set out in the implementing regulations within a month from the date the budget is approved, with a maximum deadline of four months from the end of the financial year.

Articles (39), (40), (41), (42), (43), (44) and (45) shall apply to companies, branches of foreign companies and other legal entities, where such does not conflict with the provisions of this Part.

Part (4) Penalties

Article (72)

Anyone who fails to submit the declarations, notices or information set out in Articles (38), (43), (44), (49), (52), (60) and (72) without an acceptable excuse shall be subject to a fine of the same amount as the tax due according to the final assessment. Declarations, notices and information submitted that do not meet the stipulated requirements shall be deemed the failure to submit such.

Article (73)

Without prejudice to any more severe penalty, the following shall be subject to a fine of not less than one thousand LYD (LYD 1000) and not more than fifty thousand LYD (LYD 50,000):

1. Any person responsible for managing a taxable activity who does not keep the books and records and prepare the accounts required under Article (93) of this Law.
2. Anyone who fails to submit the information requested thereof or the books or records they are required to keep.
3. Anyone who unduly prevents an employee implementing this Law from entering any building to perform their duty.

Article (74)

Anyone who does not pay the tax on time or who, by their error or neglect, causes a delay in providing the tax to the public treasury shall be subject to a fine of not less than five hundred LYD (LYD 500) and not more than ten thousand LYD (LYD 10,000).

Article (75)

Without prejudice to any more severe penalty, anyone who intentionally eliminates all or a portion of the tax or who provokes, agrees or assists in the commission of any of the following acts shall be subject to a fine of not less than four times the amount of unpaid tax:

1. Submission of incorrect data on the declarations and papers submitted in implementation of this Law.
2. Preparation of any incorrect accounts, books, records, reports or budgets.
3. Uses any fraudulent means to hide or attempt to hide amounts subject to tax.

Article (76)

Anyone who fails to deduct or provide tax that is required to be deducted of provided by the deadline shall be subject to a fine of not less than three times the amount of unpaid tax.

Article (77)

Perpetrators of all other violations of this Law or the regulations issued in implementation thereof shall be subject to a fine of not more than ten thousand LYD (LYD 10,000).

Article (78)

The Tax Authority shall implement the penalties set out in Part (4) of this Law.

Article (79)

Imposition of the penalties set out in this Law shall not be an exemption from payment of the tax due in full on the due dates thereof.

Part (5) **Closing Provisions**

Article (80)

Under no circumstances may any public or private body, under the pretext of protecting job secrets, refrain from allowing Authority employees to access the documents and papers they wish to access for the purpose of enforcing this Law.

The public prosecution or court, as the case may be, may allow the Authority to access the files of any civil or criminal case linked to the collection or assessment of tax.

Article (81)

Those subject to this Law shall submit to Authority employees at each request the books and other appendant documents and papers and revenue and expenditure papers that must be kept by law, in order to enable the aforementioned employees to verify implementation of this Law.

Access shall be granted in the location where the relevant books and papers are located during ordinary working hours without need for prior notice. Access may be granted at the Authority's headquarters if necessary.

Article (82)

Without prejudice to the legislation in force, each person must submit to the Authority any information it deems necessary for the implementation of this Law, within thirty days from being notified thereof.

Article (83)

Every public employee must notify the Authority through the established administrative means of any information related to their job that might be cause for believing in the presence of dishonesty or fraudulent methods that result in or whose objective is to eliminate paying tax or that exposes it to the risk of non-payment.

Article (84)

The competent bodies may not give exit visas to any taxpayer who is not a citizen of the Great Socialist People's Libyan Arab Jamahiriya until they have submitted a certificate from the Authority certifying payment of the tax due therefrom.

In all cases, where such taxpayer is responsible by law for a company, they may not be issued a tax payment certificate until after the company has paid the tax due therefrom up to the date of the certificate or submission of a guarantee accepted by the Authority.

The implementing regulations shall set out the classes of responsible individuals at public and private bodies subject to this Law.

Foreigners employed by the state and public bodies and institutions shall be excepted from the requirement of obtaining a tax payment certificate, except in the case of final exit.

Other exceptions to this restriction may be issued under a decree from the Secretary.

Article (85)

Notaries and other persons holding legal competence to authenticate or certify documents shall notify the Authority immediately of any procedure undertaken before them with regard to any disposal or contract that results in taxable income.

Without prejudice to Article (43) of this Law, notaries may not conclude any assignment of a taxable activity in whole or in part and may not conclude contracts on the disposal of a company or partnership's assets until a certificate from the Authority stating the tax position is submitted.

Article (86)

The court registrar before whom execution procedures on real estate are performed shall notify the Authority by registered letter with return receipt of the filing of a list of terms of sale, within fifteen days following the filing date.

The court registrar before whom a sale takes place as well as anyone who conducts a sale by public auction, whether compulsorily or by choice, shall notify the Authority by registered letter with return receipt of the date of the sale of property or movables, at least fifteen days prior to such sale.

Article (87)

The Customs Authority shall refer all information or copies of all customs declarations on imports and exports to the Tax Authority.

Article (88)

Administrative bodies holding competence to issue licences to engage in any taxable activity or for the possible use of real estate to engage in this activity shall notify the Authority of such licences and the information related thereto.

Any franchise, monopoly or authorisation required to engage in an activity shall be deemed a licence. The aforementioned bodies must refrain from renewing, keeping or cancelling licences prior to confirming that the concerned party has paid the taxes due thereon.

Article (89)

Public or private legal entities, partnerships or individuals may not dispose of any amounts due or provide service to any contracting party or client until they have submitted a certificate verifying payment of the taxes due therefrom. In the event of non-compliance with this Article, the aforementioned bodies shall be deemed jointly responsible with the party obliged to pay the taxes due.

Article (90)

Without prejudice to the legislation in force, acceptance of an offer in contracts entered into by bodies subject to the administrative contract regulations may not be accepted unless the participant submits a statement indicating payment of the tax due.

Article (91)

Any person who, by virtue of their position, competencies or work is related to the assessment of collection of tax in accordance with this Law or making a decision on disputes related thereto shall be bound to maintain professional secrets. Such commitment shall remain standing even after they have ended their service.

Article (92)

Legal entities subject to this Law shall keep books and accounts in addition to those they are required to keep under other legislation, in accordance with the rules and procedures set out in the implementing regulations.

Natural persons subject to this Law shall keep the books and accounts set out under the regulations for each class of individual taxpayers.

Article (93)

Based on a submission from the Authority's General Director, the Secretary may exempt a taxpayer from the taxes due therefrom, in whole or in part, and from the late fee set out in Article (20) of this Law, in the following cases:

1. If a taxpayer dies without an estate, an indebted estate or leaves the country permanently without leaving money in the country.
2. If a taxpayer declares bankruptcy or establishes their inability to pay or lack of property against which enforcement is possible.

The exemption decision may be withdrawn if it is found that it was issued for an invalid reason.

Article (94)

Based on a proposal from the Secretary, the General People's Committee* may grant temporary tax exemptions for economic activities established in remote regions for the purpose of achieving spatial development.

Article (95)

The Authority's General Director may assign his representatives or heads of tax departments in the districts to exercise certain of his competencies established under this Law.

Article (96)

A percentage of the expenses of attachment and sale procedures may be allocated as collection remuneration disbursed to Authority employees in accordance with the rules set out in the implementing regulations.

Article (97)

Authority employees identified in a decree issued by the General People's Committee based on a submission from the Secretary shall have the capacity of judicial officers as relates to the violations set out in this Law.

Article (98)

In the application of the provisions of this Law, "Secretary "shall mean the Secretary of the General People's Committee for Planning and Finance and "Authority" shall mean the Tax Authority.

Article (99)

Other than in cases of *in flagrante delicto*, investigations may not be conducted with the Authority's General Director, representatives thereof or the heads of tax departments in the districts on issues related to their work, unless authorisation is obtained from the Secretary.

Article (100)

The provisions of this Law shall not affect the provisions set out in the oil legislation in force.

Article (101)

The implementing regulations of this Law shall be issued under a decree from the General People's Committee based on a proposal from the Secretary. Until such regulations are issued, the regulations and decrees in force on income tax at the time this Law enters into force shall remain in effect, in a manner that does not conflict with the provisions hereof.

Article (102)

Natural persons who submitted their tax declarations up to 31/12/2009 AD shall be exempted from tax debts and late fees due on the periods preceding the effective date of this Law. Those who did not submit the aforementioned declarations shall be exempted from the late fees due if they reconcile their tax status by a maximum deadline of six months from the date this Law enters into force.

Article (103)

Based on the proposal of the Authority's General Director, the Secretary may disburse financial remuneration to Authority or other workers for the collection of any amounts due to the State under this Law that are verified to have been collected based on special effort performed thereby, as set out in the implementing regulations of this Law.

Article (104)

The Income Tax Law issued under Law No. (11) of 1372 FDP, Law No. (2) of 1986 AD and the aforementioned Law No. (28) of 1369 FDP shall be repealed as shall all provisions that conflict with those of this Law.

Article (105)

This Law shall be published in the Legal Register, and shall enter into force on the date of its publication.

The General People's Congress – Libya

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