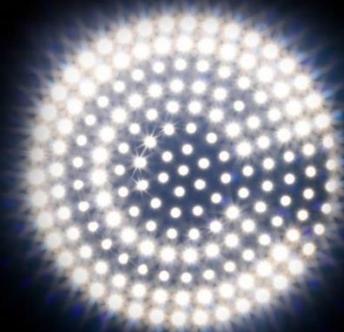


International Tax Syria Highlights 2019

Updated January 2019



Investment basics:

Currency – Syrian Pound (SYP)

Foreign exchange control – Foreign currency may not be transferred abroad unless it was originally imported from outside Syria.

Accounting principles/financial statements – Corporations use Syrian GAAP. Banks, insurance companies, investment companies established under Legislative Decree No. 8 and all companies supervised by the Commission of Financial Markets and Securities use IAS and IFRS. Financial statements must be filed annually. Semi-annual and quarterly statements must be submitted by banks, insurance companies and companies supervised by the commission.

Principal business entities – These are the joint stock company, limited liability company, general partnership, limited partnership, company limited by shares, joint venture and branch of a foreign company.

Corporate taxation:

Residence – An entity whose principal activities are administered through Syria, an entity that adopts Syria as its headquarters and branches or offices of foreign companies that operate in Syria are considered resident for tax purposes.

Basis – Syria operates a territorial tax system. An entity is liable for tax on income arising from Syrian sources or activities, regardless of residence status. Income derived from non-Syrian sources or activities is not taxable in Syria.

Taxable income – Income tax applies to the profits of companies, including gains on the disposal of business assets.

Taxation of dividends – Dividends paid by a Syrian corporation on previously taxed income are not subsequently taxed upon distribution to another company. Dividends paid by a nonresident corporation, however, are subject to tax upon distribution in Syria at a rate of 7.5%.

Capital gains – Capital gains derived by a company are included in taxable income and taxed at the normal corporate tax rate, except for gains on real property, which are subject to tax at a rate ranging between 15% and 30% of the “registered” value.

Losses – Losses may be carried forward for five years. The carryback of losses is not permitted.

Rate – Rates are progressive from 10% to 28%. Specific rates include: 22% for joint stock and limited liability companies; 14% for joint stock companies that offer more than 50% of their shares to the public; 15% for insurance companies that offer at least 51% of their shares to the public; and 25% for private banks and insurance companies.

Surtax – A local administration tax is imposed that ranges from 4% to 10%, depending on the region. A temporary reconstruction fee of 10% is imposed on all direct and indirect taxes (except payroll tax).

Alternative minimum tax – No

Foreign tax credit – No

Participation exemption – No

Holding company regime – No

Incentives – Incentives are granted under the investment laws, in free zones, for certain industrial projects and for tourism.

Withholding tax:

Dividends – Dividends paid by a Syrian corporation from previously taxed income are exempt from tax upon distribution.

Interest – Interest paid to a nonresident is subject to a 7.5% withholding tax.

Royalties – Royalties paid to a nonresident are subject to a 5% withholding income tax, as well as a 2% withholding payroll tax.

Technical service fees – Technical service fees are subject to a withholding tax of 7% (5% as income tax and 2% as payroll tax).

Branch remittance tax – No

Other taxes on corporations:

Capital duty – Tax must be paid to the Commission on Financial Markets and Securities on an initial public offering or a subsequent capital increase. The tax is calculated as the sum of SYP 250,000, plus 0.1% of the publicly issued capital, up to a maximum of SYP 1 million. A stamp fee of 0.4% of the capital also must be paid upon the establishment and registration of a corporation. The stamp fee is reduced by 50% if the company offers more than 50% of its shares to the public.

Payroll tax – The employer must withhold 5% to 22% of salary.

Real property tax – Tax on real estate ranges from 14% to 60%, depending on the type of property.

Social security – The employer is required to make social insurance contributions of 17.1% of payroll costs as follows: 14% to cover old age, disability and death benefits; 3% to the work injury benefits scheme; and 0.1% to a lump-sum disability benefits fund.

Stamp duty – Stamp duty generally is imposed on transactions, such as the formation of corporations, the execution of documents, licenses, contracts, etc., at rates ranging from 0.3% to 0.7%. See also above under "Capital duty").

Transfer tax – Transfer tax varies according to the type of property and type of ownership transfer.

Anti-avoidance rules:

Transfer pricing – No

Thin capitalization – No

Controlled foreign companies – No

Disclosure requirements – No

Compliance for corporations:

Tax year – Calendar year

Consolidated returns – Consolidated returns are not permitted; each company must file a separate return.

Filing requirements – The tax return for limited liability and joint stock companies must be submitted by 31 May (31 March for other types of companies). Payment of tax is due within 30 days of the filing deadline.

Payroll withholding tax must be submitted by the employer on a semi-annual basis.

Penalties – A penalty is assessed for late payment of tax at a rate of 10% annually, up to 30% of the tax liability.

Rulings – No

Personal taxation:

Basis – An individual is liable for Syrian tax on income arising from sources or activities in Syria, regardless of his/her residence status in Syria. Income derived from non-Syrian sources or activities is not taxable in Syria. Wages and salaries tax is imposed on an individual who derives income from a private treasury if he/she is Syrian-resident or if the amount paid is compensation for services provided; or from a public treasury, regardless of residence status in Syria.

Residence – A national of Syria or an Arab or foreign person legally residing in Syria are considered resident for tax purposes.

Filing status – Each individual must file a return; joint filing is not permitted.

Taxable income – Gross income is based on the actual amount of salaries and wages, special assigned amounts, bonuses and all monetary or in-kind benefits.

Capital gains – There is no specific capital gains tax for individuals. Tax is paid on the sale or disposition of property at rates that vary depending on the type of transaction.

Deductions and allowances – Deductions are allowed for certain expenses, such as work travel and business expenses.

Rates – Tax is levied at progressive rates ranging from 5% to 22% on monthly salaries, with the first SYP 15,000 exempt.

Nonregular benefits payments (e.g. bonuses) are subject to tax at a rate of 10%.

Other taxes on individuals:

Capital duty – No

Stamp duty – Stamp duty generally is imposed on the execution of documents, licenses, contracts, etc. at rates ranging from 0.3% to 0.7%.

Capital acquisitions tax – No

Real property tax – Tax on real estate proceeds (estimated rental amount) ranges from 14% to 60%, depending on the type of property.

Inheritance/estate tax – Inheritance and gift tax ranges from 5% to 75%.

Net wealth/net worth tax – No

Social security – An employee's share of the social security contribution is 7% of basic salary.

Compliance for individuals:

Tax year – Calendar year

Filing and payment – An individual must submit an annual return by 31 March and pay tax due at that time. Individual employees' payroll tax is withheld on a monthly basis by the employer and submitted semi-annually to the tax authorities.

Penalties – A penalty is assessed for late payment of tax up to 30% of the tax liability (10% for each year for up to three years).

Value added tax:

Taxable transactions – While there is no VAT in Syria, consumption taxes are imposed on certain services and imported luxury goods.

Rates – 1.5% to 40%

Registration – Taxpayers are required to register for consumption tax purposes.

Filing and payment – Tax is withheld by the party providing a service or Customs (for imported services) and paid monthly to the Ministry of Finance.

Source of tax law: Income Tax Law 24, ratified by Laws No. 51 and 60

Tax treaties: Syria has concluded more than 20 tax treaties

Tax authorities: Ministry of Finance

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