

Legislative Decree /51/

President of the Republic,

Pursuant to the provisions of the Constitution,

Decreases the following:

Article 1:

- a. Beside the taxpayers enumerated in section /a/ of the article /2/ of Law /24/ of 2003 and its amendments the following two items:

36- The taxpayers who are considered of the high ranked taxpayers.

37- The Stock Market bureaus and banknotes exchange companies.

- b. Items /16-19-20-23-24/ in section /a/ of the article /2/ of Law /24/ of 2003 and its amendments shall be amended as follows:

16- Hotels and restaurants of the international-level, excellent-level, first-level and second-level, as classified by the Ministry of Tourism.

19- Nightclub Services of all levels, as classified by the Ministry of Tourism.

20- Investors of nightclubs, sport teams and circus shows.

23- Auditors bureaus and companies, and certified auditors.

24- Financial and economic studies bureaus and companies.

Article 2:

Section /a/ of item /13/ of the Law /24/ dated 2003 and amendments shall be amended as follows:

The taxpayers should submit a written statement that includes their business net-profit of the previous year to the financial department within the following deadlines:

- 1-** The 31st of May on every year, for the Shareholding companies, Limited Companies; the General establishments, companies and enterprises, and the high-rank taxpayers.

- 2-** The 31st of March on every year, for the other taxpayers.

In exceptional situations estimated by the Ministry of Finance, he could allow an extension of the period less than 60 days.

Article 3:

Without violating the article /25/ of the Law /28/ of 2001, the article /42/ of the Legislative Decree /43/ of 2005 and article /24/ of the Law /24/ of 2004, items /a/ and /b/ of the article /16/ of the Law /24/ of 2003 and its amendments shall be amended as follows:

- a- Including the national defense expenses, teaching fees, municipality share and the contribution in the Continual Development Support, with exception of the local administration expenses, the tax of the net-profits shall be as follows:

10% of the net profit between the exempted lower limit until /200.000/ SYP

15% of the net profit that exceeds /200.000/ SYP until /500.000/SYP

20% of the net profit that exceeds /500.000/ SYP until /1.000.000/ SYP

24% of the net profit that exceeds /500.000/ SYP until /3.000.000/ SYP

28% of the net profit that exceeds /3.000.000/ SYP

- b- For the companies with their head offices located in the Syrian Arab Republic lands, and that release more than 50% of their shares for the general subscription in both private and joint sectors, they should pay 14% of their net profits as an income tax for all their activities, including all the additional expenses, and excluding the expenses of the Local Administration.
- c- For the companies and the limited companies with their head offices or branches are located in the Syrian Arab Republic in both private and mutual sectors, and for the enterprises covered by the laws of Investment Promotion, they should pay 22% of their net profits as an income tax including all the additional expenses, and excluding the expenses of the Local Administration.

Article 4:

The profits of the economic general sector enterprises, the Syrian Petroleum Company and the Syrian Company of Gas are only rated as 28%; including all the additional accumulations.

Article 5:

The tax rates stated in the article /3/ of this Legislative Decree are lowered as follows:

- a-** Two degrees for the industrial plants established in the remote areas; these areas are defined by virtue of a decision issued by the Prime Minister, upon a recommendation from the Minister of Finance.
- b-** One degree for the industrial plants that recruit 25 workers and more, who are formally registered in the Social Insurance; the rates are lowered by two degrees for the industrial plants that recruit 75 workers and more, and by three degrees for the industrial plants that recruit 150 workers or more.
- c-** One degree for the plants established within the industrial zones.
- d-** The provisions of this article are not applicable to the general sector plants and the shareholding companies that have less than 50% of its shares in the general subscription.
- e-** By a virtue of a decision of the Prime Minister, upon a recommendation of the Minister of Finance, it is possible to:
 - 1-** grant the afore-mentioned advantages to non-industrial enterprises.
 - 2-** adopt other discount criteria for the industrial enterprises and the other enterprises, on the condition that they don't exceed two degrees of afore-mentioned discount for a limited time.

Article 6:

- a-** As exemptions from the tax on the net profits, salaries and wages stipulated for in the Law No. 24 of 2003 and its amendments, the tax on the net profits, and tax on the salaries and wages are collected as a percentage of the total work number of the following enterprises of tourist:
 - Enterprises of tourist lodging of international level and the deluxe-, first-, and second-class and the restaurants of the international deluxe-, first-, and second-class as classified by the Ministry of Tourism.
 - Casinos of all classes as classified by the Ministry of Tourism.
 - Tourist housing of international level and deluxe-, first-, and second-class, and their attached restaurants, beach cabins and casinos as classified by the Ministry of Tourism.
- b-** The tax shall be imposed on the total work number as follows:

- 2.5% for income tax.
- 0.5% for salaries and income tax(wages).

Article 7:

The investors of the tourist enterprises, as specified by the previous article /6/, should submit a monthly written statement to the Finance Department, which responsibility zones include their enterprises, within the first ten days of the next month stating the total work number of their enterprises activity, and pay the due tax as soon as submitting the statement. This written statement should be attached with the special written statement of the consumption fee. The form of the statement is defined in a decision issued by the Minister of Finance.

Article 8:

- a- The Provisions of the Law No. 25 of 2003, should not be applied to the duties mentioned in the article /7/ of this Legislative Decree, once caught violated, by the officers of the field of tax inquiry and the field of anti-tax evasion, except for the violation of non-payment.
- b- Maintaining the Provisions of the article /107/ of the Law No. 24 of 2003 and its amendments, a penalty of 10% of the income tax and the salaries- and wages-tax shall be imposed on the late submission of the statement mentioned in the article /7/ of this Legislative Decree if the taxpayer submit the statement voluntarily and before he is discovered by the tax inquiry-officers, and anti-tax evasion officers.

Article 9:

Paragraph /a/ of the article /17/ of the Law No. 24 of 2003 and its amendments shall be amended as follows:

The taxpayers enumerated in the article /2/ of the Law No. 24 of 2003 and its amendments should submit written statements of their annual profit and loss account, as stated in the articles /13-14-15-23/ of this law, approved by a certified auditor, who is non-public employee, except for the following taxpayers:

- 1- The offices and companies of the accounts auditing and the certified auditors.
- 2- Customs agents.

- 3- Gas and inflammable stations.
- 4- Investors of fun parks, sport teams and circus shows.
- 5- The profession of leasing, and re-leasing of the industrial, commercial, vocational and professional enterprises or some of their assets.

Article 10:

Beside the paragraphs enumerated in the article /2/ of the Law No. 24 of 2003 and its amendments the following two paragraphs are added:

F- As opposed to the provisions of the article /3/ of the Law No. 24 of 2003 and its amendments, the section of high-rank taxpayers is regarded the center to handle their tax situation. The specialized Finance Department to handle their tax situation and audit their accounts is defined in a decision issued by the Minister of Finance or his deputies.

g- The taxpayers considered as high-ranked, should register in their specified section within a period of 30 days starting from the day of their notification.

Article 11:

- a- The phrase *committee of obligation* shall be replaced by the *committee of annulment* wherever mentioned in the Law No. 24 of 2003 and its amendments.
- b- The following statement should be appended to the provisions of article /30/ of the Law No. 24 of 2003 and its amendments:

The committee of annulment is obligated to summon the high-rank taxpayers or their deputies while scrutinizing their objections in the purpose of listening to their declarations.
- c- In accordance with a decision by the Prime Minister, it is permissible to grant the high-rank taxpayers, who submit factual statements of their activities to the Finance Departments, corporate incentives, based on a recommendation by the Minister of Finance.
- d- Private expenditure are considered one the expenditures that can be discounted from gross profits by achieved by the high-rank taxpayers. These expenditures and the foundations of their approval are specified in a decision

issued by the Prime Minister based on a recommendation by the Minister of Finance.

Article 12:

- a- The Minister of Finance could regard, according to an issued decision by him, the advance payment, paid at the custom custody a final tax according to the mechanism, the basics and the regulations of the mentioned decision.
- b- The Minister of Finance or his deputy shall issue annual decisions that include the names of the taxpayers to whom the provisions of the paragraph /a/ of this article are applicable.

Article 13:

Article /43/ of the Law No. 24 of 2003 and its amendments shall be amended as follows:

- a- A general classification of the fixed-income taxpayers regarding their activities in the private sector shall be performed every three years, commencing from the starting of the year that follows the issue of this legislative decree.
- b- It is permissible, after one year of the classification execution, and during any of the following years to re-classify some of the professions or some of the fixed-income taxpayers, if their business number has increased in more than 25%.
- c- Based on a decision by the Minister of Finance, it is permissible to re-classify some professions or some of the fixed-income taxpayers after one year of the classification execution.

The re-classification shall be performed in accordance with the provisions of the paragraphs /b and c/, maintaining the general classification cycle.

- d- The classification shall be performed in accordance with the paragraphs /a, b and c/ of this article by the classification committees stated in the article /14/ of this legislative decree; the new tax shall be applied to the taxpayer in accordance with the ultimate decision issued by these committees within a maximum period of three years, unless they are amended after one year of its execution.

- e- The provisions of this classification are not applied to the taxpayer after one or three years according to the situation, if the person has not been notified the decision of the primary classification committee that amend his basic taxation during the maximum classification cycle of three years; in this case, the previous tax remains applicable until it is amended in accordance with the provisions of this article.

Article 14:

Article /48/ of the Law /24/ of 2003 and its amendments shall be amended as follows:

A free-of-commitment primary classification committee shall be composed of:

- a- An income auditor or an employee of finance of the first category with a minimum experience of three years in the income section, as a head.
- b- A representative of the Finance Departments is nominated according to a recommendation of the Manager of Finance, as a member.
- c- A representative of the vocation or the profession selected by the Manager of the Finance of the province from a list that includes names of three deputies proposed by the specialized syndicate or the specialized chambers of industry, commerce, agriculture or tourism; in the case of the of the unavailability of these syndicates or chambers, not dispatching their representatives or the shortage of the workers in this profession, this representative is nominated by the Manager of Finance from a practitioner of this profession or vocation in the nearest administrative unit, as a member.

A rapporteur or more are nominated in a decision issued by the Manager of Finance.

Article 15:

The article /49/ of the Law No. /24/ of 2003 and its amendments are amended as follows:

- a- The income auditor shall prepare the description of taxation stating in it all the considerations adopted as a foundation for the taxation, and formulate a table that includes the names of all the workers for the taxpayer and their wages to be adopted by the Finance Departments; the specified primary

committee stated in the article /14/ shall issue a decision to fix or increase the taxation in pursuit of studying the descriptions dispatched by the income auditor, on a condition that their decision is justified and they clarify the foundations and the considerations adopted in the taxation.

- b-** The taxpayer could object to the primary decision in a period of 30 days starting from the day that follows the notification.
- c-** The objection by the taxpayer shall not necessitate to suspend the taxation and the committee shall not approve the request unless its appended with a receipt confirming that the taxpayer has paid a bond of 500 SYP to the treasury; the bond shall be repaid to its depositor if it is confirmed that the person is fair in his request or in part of it; otherwise, the bond shall be a profit for the treasury.
- d-** The objection of the taxpayer shall include a statement of the aspects of the objections to the considerations adopted by the committee as a foundation for the classification, and shall state the profits that the taxpayer considers consistent with his situation.

Article 16:

Article /15/ of the Law /24/ of 2003 and its amendments shall be amended as follows:

- a-** The request of objections are adjudicated by a committee of appeal or more constituted in the centers of provinces and jurisdictions as follows:
 - 1-** An employee of finance of the first category with an experience in accounting or tax issues of more than three years in the Finance Departments, as a head.
 - 2-** An expert from a general administration or department or one of the establishments or companies of the public sector that are more connected with the profession that is the subject of taxation as suggested by them, and as specified by the Ministry of Finance, as a member.
 - 3-** A representative of the vocation or the profession selected by the Manager of the Finance of the province from a list that includes names of three deputies proposed by the specialized syndicate or the specialized chambers of industry, commerce, agriculture or tourism; in the case of the of the unavailability of these syndicates or chambers, not recommending their representatives or the shortage of the workers in this profession or vocation, the Manager of Finance nominate three practitioners of this profession or vocation in the nearest center to

choose one; in case of the shortage of the practitioners of the profession, a general expert can be nominated, as a member.

- b-** The decision issued by the committee of appeal should be justified.
- c-** The decisions issued by the committee of appeal shall be notified to the taxpayer; these decisions are considered ultimate.
- d-** In a decision by the Minister of Finance, it is permissible to free a committee or more of any other commitment.

Article 17:

Article /15/ of the Law /24/ of 2003 and its amendments shall be amended as follows:

- a-** The fixed-income taxpayers should submit written statements to the Finance Departments in the following situations and periods:
 - 1-** As no longer as 30 days since the date of the following occurrences:
 - a-** commencing a taxable profession or vocation.
 - b-** altering the profession or the vocation, altering the place of its practicing, or suspending or adding an activity.
 - c-** the total or partial transfer of the property to the others.
 - d-** Joining of new partners in the plant or withdrawal of existing partners.
 - e-** Renouncement of practicing the profession or vocation due to non-controlled reason.
 - 2-** Six months after renouncement of practicing the profession or the vocation by the taxpayer:
- b-** The taxpayers shall be re-classified in the situations stated in this article; the taxation shall be removed in the case of renouncement of practicing the profession of the vocation as mentioned in the paragraph /e/; partial tax removal during the time of renouncement shall be considered.

In the case of optional renouncement, the tax removal shall be considered for the time of renouncement that exceeds six months and no more than three previous years.

- c- Taxations are removed based on decisions issued by the Manager of Finance.

Article 18:

Paragraph /a/ of the article /52/ of the Law No. 24 of 2003 and its amendments shall be amended as follows:

- a- The tax on the taxpayers are due since the first year of their classification cycle in accordance with the provisions of the paragraphs /a, b and c/ of the article /13/ of this legislative decree; if any change of the place occurs during the year, the tax paid is considered as an advance payment of the incumbent tax upon the taxpayer, and the paid money is discharged in the view of the change; for the situations mentioned in the first item of the article /17/ of this legislative decree, the tax is due since the start of the month that follows the date of the occurrence that causes the taxation, and it shall be calculated as a part of the annual tax and according to the number of months of actual practicing.

Article 19:

- a- The natural and naturalized, and persons ruled by the same laws, Syrian distributors of tobacco are subject to the fixed income and the salaries and wages tax for withdrawing 2.5 per thousand of the whole national and imported tobacco withdrawal; the General Establishment of Tobacco should deduct the tax.
- b- The deducted tax by the previous paragraph /a/ shall be transferred to the Finance Departments by the body of deduction with the following 15 days following the month of deduction.
- c- If the body mentioned in this article does not deduct and settle the tax within the time specified in it, or if it settles the tax partially, the body is obligated to the un-settled tax in addition to the penalty stated in the article /107/ of the Law No. 24 dated 2003 and amendments.

Article 20:

The investors of harvesters, threshers, tractors and winnowing machines, which have been invested for more than 10 years, shall be exempted from the fixed income tax.

Article 21:

Article /4/ of the Legislative Decree No. 61 dated 2004 shall be amended as follows:

- a- The provisions of Law No. 25 dated 2003 state to not comply with the duties stated in paragraphs /a, b and c/ of the article /3/ of the Legislative Decree No. 61 dated 2004 and amendments.
- b- A penalty of 5000 SYP shall be imposed, if the producer or investor is late in submitting the statement mentioned in paragraph /a/ of the article /3/ of the Legislative Decree No. 61 dated 2004, while submitting in person, and detected by the employees in the field of tax evasion and enquiry.
- c- If the producer or investor delays settling the fee, a penalty of 1% shall be imposed for each day of delay, on a condition that the penalty is no more than the double of the fee.

Article 22:

The fifth article of the Legislative Decree No. 61 dated 2004 and amendments shall be amended as follows:

- a- The Minister of Finance, in decision issued by him, could close the plant obligated to the consumptive expenditure fee for no more than 10 days, based on a justified report issued by the Tax Enquiry Directorate, in one of the two cases:
 - 1- Hindrance of employees in the field of tax evasion and enquiry by the investor of the plant or one of his workers while performing their assignment.
 - 2- After reporting the second violation for the same plant in one year.
- b- The Minister of Finance could, in a decision issued by him, replace the plant closure sanction with a penalty of 10000 SYP to 50000 SYP for each closure day, if the investor of the plant appeals for this.
- c- The penalties defined in the previous paragraph /b/ of this article shall be distributed in accordance with the provisions of the paragraph /a/ of the article /43/ of the Decree No. 1684 dated 1977 and amendments.

Article 23:

Article /6/of the Legislative Decree No. 61 dated 2004 and amendments shall be amended as follows:

If it is verified that the investor of the plant obligated to the consumptive expenditure fee has not registered his plant or concealed part of the sales, a report shall be composed by the employees in the field of tax evasion and enquiry, in which his sales number are defined in accordance with the following basis:

- a- In case of the availability of paper and documents for the previous period, the sales number is defined based on them.
- b- In case of the unavailability of the papers and documents for the previous period, the sales number in the day of composing the report shall be adopted as a bases to calculate the total sales for the previous period in which the fee has not been settled if the investor is concealed; if the violation is only for partial concealment of the sales, the sales number in the day of composing the report shall be adopted to calculate the total sales for 30 days only.

Article 24:

The phrase (annual for one year), stated in the article /8/ of Law No. 25 dated 2003, shall be deleted.

Article 25:

The text of article /12/ of the Legislative Decree No. 61 dated 2004 shall be cancelled, and substituted by the following text:

The basis and criteria to statements and receipts issuing and book-keeping and their duration for the investors obligated to settle the consumptive expenditure fee to the Finance Directorates, and who use the computerized or manual receipts and records, shall be defined in a decision issued by the Minister of Finance; the non-adherence to these basis and criteria shall be considered as a tax evasion occurrence.

Article 26:

The phrase (whichever has the same standings) of the item /4/ of the table /1/ appended to the Legislative Decree No. /61/ dated 2004.

Article 27:

- a- The exemptions from the custom fees stated in the Law No. 10 dated 1991 and amendments, the Legislative Decree No. 103 dated 1952 and

amendments and the in the decision issued by the Supreme Council of Tourism No. 186 dated 1985 and amendments shall be deactivated.

- b-** The exemptions from the income tax stated in the Law No. 10 dated 1991 and amendment, the Legislative Decree No. 103 dated 1952 and amendments and the fifth article of the decision issued by the Supreme Council of Tourism No. 186 dated 1985 and amendments shall be deactivated.

Article 28:

The Minister of Finance shall issue the executive instructions for this Legislative Decree.

Article 29:

This Legislative Decree shall be published in the Official Gazette and put in force as of 01/01/2007

Damascus, 01/10/2006

President of the Republic

Bashar Al-Assad