

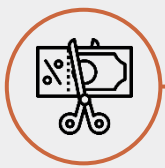
Citizen Budget

Executive's Budget Proposal 2022

This publication summarizes the Executive's proposed budget 2022 that was submitted to Parliament, as published on the website of the Ministry of Finance.

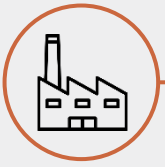
Financial and Fiscal Awareness Series

Measures proposed in the 2022 Draft Budget that impact citizens' lives



Deferments and tax exemptions

- Installment or deferred payment of taxes and fees due by taxpayers;
- Exempting employees who have a permanent disability due to the Beirut Port explosion from salaries and wages tax;
- Exempting from inheritance fees the heirs of the Lebanese who died in the Beirut port explosion.



Investment and business-related measures

- Income tax deduction for industrial enterprises;
- Exempting start-ups from income tax;
- Stimulating investment in the industrial and commercial sectors;
- Exempting from income tax for the years 2021, 2022 and 2023 institutions that have permanently stopped working as a result of the Beirut Port explosion;
- Exempting from interest taxes new deposits made in foreign currencies for a period of five years.



Social assistance related measures

- Calculate taxes based on reduced salary amounts;
- Providing social assistance to public administration employees.



Tax collection related measures

- Enforce a quarterly tax declaration on revenues and profits that are usually taxed annually;
- Amend terms of payment for the income tax on salaries and wages and for taxes on dividends, profits and revenues in foreign;
- Increasing the fees and the validity period of the Lebanese passport.



State revenues related measures

- Rent public state properties through an organized auction based on the public procurement law;
- Allow the Ministry of Tourism to sell prepaid tourism products in foreign currencies.

Citizen Budget

The "Citizen Budget" is a simplified version of the budget law. It enables citizens to familiarize themselves with the content of the budget law and to analyze expenditure and revenue figures, estimates of the deficit, and shed light on fiscal measures that may have an impact on their daily lives.

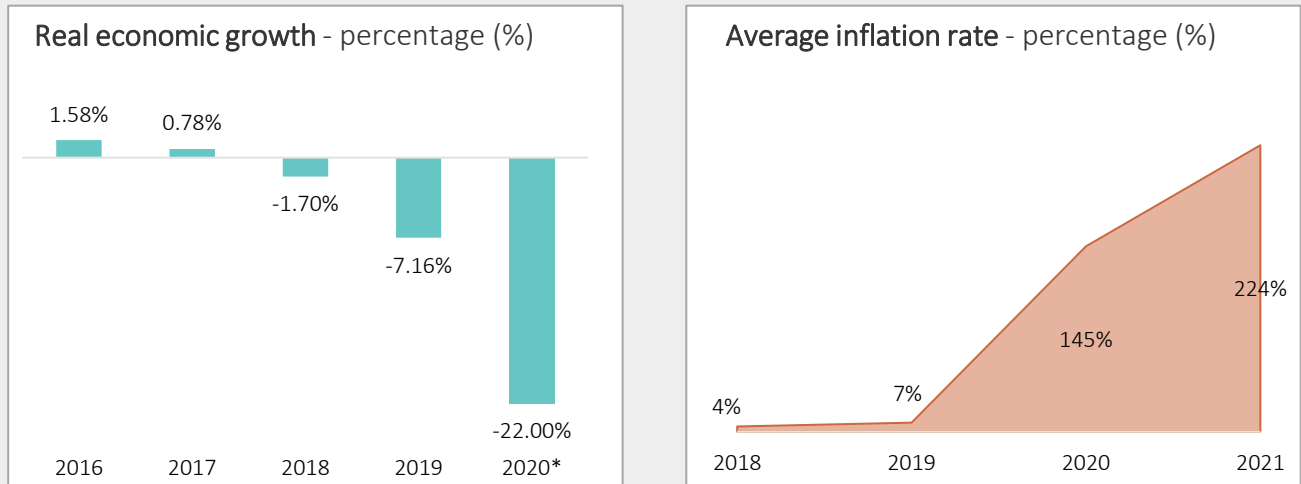
Why is it important to publish Citizen Budget for the Executive's Budget Proposal?

International standards encourage the publication of two types of citizen budgets: the first is a simplified version of the budget law, and the second is a simplified version of the draft budget law, also known as the Executive's budget proposal.

Facilitating access to budget information during the study and discussion of the budget by the Parliament and prior to its approval contributes to the enhancing the decision-making process. In addition to developing fiscal literacy and civic education, it helps citizens form a clear and comprehensive picture of public money management.

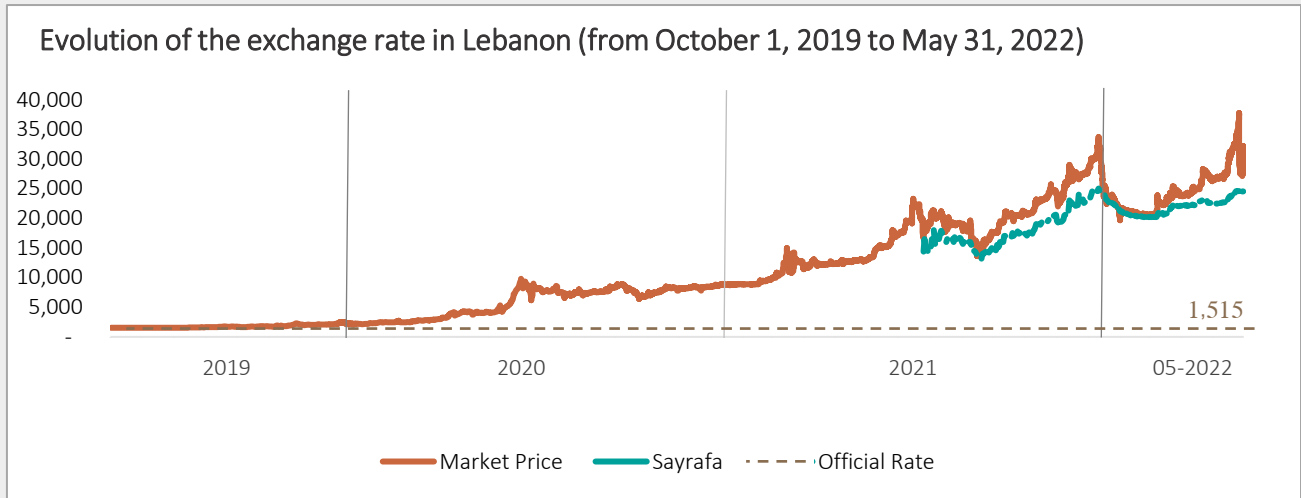
The publication of a simplified version of the Executive's budget proposal also enhances communication between the government and its citizens. It allows the later to understand the government's plan and priorities for the coming year. It promotes inclusiveness in policy-making as it gives way to citizens to lobby for changes before the budget is approved.

Fundamentals and assumptions underlying the 2022 budget proposal



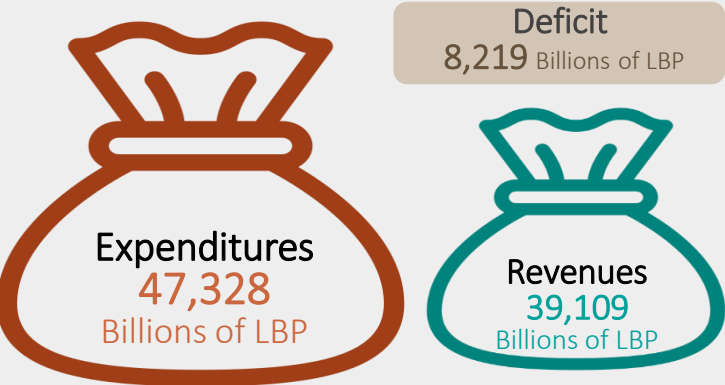
*2020 numbers are estimated
Source: International Monetary Fund database

Central Administration of Statistics



Source: www.lirarate.org

Public expenditures, revenues and deficit

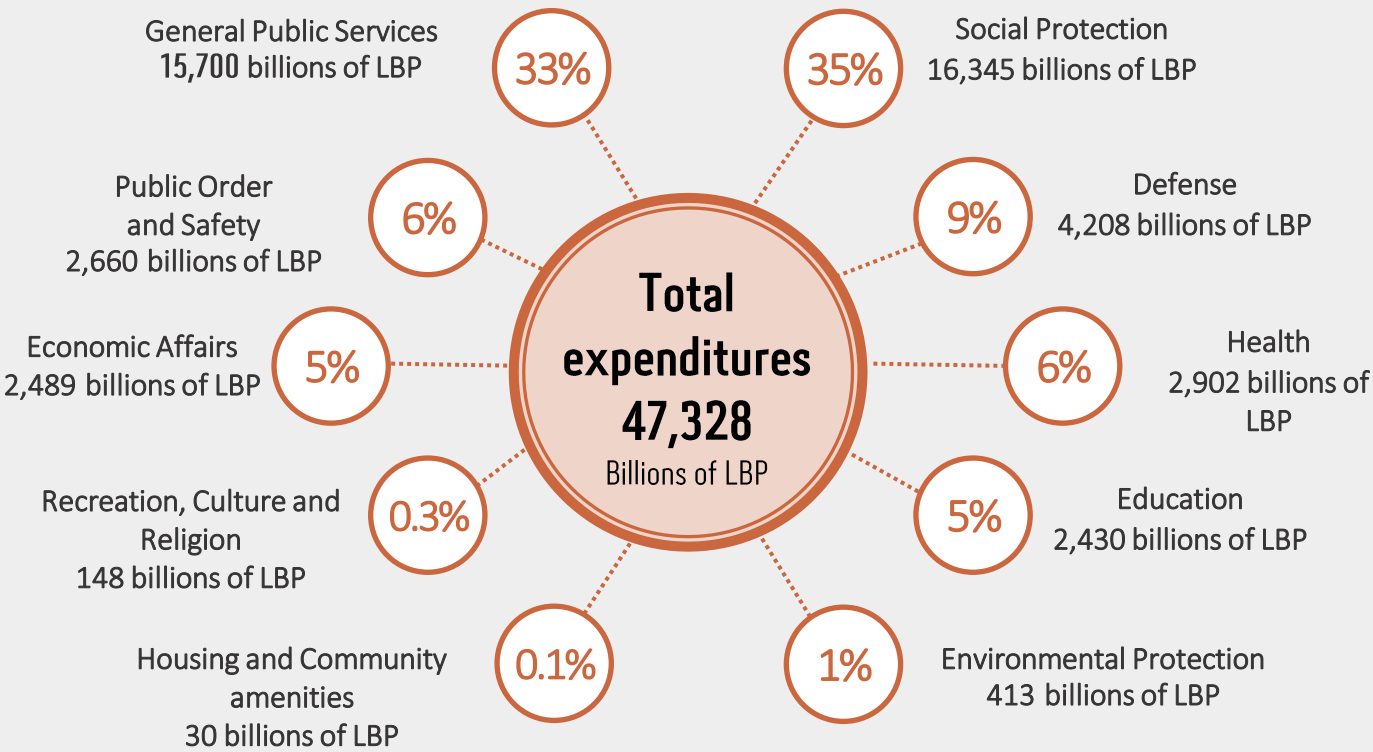


The budget deficit for the year 2022 was estimated at 8,219 billion of LBP. However, this figure does not take into account:

- Treasury advances to the Electricité du Liban which amount to 5,250 billion LBP; in addition to a reserve amount to finance the fluctuations of the exchange, which raises the deficit to 13,469 billion LBP.
- The balance of other treasury income.
- The balance of other treasury expenses.

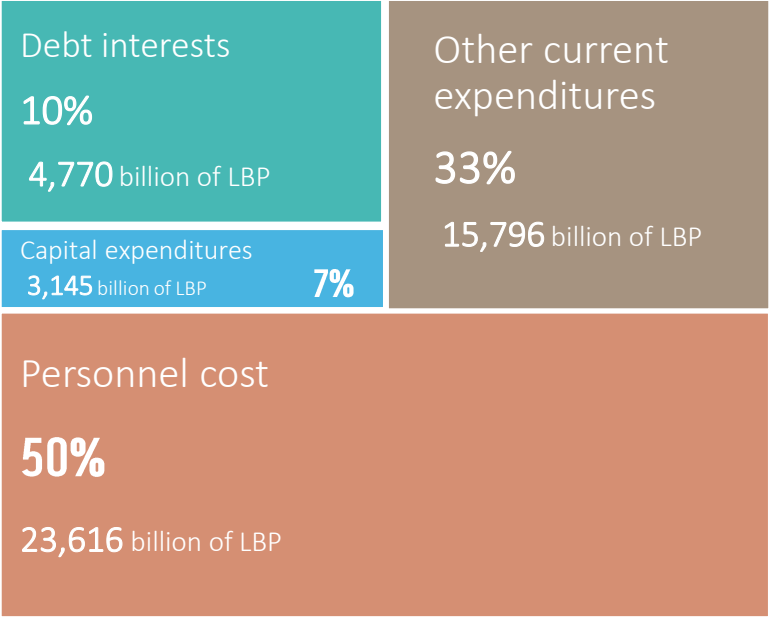
Budget expenditures for 2022

Expected budget expenditures by main functions



Functional Classification: Functions are classified according to the IMF GFSM 2001 standards.

Budget expenditures by type (economic classification)

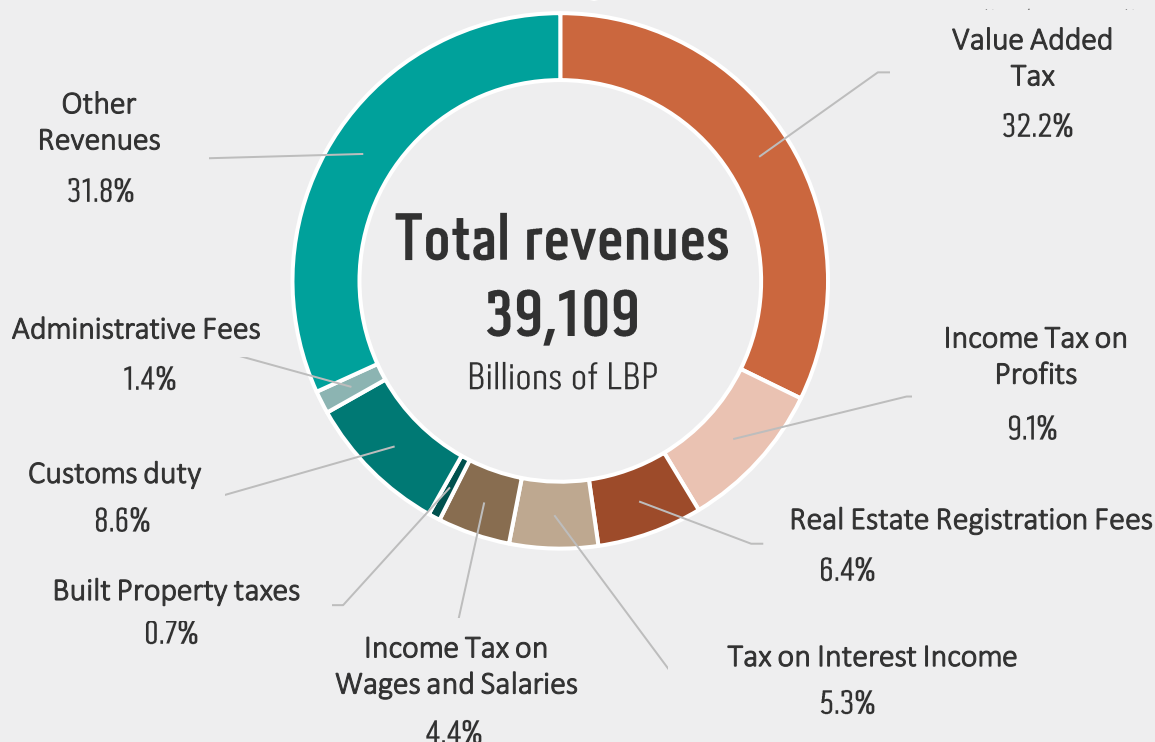


Economic Classification:

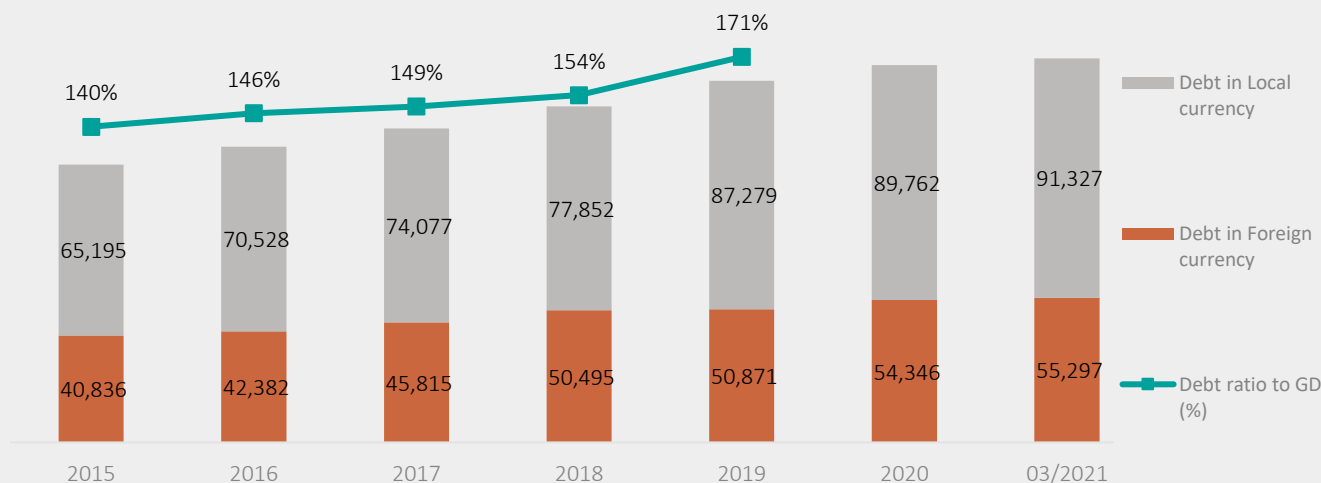
(i) **Current expenditures** include all expenses incurred for the operation of public administrations and institutions such as salaries and wages, goods and services, debt interests, etc.

(ii) **Capital expenditures** include for instance infrastructure and works such as building bridges, public schools and hospitals, etc.

Public revenues for 2022



Public debt and debt to GDP



Source: Ministry of Finance, Debt and debt market report

References:

- Executive's Budget Proposal 2022
- Report on Budget proposal 2022 - Ministry of Finance
- "Debt and Debt Market Report" - Ministry of Finance
- "Public Finance Monitor Report" - Ministry of Finance
- Central Administration of Statistics
- International Monetary Fund database

For more information on 2020 Budget Law:

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



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