

Date: 15/01/2020

Caretaker Finance Minister Ali Hassan Khalil issued a decision extending until 24/01/2020 included the deadline for submitting the statements of the Tax on Salaries and Wages for the fourth quarter of 2019 and the deadline for paying the relevant due tax.

Minister Khalil also issued a circular concerning the amendment of the direct valuations that are subject to the Built-Property Tax for properties occupied by non-tenants or that are vacant as of 01/01/2019. The circular stipulated the below:

“Whereas the Decision of the Finance Minister no. 616/1, dated 20/08/2019 and related to the amendment of the direct valuations that are subject to the Built-Property Tax for properties occupied by non-tenants, stipulated a 20% reduction of the direct valuations in force since 01/01/2015 and until 31/12/2018, in line with the fluctuations in the prices of properties in general, and by virtue of Article 39 of the BPT which stipulates the below:

“The validity of the direct valuation shall be extended for three additional years by virtue of a decision by the Finance Minister if the economic situation and the rental rates are stable.

However, if the change in the economic situation and rental rates is of a general nature, an extension might be decided with an upwards or downwards amendment of the previous valuations on the basis of general rates.”

Whereas the BPT competent tax units are inquiring whether this reduction shall apply on the direct valuations in effect since 01/01/2019,

Whereas Article 36 of the BPR stipulates the following:

“When estimating the net revenue, the following assets shall be taken into account:

- 1- The value of the rent agreed upon between the landlord and the tenant, when known and proven right, shall be used a basis for the valuation
- 2- However, when the above cannot be implemented, the net revenue shall be estimated using the comparative method with similar

- properties rented in similar conditions and situations.
- 3- If the comparison cannot be made, then, the net revenue shall be estimated according to the main elements that affect the rental value of the estate: area, region, quality of the building, amenities (heating, cooling, lifts, interphone, etc.), in addition to other elements, provided that the property grants its owner not less than 5% of its value in rent.”

And whereas the decrease in the prices of properties and rents is ongoing in all the regions,

Therefore,

The BPT competent tax units are required to maintain the decrease of the valuations undertaken from 01/01/2019 at a rate of 20%, in line with the reduced valuations implemented from 01/01/2015 until 31/12/2018 for all properties occupied by non-tenants or that are vacant.”