



Marhaba



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Fellowship Meeting January 04, 2011

This first RCBC meeting in 2011 was devoted to a discussion of Rotary matters: Recent and upcoming Club activities including service projects that are to be implemented in the near future as well as those under consideration by the Service Project Committee.



Business Meeting - Guest Speaker Mr. Wadih Abounasr January 18, 2011

The Rotary Club of Beirut Cosmopolitan was pleased to host Mr. Wadih Abounasr at their meeting at Le Vendome on January 18. Mr. Abounasr is a partner at PricewaterhouseCoopers (PwC) where he is in charge of providing compliance and advisory services on both direct and indirect taxes for local, regional and multinational organizations. He also lectures at AUB and various professional organizations as well as within PwC. Mr. Abounasr spoke about "Tax Laws in Lebanon & Offshore Companies". He gave an overview of the basic tax system in Lebanon as well as the tax regime relating to offshore companies and its tax advantages.

The basic tax regime in Lebanon is that contained in Legislative Decree No. 144 (DL 144) of June 12, 1959, which consists of four parts:

- Part One deals with the tax on the income of industrial, commercial, and non commercial activities;
- Part Two regulates the tax levied on salaries and stipends;
- Part Three governs the tax on investment income;
- Part Four consists of general provisions.

Lebanese tax is levied on persons, natural or juridical, whether residing in Lebanon or abroad, on the total income or profits derived by them in Lebanon.

The tax base and the tax rates differ between resident and non-resident tax payers. Every person, establishment or company is considered to be resident in Lebanon if it satisfies one of the following conditions:

1. Has established a registered office or a fixed place of business in its name in Lebanon, even when it does not undertake its business activity in a normal and repetitive manner.
2. Practices a professional or business activity on a regular or repetitive basis, even when it does not have a registered place of business in Lebanon.

On June 24, 1983, two legislative decrees were enacted authorizing the establishment in Lebanon of holding and offshore companies respectively. These legislative decrees exempted holding and offshore companies from most of the tax provisions of DL 144 and other tax laws and subjected them instead to more advantageous tax regimes. In 1995, these two decrees were amended (a) to expand the scope of activities in which offshore companies can engage, and (b) to further reduce the tax rates that apply to certain profits generated by holding companies.

Meetings Tuesdays - Business 7PM; Dinner 8:30PM •Vendome Hotel •Ain El Mreisseh



The incorporation of a Lebanese offshore company (in the form of a Societe Anonyme Libanaise) authorizes it to conduct any form of legitimate business (except for insurance, banking, and other financial institution operations). It also provides many benefits, such as exemption from taxes on profits; from taxes on salaries paid to employees working outside Lebanon; and from inheritance taxes.

Mr. Abounasr concluded his presentation by giving examples of how offshore companies operate to take advantage of these tax exemptions.

Dinner Meeting - Guest Speaker Professor Dima Jamali February 01, 2011



Dr. Dima Jamali, Professor at the American University of Beirut, spoke about “Corporate Social Responsibility – A New Challenge for Lebanon and the Middle East”.

Many people have only a vague idea what Corporate Social Responsibility is all about. For some, it is about big corporation giving money to environmental causes; for others, it is a community initiative; and for others yet, it is no more than a cynical public relations effort. However, CSR is a far more important phenomenon that reflects the obligation of the company to be accountable to all of its stakeholders for all of its activities and for its obligation to seek sustainable development: economically, socially and environmentally. Stakeholders include everyone from shareholders and staff to customers, suppliers, local neighborhoods and the environment.

Drivers of CSR are the following:

- The advent of globalization and international trade
- The boom in information technology
- Society’s needs exceeding the capabilities of government to fulfill them
- The challenge of sustainability
- Shaken public confidence in business in view of recent corporate scandals
- The spotlight focusing increasingly on the role of business in society
- Responsible business corporations grappling with reconciling shareholder and societal values

CSR is already a well-established concept in the West but is a latecomer among local and regional companies. Awareness of it is growing only slowly in our region. CSR should not be considered a burden, but rather a benefit for business and society. The key is to see it as an investment in a strategic asset or distinctive capability, rather than an expense. At the end of the day, corporate social responsibility reflects the character of a company. Its ethics are the measure by which it will be judged increasingly.



Business Meeting - Guest Speaker Mr. Yousef Khalil February 08, 2011

Dr. Yousef El Khalil, Senior Director of the Lebanese Central Bank Financial Operations Department, gave an interesting and informative presentation on the objectives and mission of the Association for the Development of Rural Capacities (ADR). This was followed by a lively discussion with club members.

Dr. El Khalil started by distinguishing between growth and development. While the former refers to an increase in economic activity, the latter goes further by addressing fundamental issues such as life sustenance, freedom and self-esteem. The accepted indicators of development include household income, nutrition, health and education as well as housing conditions.



In this context, he emphasized the gap between the underdeveloped rural areas of North and South Lebanon and the rest of the country. The former lag far behind the rest of Lebanon with respect to development indicators.

He then presented ADR, which was founded in 1998 to meet the needs of the marginalized people of South Lebanon. Initially, the association consisted of a loose network of people from the region who were dedicated to its reconstruction and rehabilitation after decades of war. Several initiatives were launched that enabled the community to improve the livelihood of its members and thus contribute to sustainable development.

The target population of the Association embraces fishermen, farmers, small entrepreneurs, refugees, and local community groups and cooperatives, with an emphasis on women and youth from the most impoverished areas of Lebanon. Its objectives are (a) to improve access to training and to information and financial services, (b) to facilitate access to the labor market, (c) to develop income-generating projects and (d) to promote partnerships and decentralized cooperation.

Since its creation, ADR has designed and implemented projects in four key areas: Micro-Credit; Vocational Training; Sustainable Agriculture; Social Services.

Through partnerships with local, regional and international NGOs, governmental institutions, municipalities, cooperatives, communities, universities and financial institutions, ADR enables the development of human competences, strengthens economic capacities and supports civil societies. Lately, the regional scope of the association was extended to include Jbeil and Keserwan.

Dr. El-Khalil concluded by expressing his wish for future cooperation between ADR and Rotary.

Business Meeting - Past President George Beyrouti February 15, 2011

As a follow up to the successful workshop presided by PP George Beyrouti in December 2010, another training workshop was held to continue discussing membership development as well as other RCBC strategies.

Joint Dinner Meeting - Rotary Club of Byblos February 22, 2011

On the occasion of the 106th anniversary of Rotary and the 22nd anniversary of End Polio Now, the Rotary Club of Byblos organized a gala dinner in the presence of the representatives of the World Health Organization (WHO), the UNICEF and the Lebanese Minister of Health at Eddé Sands, Jbeil. RCBC members, together with Rotarians from other Clubs, were in attendance to show their firm support.





**Dinner Meeting - Ms. Manuella Guiragossian
March 01, 2011**

Our guest speaker, Ms. Manuella Guiragossian, daughter of renowned artist Paul Guiragossian; she addressed the club on the subject of “Investment in Art.”

Ms. Guiragossian started her presentation by giving a brief overview on the importance of art for a nation. As Paul Guiragossian said, “Art is the Oxygen of the Mind.” A nation without art is considered to be a nation without history and culture. Art is an essential substance that makes change happen in Society and helps a nation develop.

It is because of art that we recognize the flaws of the world and it is also because of it that we find ways to build a better life. Without literature, music, films and paintings we would not have a communicating window between our past, present and future. Art breaks all time barriers and is like an actual time machine that can show us what was before, help us envision the future, and expand our creativity. To preserve the culture and art of a country, people must be educated about art and museums and art centers should be open to the public to spread awareness. These things are absent in the Middle East and the Arab world in general.

Aside from personal satisfaction, investment in art has financial benefits. Good art often appreciates over time in spite of traditional economic factors such as inflation. Such an investment can provide multi-fold returns in addition to diversifying the investor's portfolio and reducing the risk of his total investment.

**Fundraising Dinner at Hard Rock Café
March 08, 2011**

RCBC organized a remarkable fundraising dinner evening at the Hard Rock Café. The “60’s Night” theme drew a large crowd and the enthusiasm of the guests contributed to making the event highly successful. The funds raised will allow RCBC to continue to provide humanitarian assistance to the community ,thus staying true to the motto of Rotary “Service Above Self.” Special thanks go to Mr. Armand Simonian , former RCBC member and General Manager of Hard Rock Café, who fully sponsored the event.





**Business Meeting - Mr. Hussein Mikati
March 15, 2011**

Mr. Hussein Mikati, who provides consultancy services in the water treatment and waste-water treatment industries, gave a very informative lecture on "How to Treat Water."

Rain water behaves mostly like a very weak acid due to the carbon dioxide that it dissolves as it is formed and falls from the atmosphere. When weakly acidic waters fall on the earth's surface, they react with minerals and rocks on the surface and below the surface containing Calcium, Iron, Magnesium, Zinc and other metals. The reactions reduce the acidity of these waters and increase the concentration of minerals (Total Dissolved Solids, or TDS) in them.

In addition to rain water, there are four other main types of water, in Lebanon:

- Hard waters (containing dissolved Calcium & Magnesium) along the coast;
- Highly saline waters (referred to as high TDS) mainly along the coast;
- Fertilized waters (containing high levels of dissolved Nitrate) in the Beka'a Valley;
- Spring waters (low salinity waters) mainly in the mountains.

Even if we assume that most waters reaching our homes are fully or partially treated they are still not up to World Health Organization (WHO) potable water standards. This is due to a number of factors:

- The old and corroded piping networks in most buildings;
- Old and corroded galvanized steel collection tanks, or non-corroded tanks with tops left open and thus exposed to dirty surroundings;

- Wells that are shallow and contaminated;
- Domestic wastewater seepage into the ground -- from the flooding of nearby septic tanks.

Based on the simple fact that civilizations grow around -- or nearby -- waterways, Lebanon is considered moderately rich in water resources. Nevertheless, if we are to continue to enjoy these resources, it is important:

1. To teach our children, at school and at home, how best to conserve water;
2. To urge governments to build dams and keep waterways clean and healthy;
3. To urge governments to issue directives for preserving this natural resource;
4. To urge municipalities to improve our water networks;
5. To impose high penalties, with a warning to shutdown (industrial) firms whose waste waters pose a danger to the community.

I do hope and pray that the future will not lead us (or our children) to repeat the famous words of Samuel Taylor Coleridge in his Rime of the Ancient Mariner:

“Water water everywhere
And all the boards did shrink
Water water everywhere
And not a drop to drink”

Dinner Meeting - H.E. Ms. Rana Rahim March 22, 2011



Our guest of honor at this dinner meeting, H.E. Ms. Rana Rahim, Ambassador of Pakistan to Lebanon, gave an interesting presentation entitled “Women of Pakistan: Aspiration and Challenges.”

During the twentieth century, there have been various attempts at social and legal reform that aimed at improving Muslim women’s lives in general. Muslim reformers struggled to introduce female education, to ease some of the restrictions on women's activities, to limit polygamy, and to ensure women's rights under Islamic law. Starting in the early 1990's, the women residing in this region began to rise to some important new challenges such as increasing literacy, gaining access to employment opportunities at all levels in

the economy, promoting change in the perception of women's roles and status, and gaining a public voice both within and outside of the political process. The outcome was successful in Pakistan. Nowadays, women in Pakistan have a very important role in the community, are actively involved in government, politics, and society at all levels. They are doctors, business women, engineers, lawyers, diplomats, ambassadors, artists, teachers, writers, poets, singers, workers, farmers, mothers, wives, students, and the list goes on and on.





Business Meeting - Mr. Raja Abdallah March 29, 2011

Our Guest Speaker, Mr. Raja Abdallah, CFA (Chartered Financial Analyst), and Managing Director of Symphony Business and Finance Consulting Sarl., talked about "Swiss Banking: Tradition and New Reality."

Swiss private banking has catered to high net worth individuals (HNWI) around the world for more than 200 years. The reasons it has flourished ever since include:

1. Personalized, high-quality service;
2. The stability of Switzerland and its ultra-safe banking sector;
3. Its long-standing tradition of confidentiality and discretion;
4. The Swiss culture of diligence and prudence in money management;
5. Strict anti-money laundering laws; and...
6. ...a less notorious reason: tax evasion.



Unlike in the rest of Europe, tax evasion is not punishable as a crime in Switzerland. But it is today more and more frowned upon, and a number of recent events have set in motion huge changes in the industry and a whole new dynamic. Indeed, the Swiss private banking landscape has shifted immensely in the last 10 years, to the point where doubts about the legendary banking secrecy have become daily subjects of discussion.

The events that shook the private banking sector in this "decade of transformation" are summarized below:

2001: The US Person and Patriot Act regulation that strengthened banking rules against money laundering in connection with international terrorism;

2005: The European savings directive, with the taxation of interest income for residents of Europe, leading to the renewed popularity of offshore accounts (BVI – British Virgin Islands for example) as a means to bypass the subject directive;

2007: The US sub-prime mortgage crisis and UBS near-death (UBS is Switzerland's largest bank);

2008: The global financial crisis and Madoff scandal, which hit a number of Swiss banks and financial institutions;

2009: The UBS vs. USA battle, after a UBS private banker blew the whistle on his employer, which resulted in UBS handing over a list of 4400 client names to the IRS; the first major breach of banking secrecy in Swiss history;

2009: The stolen HSBC client list, another severe blow to confidence in Swiss banking secrecy;

2009-2010: The OECD "crusade" against Swiss bank secrecy and undeclared money; new tax treaties signed between Switzerland and a number of countries; a new era in Swiss private banking!

"So is banking secrecy dead?" asks Mr. Abdallah. "Not at all", he answers. "Discretion and confidentiality remain the cornerstone of the banking sector and embedded in the business culture". As the distinction between tax fraud and tax evasion fades quickly, trust* and offshore accounts are becoming more than ever the ultimate sanctuary for clients still seeking tax "optimization" solutions ! So once again, Switzerland is having to adapt to world changes and reinvent its banking sector. And so is Swiss private banking still advantageous? Yes, if you're after discrete, sophisticated and reliable service and ready to pay for it -- but not if you're in for tax evasion exclusively, he concluded.

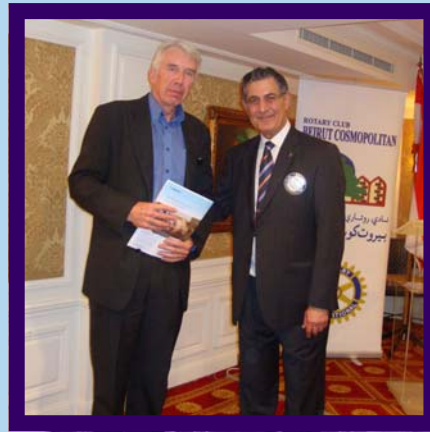
* A trust is a contractual vehicle that separates assets from their rightful owner whilst the latter maintains his control over them.



RCBC News ...



Ms. Lamis Kassar joined RCBC on February 01, 2011 and her classification is Interior Design



Rotarian Einar Tallaksen from Rotary Club of Lysker Norway visited RCBC on January 04, 2011



Rotarian Verena Fullemann from Rotary Club of Baden Switzerland visited RCBC on February 01, 2011



Nic Slingerland from Rotary Club of Sassenheim Netherland exchanged banner with VP Lina Shair on February 22, 2011

The Object of Rotary

The Object of Rotary is to encourage and foster the ideal of service as a basis of worthy enterprise and, in particular, to encourage and foster:

- **FIRST.** The development of acquaintance as an opportunity for service;
- **SECOND.** High ethical standards in business and professions, the recognition of the worthiness of all useful occupations, and the dignifying of each Rotarian's occupation as an opportunity to serve society;
- **THIRD.** The application of the ideal of service in each Rotarian's personal, business, and community life;
- **FOURTH.** The advancement of international understanding, goodwill, and peace through a world fellowship of business and professional persons united in the ideal of service.

Members' Happy Moments ☺

Happy Birthday to PP Gladys Younes, PE Habib Saba, RT Kamal Saad, RT Giselle Abou Chahine, HT Hussam Renno, VP Lina Shair and PP Raouf Malak.

RCBC wishes you a wonderful year of health, prosperity and happiness.