

Citizen Budget

Lebanon 2020

Financial and Fiscal Awareness Series



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Government priorities for 2020

The "Citizen Budget" :

- Is a simplified version of the budget law.

- It makes budget information available in a transparent and straight forward manner.

It explains how money will be raised and spent in 2020 by the government and raises awareness on the country's fiscal situation and enables citizens to compare public revenues and expenditures, deficit estimates and debt figures.



Support the productive sectors

Through tax exemptions and incentives granted to industries, exports and investments.



Move towards a more equitable tax system

Through the redistribution of the tax burden.



Spending control

Through the rationalization of public expenditure and the suspension of contributions, aid and donations granted by the State.

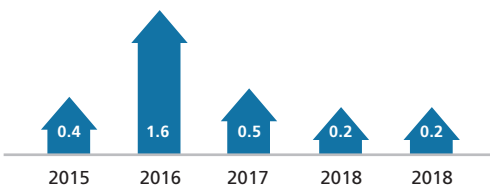


Mitigate the repercussions of the crisis

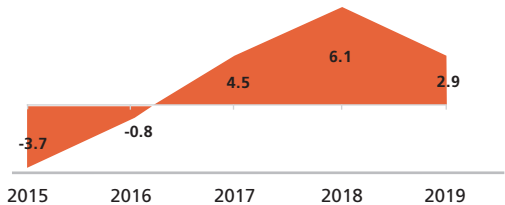
On citizens and depositors.

Macro Economic and financial indicators

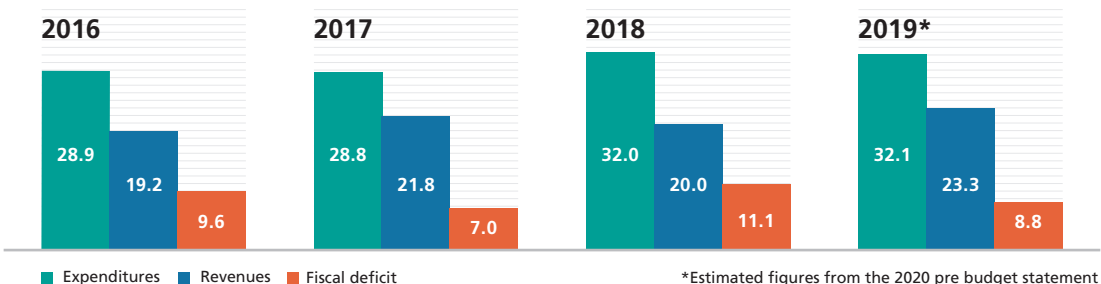
Average inflation rate (%)



Real economic growth (%)



Public expenditures, revenues and fiscal deficit as share of GDP (%)



Expected expenditures, revenues and fiscal deficit in budget 2020

Expected Expenditures up to 18 231 LBP billion

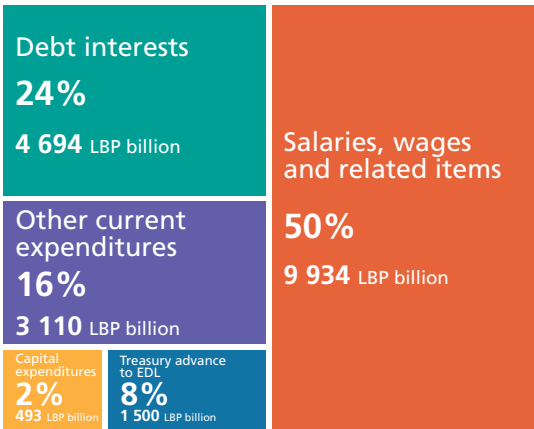
Expected Revenues 13 395 LBP billion

Expected deficit of
4 836*
LBP billion

* This number does not reflect the total fiscal deficit of the central government since it does not include the Treasury advance to EDL (LBP 1 500 billion) and other treasury expenditures. The estimated **total deficit** including these expenditures may reach **7 673** LBP billion.

Budget expenditures for 2020

Expenditures distribution by type

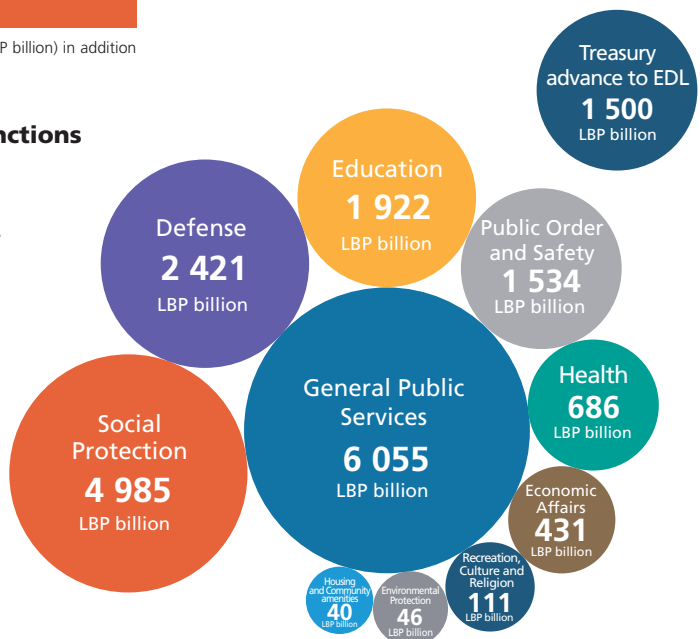


The graph includes the treasury advance to EDL (1 500 LBP billion) in addition to total budget expenditures (18 231 LBP billion).

Distribution by the ten main functions

Functional classification

This classification categorizes expenditure as per the International Monetary Fund standards.



Economic classification

It identifies the type of expenditures incurred according to two types:

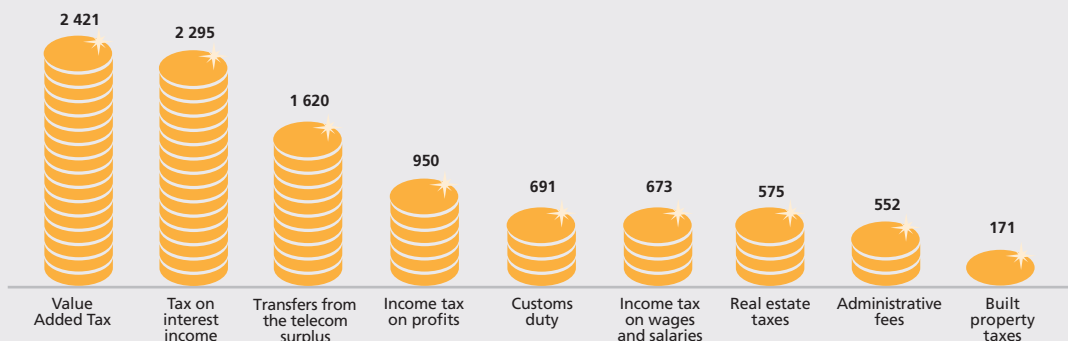
- **Current expenditures** which allow the functioning of administrations and public institutions, such as salaries and wages, consumption goods, maintenance services, etc.
- **Capital expenditures** such as building bridges, infrastructure, equipment purchases and acquisitions.

Budget revenues for 2020

Budget revenues for 2020 are estimated up to 13 395 LBP billion of which:

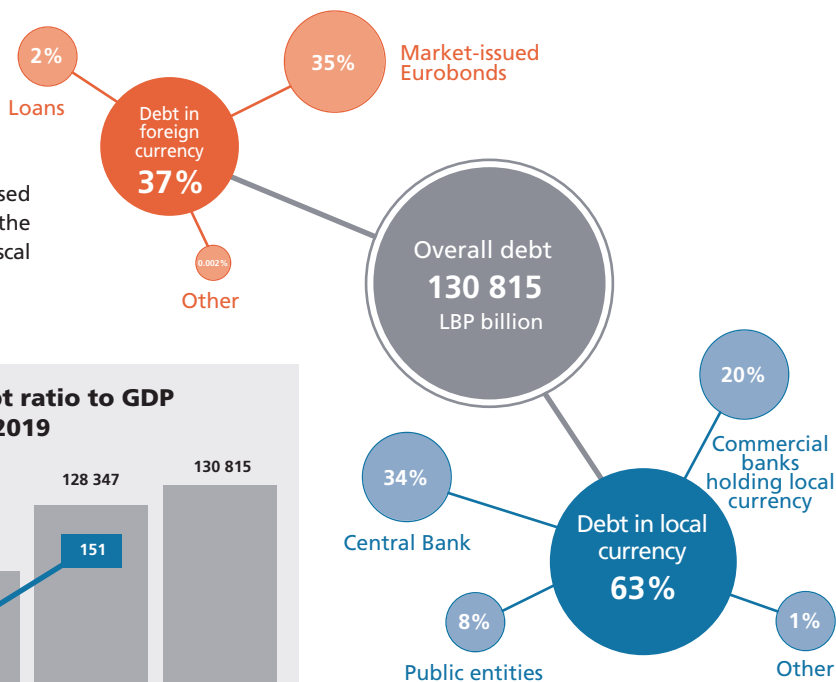
- 74.4% are tax revenues
- 25.6% are non tax revenues

Main expected revenues for 2020 (LBP billion)



The debt in brief

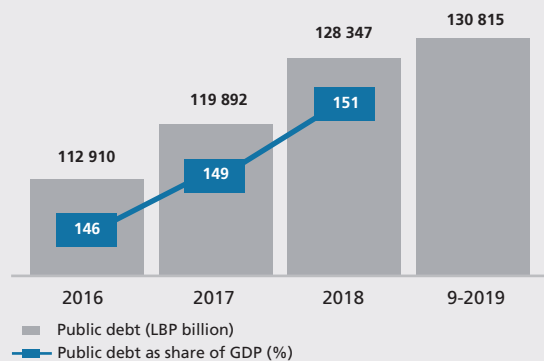
Debt distribution by debt holder (Until September 2019)



What is Public Debt?

The public debt is composed of funds borrowed by the government to cover the fiscal deficit.

Public debt and debt ratio to GDP between 2016 and 2019



Main measures for 2020

Tax measures



The national and foreign lottery awards are subject to a tax of 20%. *If the prize value exceeds ten times its price.*



Turnover of banks, financial institutions and financial intermediation institutions for 2019 is subject to a 2% additional income tax.



Pharmaceutical factories are exempted from VAT on the imports of raw materials.



Termination indemnities are exempted from the income tax on wages and salaries for employees and workers dismissed between 1/7/2019 and the date of publication of the budget law 2020.

Other measures



Subsidize investment loans in agriculture, industry, tourism, technology, information and environment.



Give industries that are able to increase their exports volume and/or export for the first time, financial incentives equivalent to 5% of their exports value.



Increase the value of bank deposits guarantee in Lebanese pounds to LBP 75 million or its equivalent in foreign currency (according to the official exchange rate).



Suspend all legal penalties in case of late repayment of subsidized loans (residential, industrial, agricultural, tourism, technology, information and environment) from 01/10/2019 until 30/06/2020.

References:

- Budget Law 2020
- "Debt and Debt Market Report 2019" - Ministry of Finance
- "Public Finance Monitor Report 2019" - Ministry of Finance
- Circular no 1284/s1 dated 23/05/2019 for the preparation of the 2020 Budget Law
- Central Administration of Statistics, 2020
- International Monetary Fund database, 2020

For more information on 2020 Budget Law:

- www.ministryoffinance.gov.lb
- <http://www.institutdesfinances.gov.lb/project/المواطنة-موازنة-المواطن-والمواطنة-citizen-budget/>

This pamphlet was published in partnership with UNICEF, under the project "Enhancing Budget Transparency, Accountability and Inclusiveness in Lebanon"



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