

DOING BUSINESS

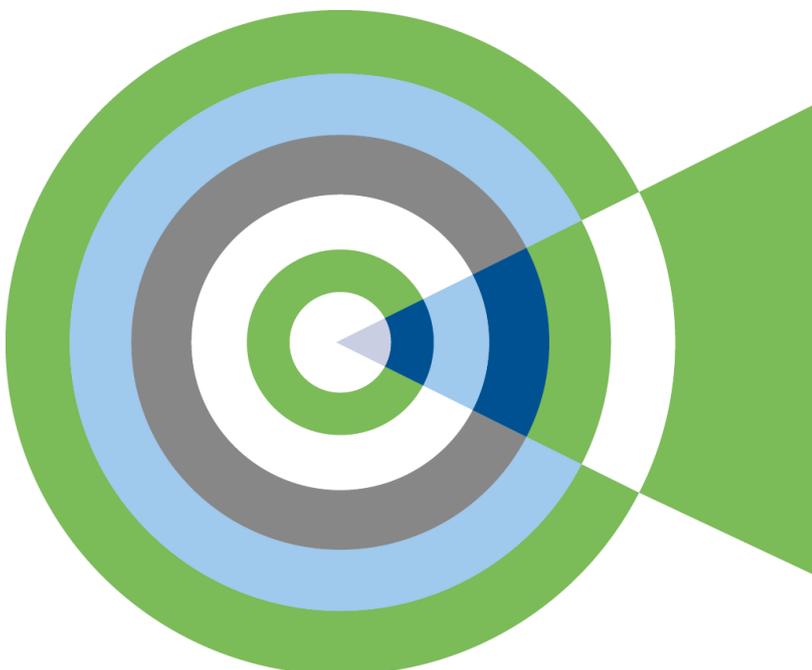
IN JORDAN



The network
for doing
business

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1 – INTRODUCTION

UHY is an international organisation providing accountancy, business management and consultancy services through financial business centres in over 95 countries throughout the world.

Business partners work together through the network to conduct transnational operations for clients as well as offering specialist knowledge and experience within their own national borders. Global specialists in various industry and market sectors are also available for consultation.

This detailed report providing key issues and information for investors considering business operations in Jordan has been provided by the office of UHY representatives:

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Information in the following pages has been updated so that they are effective at the date shown, but inevitably they are both general and subject to change and should be used for guidance only. For specific matters, investors are strongly advised to obtain further information and take professional advice before making any decisions. This publication is current at May 2019.

We look forward to helping you do business in Jordan.

2 – BUSINESS ENVIRONMENT

The Hashemite Kingdom of Jordan (Jordan) got its independence from the British mandate on 25 May 1946. Under the 1952 constitution, the country is a hereditary monarchy with a parliamentary system.

The country consists of 12 governates and the current head of state is King Abdullah II. The current head of government is Prime Minister Dr Omar Al-Razzaz. The Cabinet is nominated by the prime minister and appointed by the king.

The bicameral National Assembly consists of the Senate (55 seats appointed for a four year term) and the House of Representatives (120 seats, twelve of which are for women) elected by popular vote for four-year terms. The last elections took place in 2010.

POPULATION

Population 2018	10.39 million
Population less than 15 years of age	34.34%
Population age 15-64 years of age	61.98%
Population age 65 and above	3.68%

GEOGRAPHY

Location	Asia – Middle East
Time zone	GMT +3
Geographic coordinates	29° 11'N–33° 22'N, and 34° 19'E–39° 18'E, 80 kilometres east of the Mediterranean Sea
Area	89,342km sq (land 88,802km sq, water 540km sq)
Coast line	26km along the Red Sea
Climate	80% classified as arid; rainy season October–May
Terrain	Mostly desert plateau in east, highland area in west; Great Rift Valley separates East and West Banks of the Jordan River.

GDP

GDP (Purchasing power parity)	\$ 89 billion
GDP (official exchange rate)	\$ 40.07 billion
GDP (Real growth rate 2018)	2 %
GDP (Per capita 2018)	\$ 4,130
GPP (Per Capita PPP)	\$9,200

CURRENCY

The currency of the country is the Jordan Dinar (1 JOD = USD 1.41)

LANGUAGE

The official language is Arabic, with English widely spoken.

MAJOR EXPORTS

The country's major exports are apparel and clothing accessories, animal or vegetable fats and oils and their fractions, natural or cultured pearls and precious or semi-precious stones, vegetables, plants, roots and tubers, mineral or chemical fertilizers, crude phosphate, pharmaceutical products, non-organic chemical compounds and products, electrical machines, equipment, appliances and parts, plastic and its products, mineral fuel, wax, bituminous substances, motor vehicles, tractors and motorcycles, tobacco and manufactured tobacco substances, pig iron and steel, and aluminium and its products.

MAJOR IMPORTS

Major imports are crude oil, electrical machines, appliances and plant machines, equipment and accessories, animal or vegetable fats and oils and their fractions, knitted fabrics, pig iron and steel, motor vehicles, tractors and motorcycles, plastic and its products, natural or cultured pearls and precious or semi-precious stones, diesel oil, petroleum spirits (benzene), paper, paperboard and its products, aluminium and its products, articles of wood and wooden charcoal, and cotton.

COMMUNICATIONS

Telephones - fixed lines:

Total subscriptions: 404 K

Telephones - mobile cellular:

Total: 9.8 million

Internet users:

Total: 5.1 million

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Country code: JO

BANKING AND FINANCIAL SERVICES

Jordan enjoys a very well-developed banking sector by regional standards with a wide array of business, investment, and retail services. Both local and international banks are operational and growing in Jordan.

There are 25 banks in Jordan: 16 Jordanian banks out of which 3 are Islamic Bank and 9 non-Jordanian Banks.

Whereas, the Amman Stock Exchange is modern and enjoys no taxes on capital gains, no taxes on cash dividends, free repatriation of investment and income, no ceiling on foreign equity ownership and privatization. With a comprehensive legal Infrastructure, internationally compliant financial environment, and a modern and well-established stock market, your investments are bankable, and your profits will grow.

Jordan enjoys a comprehensive Legal Framework (Central Bank of Jordan Law, Banking Law and Anti-Money Laundering and Combating Financing of Terrorism Law, the Money Exchange Business Law, The Public Debt Law, Foreign Currency Control Law, Electronic Transactions Law).

During the last few years, Jordan enjoyed high growth levels propelled in part by investment inflows and exposure to high regional liquidity fed by petrodollars. Banks fared well, and in fact showed an unprecedented performance in terms of operating revenues, deposits and credit facilities. Their investment portfolios also generated very high revenues leading to an overall expansion of the sector. In the near future though, the profitability of banks could be affected by higher credit costs as a result of the global financial crisis. The down turn in the Amman Stock Exchange could also have a number of repercussions including, lower trading income and brokerage fees. The fundamental credit outlook for Jordanian financial institutions is stable because banks enjoy solid financial fundamentals. However, banks are becoming more exposed to the volatile equity and the struggling real estate markets. On the whole; Jordanian banks have modest risk profiles because they are inclined to offer the most basic financial instruments. Nonetheless, they are susceptible to high levels of systemic risk stemming from their exposure to the Palestinian territories and the political instability in the region.

TRANSPORTATION

Airports	7
Main Airports	Queen Alia International Airport (Amman) Marka Airport (Amman) King Hussein International Airport (Aqaba)
Port	Aqaba (Red Sea)
Highways	7,203 KM
Railways	509 KM

LAND AND BUILDING

Jordan has some of the lowest land/building costs in the Middle East and North Africa (MENA) region, as well as an abundance of space available for the establishment and expansion of businesses:

- In the capital city of Amman, apartments, independent villas and offices can be easily found at reasonable rates
- Businesses are usually located in the commercial centres of downtown Shemisani, Garden Street, Sweifieh, Jabal Al Hussein, Jabal Amman and Abdali Boulevard.
- Annual rent for office space in West Amman ranges from USD 60–140 per square metre.
- The purchase price of land for commercial use in West Amman ranges from USD 750–2,500 per square metre
- The price of land for residential use ranges from USD 150–1000 per square metre.

Lower real estate rates can be found outside the capital. Foreign investors can purchase real estate and are entitled to own land in the Kingdom after getting all the necessary approvals from the relevant bodies, depending on the area of the designated land and the location.

The Department of Lands and Survey (DLS) has created a complete and accurate digital map covering the whole country to serve as an essential basis for the geographic information systems (GIS) needed by both the public and the private sectors. Available digital maps have already been provided to bodies such as the Greater Amman Municipality, Aqaba Special Economic Zone Authority, the Ministry of Education, the Telecommunications, Water and Electricity Authority, and many others.

HOLIDAYS IN JORDAN 2019

Holidays with vacation days:

New Year's Day	1 January 2019
Hijra New Year	31 August 2019*
Birthday of Prophet Mohammed	9 November 2019*
Labour Day	1 May 2019
Independence Day	25 May 2019
Eid al-Fitr	4-7 June 2019*
Eid al-Adha Al-Mubarak	9 - 13 August 2019*
Christmas Day	25 December 2019

* Indicates approximate lunar dates

3 – FOREIGN INVESTMENT

There is no discrimination of any kind between domestic and foreign investors.

INVESTMENT INCENTIVES AND TAX EXEMPTIONS

Incentives and advantages outside the Development Areas and the Free Zones

Production inputs necessary for exercising economic-industrial or vocational activities that are exempted from the custom duties and are subject to the general sales tax in accordance with the provisions of the General Sales Tax Law in force if such activities are imported or locally purchased, provided that Income & Sales Tax Department should refund such tax paid for such activities within (30) days from date of submission of a written refund request thereof. If Income & Sales Tax Department fails to refund such tax within such period, then it shall pay (9%) interest on an annual basis.

Production requirements and fixed assets, and production requirements and the dual-use fixed assets necessary for exercise of economic-industrial or vocational activities that are exempted from the custom duties, where the general percentage provided in the General Sales Tax Law to be reduced to (zero) if such sales are imported or locally purchased, provided that the beneficiary is registered at Income & Sales Tax Department.

The services that are subject to the general sales tax in accordance with the provisions of the General Sales Tax Law in force if such services are imported or locally purchased, provided that Income & Sales Tax Department should refund such tax paid for such services within (30) days from date of submission of a written refund request thereof. If Income & Sales Tax Department fails to refund such tax within such period, then it shall pay (9%) interest on annual basis.

The goods required for the following economic activities that are exempted from the custom duties and are subject to the general sales tax by (zero) if such goods are imported or locally purchased, namely:

- a) Agriculture and livestock
- b) Hospitals and specialized medical centres
- c) Hotels and tourist facilities
- d) Entertainment and tourist recreation cities
- e) Communication centres
- f) Scientific research centres and scientific laboratories
- g) Artistic and media production
- h) Conference and exhibition centres
- i) Transport and/or distribution and/or extraction of water, gas and oil derivatives using pipelines
- j) Air transport, sea transport and railways

The income tax payable in the less developed regions in the Kingdom shall be reduced as to the economic-industrial & vocational activities and the economic activities to a percentage not less than (30%) , and the provisions in connection thereof shall be determined pursuant to a regulation to be issued for this purpose; which determines:

The regions that enjoy income tax deduction and category of each region according to their economic development level.

The economic activities that are excluded from benefiting from income tax deduction.

The deduction ratio that the economic activity enjoys according to the region in which the activity is exercised.

Foundations, standards and conditions of enjoyment of income tax deduction.

Duration of enjoyment of income tax deduction.

Foundations, standards and procedures of extension of duration of income tax deduction.

Incentives and advantages inside the Development Areas and the Free Zones.

The income tax shall be (5%) of the taxable income of the Registered Establishment realized from its economic activity inside the Development Area.

The income tax shall be (5%) of the taxable income of the Registered Establishment realized from its economic activity in the industrial sector.

The Registered Establishment shall benefit from any operative tax exemptions in the Kingdom concerning the exports of goods and services to outside of the Kingdom.

This shall not apply to the income realized by banks and telecommunications companies that have individual licenses, as well as the financial brokerage companies, and financial companies including the companies that exercise exchange, financing or financial leasing business, and consultation & financial and tax audit companies, transport companies (sea transport, railways, and road freight transport), insurance and reinsurance companies, basic mining and extraction industries, generation and distribution of electricity, and transport and/or distribution and/or extraction of water, gas, and oil derivatives using the pipelines.

The general tax provided in the General Sales Tax Law shall be reduced to (zero) as to the goods and services purchased or imported by the Registered Establishment for the purpose of exercising their economic activity inside the Development Areas.

The goods' providers registered under the General Sales Tax Law in the Kingdom may demand refunding the general sales tax that has been previously paid for the goods sold to the Registered Establishments existing in the Development Area.

The goods and services originated in the Development Area and are sold to the remaining regions of the Kingdom shall be subject to the general sales tax.

(7%) sales tax shall be collected from value of sale of services to be determined pursuant to the regulation issued for this purpose when being sold for consumption in the Development Area.

Sales of goods that are subject to the special tax including vehicles, tobacco, and its products, alcohol and beer shall be subject to the sales tax and custom duties collected in the Kingdom when being sold for consumption in the Development Area.

The Registered Establishments that exercise an economic activity in the Development Area; the materials, equipment, machines, supplies, and construction materials in connection with building, constructing, preparing and furnishing all types of projects established by such Registered Establishments in the Development Area, including the spare parts required for their permanent maintenance, and the goods imported to the Development Area for the exercise of the economic activity or exported by such economic activity to outside of Kingdom, shall be exempted from the custom duties, except for exports fees, service fees, and the wages payable in accordance with the legislation in force.

The goods produced or manufactured in the Development Areas that meet conditions of the Jordanian origin shall not be subject to the custom duties and other fees and taxes when being placed for consumption in the local market.

Incentives and advantages inside the Free Zones

The Registered Establishment that exercises an economic activity in the Free Zone shall be:

* Exempted from income tax on the profits realized from the following activities:

1. Exporting goods services to outside of Jordan.
2. Transit trade.
3. Selling and transferring goods inside boundaries of the Free Zones.
4. Providing and supplying services inside the Free Zone.

* Exempted from income tax on salaries and allowances of non-Jordanian employees working in the projects executed in the Free Zone.

* Exempted from custom duties and all taxes and fees on the goods exported from the Free Zone to markets other than the local market, and on the goods imported to the Free Zone including materials, equipment, machines, supplies, and construction materials in connection with building, constructing, preparing and furnishing all types of projects established by such Establishments in the Fee Zone including the spare parts required for their permanent maintenance. The exemption shall not include the service fees.

* Granted exemptions from the licensing fees, buildings and lands taxes, and revenues of paving, organization and improvement concerning the buildings and constructions established in the Free Zone.

* Be permitted to transfer the foreign currencies and their profits from the Free Zone in accordance with provisions of the legislation in force.

* Be permitted to move the machines, equipment, materials, goods, and supplies required to establish, operate or expand any project and the profits realized thereof to outside of the Kingdom in accordance with provisions of the legislation in force.

4 – SETTING UP A BUSINESS

TYPES OF PARTNERSHIP

GENERAL PARTNER

This is where partners are jointly responsible for the management of the company's activities, with full liability over the company's private properties, debts and liabilities.

LIMITED PARTNER

This is where partners contribute to the company's capital without having the right to manage the company or perform its activities. The liability of such partners is limited to their capital shares.

COMPANY CAPITAL

REGISTERED CAPITAL

The company's capital is declared within the Company Founding contract and its Memorandum of Association. This is the maximum capital that can be claimed for the duration of the company.

AUTHORISED CAPITAL

This is the company capital needed only for the registration of the company.

SHARES IN CASH

These are the partner capital shares given in return for his/her cash value contribution in constituting the company's capital.

SHARES IN KIND

These are the partner capital shares given in return for the in-kind value contribution to the company's capital.

CAPITAL VALUE IN CASH

This is the cash value of the total shares which constitute the company's capital.

CAPITAL VALUE IN KIND

This is the total shares value in kind which is paid to constitute the company's capital.

NUMBER OF SHARES OFFERED FOR PUBLIC SUBSCRIPTION

The registered capital designated for public subscription is only applicable for public shareholding companies.

COMPANY DURATION/LIFE CYCLE

This is assumed to be unlimited, unless otherwise stated by the Founding Contract and the Memorandum of Association.

TYPES OF COMPANIES

GENERAL PARTNERSHIP

Companies founded by a maximum of 20 natural partners, all over 18 years of age, all partners are liable in their own possessions to all the company loses.

LIMITED PARTNERSHIP

A company founded by natural, founders both over and under 18 years of age. Those over 18 are the General Partners who are responsible for the day to day management of the company.

Limited partners contribute only to the capital of the company but have no authority in or involvement with its management.

LIMITED LIABILITY

A company founded by two or more partners, with their liability determined in accordance with their capital shares.

PUBLIC SHAREHOLDING

A company founded by a number of promoters, with a minimum of two subscribers. The liability of shareholders is limited to their capital shares. A public shareholding company can consist of one person only upon the approval of the Minister and the Controller of MIT.

FOREIGN COMPANY – OPERATING

This is a foreign nationality company registered outside the Kingdom with its head office located abroad. A branch office for that company is operated in Jordan mainly for the execution of a contract with a Jordanian employer. There are no restrictions as to the type of employer. The employer can be governmental, another company or an individual. An example of this would be a construction contract.

FOREIGN COMPANY – NON-OPERATING

This is a company which has a regional office located in the Kingdom to manage the foreign company's operations in the region. This company's operations are coordinated with its headquarters.

LIMITED LIABILITY – ONE PERSON COMPANY

A limited liability company consists of one person. The registration of this company is permissible only upon the approval and the recommendation of the Minister of the MIT.

EXEMPT COMPANIES (OFFSHORE COMPANIES)

Either a public or a private shareholding company with limited liability. This company is registered as a Jordanian company that may not carry out any operations in Jordan. The company's name must include the word "Exempt."

HOLDING COMPANY

A public shareholding company established for the purpose of acquiring shares in other companies, managing them, and extending loans, guarantees, and credit facilitations. Funds are invested in shares, bonds, and securities.

MUTUAL FUND COMPANY

A public shareholding company is founded for the purpose of investing funds in securities for third parties, as per the Securities Law.

EXEMPT COMPANIES (OFFSHORE COMPANIES)

This is either a public or a private shareholding company with limited liability. This is registered as a Jordanian company which may not carry out any operations in Jordan. The company's name must include the word 'Exempt'.

LICENSING A COMPANY

In order to license a company, the following forms must be completed:

- Project Licensing Form
- Environmental Effects Form
- Non-Jordanians should also complete the Personal Details Form and provide a copy of their passport.

Conditions for licensing a company are such that a specific location for the project should be chosen.

Documents required with the licensing application are as follows:

- Land registration and ownership certificate
- Land blueprint
- Location and organisational blueprints
- Preliminary project summary
- Land coordinates*
- Copy of owner's passport or personal ID
- Land categorisation and distance from coordinates*

* Land coordinates are required for agriculturally classified lands only.

5 – LABOUR

Labour is the driving force of any successful business and labour legislation aims at facilitating the efficient use of labour. Jordan's current labour laws and policies are examined below.

LABOUR LEGISLATION

Chapter two of the Constitution establishes a number of workers' rights, including and equitable working conditions; limited working hours per week; weekly and annual paid rest; special compensation given to workers supporting families and on dismissal, illness, old age and emergencies arising out of the nature of the work; special condition for the employment of women and juveniles; equal pay for equal work; free trade unions origination within the limits of the law

In Jordan, National Assembly (Majlis al Umma) is competent to adopt labour legislation. The legal framework is mainly comprised of the Jordanian Labour Law of the year 1996 and its amendments. This Code repeals the Labour Code of 1960, and all amendments made thereto. It governs labour affairs in Jordan. The provisions of the law apply to all employees and employers as defined by Article 2 of the Law. This law was completed by regulations, instructions and decisions issued in accordance with the above labour law. Based on ratified Conventions, amendments to the labour law were adopted on 28 August 2002. These amendments concern some important matters mainly:

- The extension of the coverage of the Labour Law to some categories of workers in the agriculture sector
- The establishment of private employment offices organising the recruitment of foreign domestic workers, and control of these offices by labour inspectors. This will extend the control of the Ministry of Labour in dealing with recruitment and working conditions of these workers
- The protection of workers from dismissal due to economic and technical factors by adoption of detailed regulation
- The regulation of working hours
- The inter-relation between employers' and workers' organisations.

CONTRACT OF EMPLOYMENT

- Chapter IV of the Labour Code deals with contract of employment. It should be drawn in Arabic and in two copies at least. If no such contract is made, the worker may establish his rights by all legal means of evidence.
- The duration of the employment contract is set by agreement of the parties. If the worker is employed for an indefinite duration, he shall be considered in service until his employment is terminated in accordance with the provisions of the Code. If he is employed for a specified period, he shall be considered in service throughout that period. In this case, the contract is automatically terminated at the end of that period. If both parties to the contract continue implementing it after that period has expired, the contract shall be considered to have been renewed as a contract for an indefinite duration and shall be deemed as such from its commencement. When a worker who is regularly employed for piece-work in the workplace or performs a series of tasks by piece-work, he shall be considered as a worker employed for an indefinite duration.

- When labour relation at stake is subcontracting, workers employed by a contractor for the execution of a project may take direct legal action against the project owner, to claim the entitlements due to them from the contractor. Such claims shall not exceed the amount of payments due to the contractor from the owner at the time when action is taken. Workers employed by a subcontractor may take direct legal action against the principal contractor and the project owner. The amounts claimed in such action may not exceed payments that are due, at the time when action is taken, to the principal contractor from the owner and to the subcontractor from the principal contractor.
- A contract of employment remains in force notwithstanding a change of employer, whether such a change is due to the sale of the undertaking or its transfer by inheritance, the merger of the establishment or any other reason. The original employer and the new employer shall, for a period of six months, be jointly liable in the discharge of any obligations arising out of the contract of employment and maturing before the date of change. After the expiry of that period the new employer has sole liability.

PROBATION

An employer may employ any worker on a trial basis to verify his competence and capacities for the work that is required of him, provided that the trial period shall not, in any case, exceed three months. This worker shall not be paid less than the fixed minimum remuneration.

The employer has the right to terminate the employment of a worker under probation without notice or indemnity during the trial period.

If a worker continues work after the end of his trial period, his contract of employment shall be considered of indefinite duration and the trial period shall be considered as part of the service period of the worker with the employer.

SUSPENSION OF THE CONTRACT OF EMPLOYMENT

An employer may suspend the contract of employment of indefinite duration, if economic or technical conditions were to require it, such as a reduction of the workload, the replacement of the old production system by a new one or the total stoppage of work, provided that the Ministry is duly notified.

A worker whose contract of employment is suspended in accordance with the above-mentioned paragraph is entitled to leave work without notice while retaining his legal rights with respect to the end of service.

The Minister of Labour may set up a tripartite commission to examine the validity of such measures.

TERMINATION OF THE CONTRACT OF EMPLOYMENT

According to Section 21 of the Labour Code, a contract of employment shall be considered terminated if:

- both parties agree to terminate it;
- the duration of the contract has expired or the work itself has been completed;
- the worker dies or is no longer capable of working due to a disease or disability certified by the medical authority.

The death of an employer shall not bring about the termination of the contract of employment unless the contract took into consideration the personality of the employer. Jordanian Labour Code makes distinction between ordinary termination (with notice) and extraordinary termination (without notice).

ORDINARY TERMINATION

One of the two parties to the contract of employment of indefinite duration shall give the other party written notice at least one month in advance. If notice is given by the employer, he may release the worker from work for the duration of the notice period, or he may not do so except for the last seven days of that period. In any case, the worker shall be entitled to his remuneration for the notice period. If it is the worker who gives notice, and he leaves work before the end of the notice period, he shall not be entitled to any remuneration for the period of absence and shall compensate the employer by paying him the equivalent of his own remuneration for that period. In this respect, an Order of the Minister of Labour has been promulgated in the 1st of February 1997 to establish committees to study the cases of termination or suspension of contracts of employment on the basis of the provisions of section 31 of the Labour Code.

If the contract of employment is for a specified period, it can be terminated before its expiry date by either the employer or the worker for any of the reasons set forth in section 29 of this Code (the work is different in nature from that agreed in the contract; conditions necessitating a change of residence; medical reasons...), the worker shall have the right to receive all his entitlements and benefits as stipulated by the contract. If the contract for a specified period is terminated by the worker for none of the reasons set forth above, the employer may claim damages from the worker.

However, the employer may not terminate the employment of a worker or give him/her notice if the worker is:

- a pregnant woman who has reached at least her sixth month of pregnancy, or a woman on maternity leave;
- performing military or reserve service;
- on annual or sick leave, on leave granted for worker education or pilgrimage or on leave agreed by both parties to take up trade union office or studies in a recognized institute, college or university.

EXTRAORDINARY TERMINATION

An employer may dismiss the worker without notice, if:

- the worker assumes false identity or submits false certificates or documents with the purpose of acquiring a benefit or causing prejudice to others;
- the worker fails to fulfill the obligations stipulated in the contract of employment;
- the worker commits a fault causing the employer considerable material damage, provided that the employer notifies the appropriate bodies of the accident within five days from the date on which he learns of its occurrence;
- the worker, in spite of receiving two written warnings, fails to observe the internal regulations of the establishment, including safety regulations;
- the worker is absent from work without good cause for more than twenty days intermittently, during any one year, or for more than ten consecutive days, provided that, prior to the dismissal, written notice is sent to his address by registered mail and published, at least once, in a daily local newspaper;
- the worker discloses work secrets;
- a court, in a final judgment, finds the worker guilty of a criminal offense or a misdemeanour involving dishonourable or immoral conduct;
- the worker is found at work in a manifest state of intoxication or under the influence of any drugs or psycho-tropic substances, or if he has committed, at the workplace, an act violating principles of moral conduct;
- the worker strikes or insults the employer, the manager in charge, a superior, a fellow worker or any other person in the course or on account of work.

PAID LEAVE

Every worker is entitled to annual leave with full pay for a period of fourteen days for every year of employment. This leave is extended to twenty one days where the worker has been in the employment of the same employer for five consecutive years. Official and religious holidays and weekly rest days shall not be counted as part of a worker's annual leave unless they fall in its course.

If a worker's employment is terminated for any reason before he uses up his annual leave, he shall be entitled to receive his remuneration for all remaining leave days. Any agreement by which a worker relinquishes his right to annual leave in full or in part shall be null and void.

MATERNITY LEAVE AND MATERNITY PROTECTION

Women workers are entitled to maternity leave with full pay for ten weeks including rest before and after delivery. Leave after delivery shall be no less than six weeks long and employment before the expiry of such a period shall be prohibited.

After expiry of the maternity leave period every woman worker is entitled, within one year of delivery, to take time off with pay for the purpose of nursing her newborn baby, provided that total time off does not exceed one hour a day.

Employers with at least twenty married women workers in their employment shall provide an adequate facility under the care of a trained nurse for the women workers' children under four years of age, if at least ten of them are in such an age group.

Every woman worker in an establishment employing ten or more workers is entitled to a maximum of one year unpaid leave to bring up her children. She has the right to be reinstated at the end of her leave, but she'll lose that right if she was engaged in gainful employment during that period.

According to section 29 of the Labour Code, a worker may leave his or her employment without given notice while preserving his legal rights to end of service indemnities and entitlements to damages, if:

1. he or she is employed in work markedly different in nature from that agreed in the contract of employment, unless it is for reasons stipulated in section 17 of this Code;
2. he or she is employed in conditions necessitating a change of residence, unless such a change is stipulated in the contract;
3. he or she is downgraded from the agreed level of employment;
4. his or her remuneration is lowered, unless it is for reasons stipulated in section 14 of this Code;
5. a medical report issued by a medical authority, proves that his or her work, if continued, could be hazardous to his health;
6. the employer, or the person acting on his behalf, strikes or insults the worker in the course or on account of his or her work.

Other laws, regulations, instructions and orders that affect the labour environment in Jordan include:

- Regulation No. 23 of 1966, as amended, which issues rules governing public service, defines individual labour relations, paid leave, compensation, temporary assignment and termination of service

- The Maritime Law of 1972 which governs maritime employment (seafarers contract of employment, advance payment withholding and authorised remittance of seafarer's wages)
- Order of the Minister of Labour to establish committees to study the cases of termination or suspension of contracts of employment on the basis of the provisions of section 31 of the Labour Law. This Order establishes committees in each governorate where there is a Directorate for work and employment, so as to study the cases of termination of contracts of employment for undetermined periods or cases of suspending such contracts for economic or technical reasons
- Regulation No. 36 of 1997 concerns work permit fees for non-Jordanian workers, issued under Article 12 of the Labour Code of 1996. This Act provides for fees to be paid by the employer for the delivery of work permits
- Regulation No. 56 of 1996 concerns labour inspection, promulgated under Article 7 of the Labour Code
- Industrial accidents and occupational diseases instructions of 1993, issued by the Social Security Authority, prescribe the procedures to be observed in the event of such accidents or diseases, and provide for medical assistance to victims and financial compensation for disability resulting from an industrial accident or the contraction of an occupational disease
- The Social Security Law No. 1 of 2014 provides for the establishment of the General Social Security Institution, which should provide social insurance for all workers under 16 with certain exceptions (seafarers, domestic servants, agricultural workers). It also deals also with labour injuries and occupational diseases, old age, disability and death benefits. The monthly social security deduction for the employee is 21.75%, where 7.50% is to be paid by the employee and 14.25% is to be paid by the employer.
- While other legislation exists, the Labour Law organises most subjects related to the labour environment. Employment is governed as well by an employment contract, which is drawn up in Arabic with two copies produced; if no such contract is made, the worker may establish his rights by all legal means of evidence. The duration of the employment contract is set by agreement of the parties. If the worker is employed for an indefinite duration, he shall be considered in service until his employment is terminated in accordance with the provisions of the Law.

All issues regarding social security can be found at the following web address –
<http://www.ssc.gov.jo>

VISA & WORK PERMITS FOR NON-JORDANIANS

Visa requirement	Visas are required for entry into Jordan
Issuing of visas	Visas are issued at Jordanian diplomatic missions abroad and at point of entry for some nationalities
Fees and length of stay	Fees and stay periods vary according to a visitor's nationality
Work permit requirement	Work permits are required
Work permits	Permits are issued by the Ministry of Labour
Work permit duration	One year

6 – TAXATION

INCOME TAX LAW

The Income Tax Law No. (34) Of 2014 amended by Law No (38) of 2018 effective 1 January 2019.

The modifications were published in the Official Gazette on 2 December 2018.

The New Income Tax Law affects a broad range of tax aspects applicable to corporations and individuals. This includes changes to corporate income taxes, withholding taxes, personal income taxes, penalties, and taxation in the Development Zones and Free Zones. The New Income Tax Law also imposes a new national contribution tax that will be levied upon the income of corporations and certain high-earning individuals in conjunction with income taxes.

This Alert summarizes the key changes.

1- Individuals' income tax

Individuals income tax exemption

Details	exemptions (JOD)	
	2019	2020 onwards
Personal exemption	10,000	9,000
Dependents exemption	10,000	9,000
Additional exemptions for medical expenses, educational expenses, rent and home loan interest	1,000 for each child up to 3,000	1,000 for the individual, 1,000 for the spouse, and 1,000 for each child up to 3,000

Individuals' income progressive tax rate table

Taxable Income (JD)	Rate
0 – 5,000	5%
5,001 – 10,000	10%
10,001 – 15,000	15%
15,001 – 20,000	20%
20,001 – 1,000,000	25%
1,000,000 +	30%

- National contribution tax rate is 1% will be imposed on the taxable income of individuals exceeding JOD 200,000.

2- Corporates' income tax

Industrial sector

Tax year	Industrial, pharmaceutical and clothing	All other industrial activities
	Tax Rate	Tax Rate
2019	10%	15%
2020	14%	16%
2021	16%	17%
2022	18%	18%
2023	19%	19%
2024	20%	20%

Other sectors

Sector	Tax rate
Banking	35%
Electricity generation	24%
Basic mining companies	24%
Finance, financial intermediary and financial leasing	24%
Telecommunication	24%
Insurance and reinsurance	24%
Other sectors	20%

3- Development Zones and Free Zones Income tax

- Income tax at rate of 5% is applied on manufacturing companies registered in Development Zone that has an in country added Value for not less than 30%.
- Other companies registered in Development Zones shall be taxed at 10%.
- Companies registered inside Free zones became taxable in Jordan in relation to its activities inside the free zone and taxed using the same tax rates applies to other similar Jurisdiction persons (entities) in Jordan.

CUSTOMS LAW

Customs Law No. (20) Of 1998

All imported goods are subject to custom duty, except those specifically exempted. Rates of duty vary according to the importance of the item to the national economy. Essential commodities and various raw materials attract relatively low rates of duty, while luxury goods attract higher rates.

Under the prevailing Import Tariff Schedules, valid since 1989, a high tariff rate is imposed on luxury goods and on major categories of consumer goods. However, in order to stimulate export production, import tariffs are low on many raw materials, machinery and semi-finished goods.

To secure tariff exemptions, businesses must document that the raw materials to be imported will be used in export production, maintaining at least 40% Jordanian value-added content.

The Director General of Customs may grant temporary admission status to certain goods such as heavy machinery and equipment used to implement government projects or important projects which have obtained government approval. Foreign construction companies operating alone or with a Jordanian partner can apply for this temporary admission status.

Customs play an important role in investment and trade. Jordanian laws provide the investor with total customs exemptions on imported fixed assets, ease of licensing and registration procedures, and freedom from customs duties for export industries on imported raw materials.

However, customs procedures in Jordan have historically been a major impediment to free trade. Overlapping areas of authority and excessive signature clearances on paperwork for shipments remain unchanged. Actual commodity appraisal and tariff assessment practices often differ from the written regulations. Discretionary decisions are sometimes made about certain cases that are subject to conflicting instructions and regulations.

In cooperation with the USAID-funded AMIR Program (Achievement of Market-Friendly Initiatives and Results), the Jordanian Customs Department worked for more than a year and a half on upgrading customs services. This program will strengthen the national economy through providing an excellent civil service system for various sectors dealing with the Customs Department. It will also reinforce the principle of real partnership between customs and the private sector, based on joint responsibility and mutual cooperation. The Program further aims at enhancing the trust in the Jordanian investment environment by facilitating the procedures of goods movement across borders, especially with regard to Jordanian exports.

INTELLECTUAL PROPERTY LAW

Intellectual property rights (IPR) protection can be considered as a powerful tool for economic growth in many sectors.

In Jordan, for example, recent intellectual property reforms have greatly benefited the country's economy in general and its pharmaceutical sector in particular. Jordan's pharmaceutical sector has gained new export markets and has started to engage in innovative research as a result. New health sectors, such as contract clinical research, have emerged, and health-sector employment has grown as well.

Jordan joined the World Trade Organization (WTO) in 2000, becoming its 136th member. In 2001, it entered the US-Jordan Free Trade Agreement (FTA), the first such agreement between the United States and an Arab trading partner. Through these agreements, the government of the Hashemite Kingdom of Jordan continued a process of comprehensive economic reforms that had been underway for about a decade. In fact, Jordan passed several new laws to improve protection of intellectual property rights prior to its accession to the WTO.

Laws consistent with the WTO Agreement on Trade-Related Aspects of Intellectual Property Rights (TRIPS) now protect trade secrets, plant varieties and semiconductor chip designs in Jordan. Registration of copyrights, patents and trademarks is required. Copyrights are registered at the National Library and patents are registered with the Registrar of Patents and Trademarks, which is part of Jordan's Ministry of Industry and Trade. Jordan has signed the Patent Cooperation Treaty and the protocol relating to the Madrid Agreement concerning the registration of marks, but ratification was still pending in early 2005. Jordan has also acceded to the World Intellectual Property Organization (WIPO) treaties on copyrights (WCT) and performances and phonograms (WPPT). There has been considerable debate about the importance of intellectual property (IP) laws in encouraging investment, in particular FDI. Understanding the relationship between IP and investment requires a comprehensive analysis, but for our purposes a brief evaluation of the correlative capacity of the two factors is sufficient.

Having a proper IP system will enhance the overall business environment in Jordan; it will allow Jordan a more comprehensive approach to bettering its business environment. Part of this approach is recognising that there are some types of investments that are more sensitive to the level of IP protection than others. This means that higher standards of IP protection could generate more investments in certain industries and the absence of a certain level of IP protection might be a major impediment to these industry investments. The main beneficiaries of higher standards of IP protection are those industries that depend on IP to boost their development. Pharmaceuticals and chemicals, information and communication technologies (ICT), and integrated circuits' designs are examples of business activities that are highly affected by the level of IP protection. Even within the same industry there are certain activities that seem to be more sensitive to IP protection than others. For example, in the pharmaceutical sector, research and development (R&D) seems to receive more attention than sales and distribution. It is expected, therefore, that any investor in the aforementioned areas would expect a certain level of IP protection in order to start his own business in a given country.

In establishing a sound investment environment which includes IP protection, three considerations should be kept in mind. The first is that it is not enough to have IP laws and regulations without having a proper enforcement system. In other words, it is important to introduce an IP system which is efficient in its three components; legislation, administration, and enforcement. The second is that it is not enough to have a strong IP system in order to attract investments. The investment climate consists of a wide range of economic, political, social and legal elements, and all these should be consistent and attractive to investors. The third consideration is related to other industries which are seemingly immune to the level of IP protection such as textiles. These industries do not seem bothered about the level of IP protection because it's not a major element in their production.

Finally, it should be noted that the current standards of IP protection in Jordan might be problematic in some areas. The rush to adopt these laws and accelerate their maturation to levels found in developed countries raises a series of questions regarding their effects on vital sectors such as public health and education. Another issue is whether developing countries should adopt standards of IP protection consistent with their level of economic and technological development and gradually improve these alongside their economic capacity. This point of view should be taken seriously by Jordanian policy makers in any further steps to increase the level of IP protection. Another serious issue is the cost of enforcing IP laws. It is widely accepted that enforcing such laws is a costly process that requires huge financial and human resources. This could only be justified if the economy can achieve benefits that would outweigh these costs.

COMPETITION LAW

Competition plays a major role in developing the business environment.

The importance of competition is derived from the fact that it is mainly based on market freedom, which is vital for the growth of businesses. Despite the importance of competition, Jordanian policy makers were not, until recently, concerned about developing a legislative framework to develop this area. However, things have changed and there is now considerable attention being paid towards the importance of competition. This has taken the form of legislative and institutional activities.

The legislative activities related to competition are the promulgation of two laws. The first is the Unfair Competition and Trade Secrets Law No. 15 of 2000. The second is the Competition Law No.33 of 2004. The Competition Directorate within the MIT is responsible for the implementation of these competition laws and ensuring that all commercial practices are consistent with its provisions.

The overall effects of competition on investment need deeper analysis but one can suggest that generally the existence of sound legal organisation should enhance the business environment and attract more investments. For foreign investors there are certain areas where competition law is significant. In particular, merger and acquisition practices are highly affected by competition and anti-trust rules. Thus, it should be noted that a comprehensive analysis of the importance of competition policies on investments is required.

ENVIRONMENTAL LAW AND POLICY

Jordanian policy makers should be aware of the importance of the environmental dimension in the business climate.

Although environmental concerns might not affect all economic activities, it still remains important to bear in mind concerns about the appropriateness of certain investments as regards environmental policy.

The environmental dimension should be considered carefully while designing a sustainable development strategy. One should not ignore the facts that affect Jordan in this regard. For example, the agricultural area in Jordan is almost 3.1 million dunums, representing 4% of the total area of the Kingdom, with forests covering no more than 760,000 dunums. The country also has scarce water resources which depend mainly on rainfall. The quality of water is easily affected by industrial and agricultural waste, and by wastewater treatment plants.

It should also be noted that water allocation policy in Jordan implies that 20% of total consumption is for potable use, 79% for irrigation and 15% for industrial purposes. Investment strategies must take into account these allocations and other environmental realities when generating policy.

There is a complicated relationship between investment and the environment. It is the joint responsibility of public and private institutions to reach an ideal situation regarding the best practices in terms of attracting more investments while protecting the environment.

Currently there is a set of laws and regulations governing environmental issues. The Environment Protection Law No. 52 of 2006 is the primary legislation which organises the environmental issues in Jordan. There are other regulations which organise specified areas such as water protection, air protection, nature protection and environmental impact. This legislative framework is essential to preserve the environment in Jordan and might affect the investment process in some cases. This suggests that policy makers should pay some attention to the relationship between investment and environmental law and policy.

7 – ACCOUNTING & REPORTING

International standards in accounting and auditing were adopted in 1990 by Jordan's Association of Certified Public Accountants (JACPA). All parties are required to maintain their records accordingly.

JACPA is the sole party able to license external auditors through examinations prepared for this purpose.

Having adopted international standards on accounting and auditing since 1990, all accounts have to be in accordance with international standards and the auditor has to state this clearly in his report.

The General Assembly of a Public Shareholding Company, a Limited Partnership in Shares, a Limited Liability Company and a Private Shareholding Company, must elect one or more licensed auditors (from amongst licensed auditors) for one renewable year, and shall determine their remuneration or authorise the Board of Directors to determine such remuneration. The Company shall inform the elected auditor by writing within fourteen days from the date of his election.

A General Partnership, whose capital is JOD 100,000 or more, shall undertake to appoint a licensed auditor to be elected by the majority of the partners. All associations, clubs and unions are required to appoint external auditors to check their accounts and report to the general assembly.

All companies and establishments registered under the laws of Free Zone or Aqaba Special Economic Zones are required to appoint an external auditor to check their accounts and report to the general assembly.

Should the auditor fail, for any reason whatsoever, to perform the duties and responsibilities vested in him in accordance with the provisions of the Law, then he/she must, prior to declining the auditing of the company accounts, submit to the Controller a written report and a copy thereof to the Board of Directors. This report shall include the reasons hindering his work or preventing him from performing his duties. The Controller shall resolve these reasons with the Board of Directors. If the Controller fails to do so, then he must put the issue before the General Assembly at the first meeting held by it.

8 – UHY REPRESENTATION IN JORDAN

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Year established: 1979

Number of partners: 3

Total staff: 27

BRIEF DESCRIPTION OF FIRM

The main services provided by our firm include audit (external and internal), tax, consulting and financial advisory services. UHY Arab Auditors believe that quality in everything we do with complying with law and the Code of Ethics, high professional standards and best practices. As of 1 January 2015, we had added a new service line which is Intellectual Property & Trade Mark registration.

As economic challenges become one of the most important issues in our country, as major changes happened to many laws in relation with economic such as Income and Sales Tax, UHY Arab Auditors decided to tailored its services to clients to help them enhancing their respond to these changes and to let them get the right information whenever they need it.

UHY Arab Auditors have teams of experienced auditors were they apply the highest standards of professional integrity, objectivity, independence and technical excellence to all our activities.

SERVICE AREAS

Internal audit and review of internal controls

Income & sales tax consultations.

Compilation of financial statements and other financial reports

Special purpose audits.

Operational audits.

Valuation of business.

Review

Compliance auditing
Intellectual Property
Trade Marks

PRINCIPAL OPERATING SECTORS

Chemicals
Construction
Educational Services
Engineering
Industrial Products
Trading Companies

LANGUAGES

Arabic and English.

CURRENT PRINCIPAL CLIENTS

Nestle – Jordan Ghadeer Water Caterpillar – Jordan & Palestine Cozmo Grand Stores Dana Plaza Hotel, Amman Cambridge School – Jordan Jordan Economic & Development - Comedat E.Construct Morgan International - Jordan World Wide Hearing Jordan Industrial Petrochemical Co. Jordan Insecticides & Agro-treatment Manufacturing Co. Construction Management Association Qudurat Invest Holding Co.

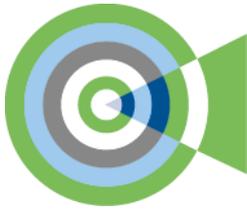
BRIEF HISTORY OF FIRM

Ibrahim Shaddad founded Shaddad Public Accountants in 1979 to provide audit and bookkeeping services to the Jordan market.

The firm became a partnership in 1992 when Omran Tillawi and Nabil Haddad, after six years with the firm, became partners. Ibrahim Shaddad changed his professional direction at this time to law, gaining his law degree from Jordan National University and registering to practice law with the Lawyers Association. He now has his own law office but continues as a silent partner with the firm.

Following five years with the firm, Munir Qawasmi became a partner in 2003 and the firm changed its name to Arab Auditors.

The firm joined UHY in 2009, at the same time re-branding and changing its name to become UHY Arab Auditors.



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