

# Doing Business in Jordan

2009



## Contents

1. Introduction.....	2
2. Business environment.....	4
3. Foreign investment.....	8
4. Setting up a Business.....	13
5. Labour .....	16
6. Taxation.....	24
7. Accounting & reporting.....	26
8. UHY firms in Jordan .....	28
9. UHY offices worldwide .....	28

# 1. Introduction

UHY is an international organisation providing accountancy, business management and consultancy services through financial business centres in over 70 countries throughout the world. Business partners work together through the network to conduct trans-national 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:

## **UHY Arab Auditors**

P.O. Box 2879  
Amman 11181  
Jordan

Tel: +962-6-4618 659  
Fax: +962-6-4634 264  
Email: [info@arabauditors.jo](mailto:info@arabauditors.jo)  
Website: [www.arabauditors.jo](http://www.arabauditors.jo)

Arab Auditors has been established since 1979 and specialises in audit, tax and Consultation.

You are welcome to contact Nabil Haddad for any inquiries you may have.

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 August 2009.

We look forward to helping you do business in Jordan.

UHY Arab Auditors is a member of UHY, an international association of independent accounting and consultancy firms, whose organising body is Urbach Hacker Young International Limited, a UK company. Each member of UHY is a



separate and independent firm. Services described herein are provided by UHY Arab Auditors and not by Urbach Hacker Young International Limited or any other member of UHY. Neither Urbach Hacker Young International Limited nor any member of UHY has any liability for services provided by other members.



## 2. Business environment

### The Jordanian constitution and government

Under the 1952 constitution, The Hashemite Kingdom of Jordan (Jordan), a constitutional monarchy, got its independence on 25 May 1946 from the British mandate. It consists of 12 governates and head of state is King Abdullah II; head of government Prime Minister Nader Dahabi. 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 House of Representatives (110 seats six of which are for women) elected by popular vote to four-year terms. Last elections took place 2007.

### Population

5.47 million (2005) (Males 2.87 million Females 2.61 million)

Population less than 15 years of age (%) 38.8

Population age 15-44 years of age (%) 58.7

Population age 65 and above (%) 3.5

Population density: 60.3 /Km<sup>2</sup>

### Geographical

Location: Asia – Middle East

Geographic coordinates: 80 Km east of the Mediterranean Sea  
29° 11'N and 33° 22'N, and between 34° 19' E  
and 39° 18'E

Area: 89342 sqkm (land 88802 sqkm – water 540  
sqkm)

Coast line: 26 km on the Red Sea

**Currency:** Jordan Dinar (1 JD = 1.41 US\$)

**Language:** Arabic (official), English widely spoken

**Time Zone:** GMT +2 in winter, GMT +3 in summer

**Climate:** 80% is classified as arid; rainy season is October to May.

### Terrain:

Mostly desert plateau in east, highland area in west; Great Rift Valley separates East and West Banks of the Jordan River.

### **Major Exports**

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, preparation of pharmaceutical products, non-organic chemical compounds and products, electrical machines, equipments, appliances and parts, plastic and its products, mineral fuel, wax, and bituminous substances, motor vehicles, tractors and motorcycles, tobacco and manufactured tobacco substances, pig iron and steel, and aluminium and its products.

### **Major Imports**

Crude oil, electrical machines, equipments, appliances and plants, machines, equipments 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.

### **Education**

Number of schools	5318
School Students	1,500,000
Number of universities	18
Total graduates	30,115

### **Health care system**

Public Sector Hospitals	41
Private Sector Hospitals	56
Number of beds	9,820
Number of Pharmacies	1,616
Number of Doctors	12,375
Number of Nurses	8,720
Number of Dentists	490

### **Communications**

Number of fixed landlines users	623,000
Number of mobile users	1,624,000
Number of internet subscribers	457,000
Mobile telephone providers	4
Landline telephone providers	1

## Transportation

### Airports:

- Queen Alia International Airport ( Amman ) AMM
- Marka Airport ( Amman )
- Aqaba International Airport (Aqaba)

**Port:** Aqaba (Red Sea)

Number of Licensed Vehicles	614614
Transit goods passing through Jordan by land	6863 tons
Number of Anchored Ships at Aqaba	2888
Number of Transportation Trucks	31839
Paved Roads (Km)	7500

### Land and Building

Jordan has some of the lowest land/building costs in the MENA region, and an abundance of space available for the establishment and expansion of businesses.

- In the capital city of Amman, apartments, independent villas, and office space can be easily found at reasonable rates.
- Businesses are usually located in the commercial centers of downtown, Shemisani, Garden Street, Sweifieh, Jabal Al Hussein, and Jabal Amman.
- Annual rent for office space in West Amman ranges from US\$ 60 – \$140 per square meter. Retail stores are available for rent with key money ranging from \$ 20,000 – \$200,000 and an annual rent of \$ 7,000 – \$15,000.
- The purchase price of land for commercial use in West Amman ranges from \$ 300 – \$1,500 per square meter.
- The price of land for residential use ranges from \$ 40 – \$375 per square meter.

Lower real estate rates can be found outside the capital. Foreign investors can purchase real estate and they shall be entitled to own a land in the Kingdom after getting all the necessary approvals from the concerned bodies, and that depends on the area of the designated land and its location.

The Department of Lands and Survey “DLS” created a complete and accurate digital map coverage for the whole country, to serve as an

essential basis for the geographic information systems (GIS) needed by both the public and the private sectors. We have already begun providing available digital maps to bodies such as Greater Amman Municipality, Aqaba Special Economic Zone Authority, The Ministry of Education (to produce the digital map), The Telecommunications, The Water Authority, The Electricity Authority and many others.

### 3. Foreign investment

There is no discrimination of any type between domestic and foreign investors. Additionally, non-Jordanian investors can enjoy full ownership of their businesses and have full control over management in the sectors stipulated in the law including IT, hospitals, hotels, convention centers, theme parks, mining and products produced from the Dead Sea such as cosmetics, maritime and railroad transportation and the transportation and distribution of water, gas, and oil derivatives.

- Non-Jordanian investors are afforded the same treatment as the Jordanian investors. They shall have the right to invest in the Kingdom through ownership or participation or shareholding of any project according to the percentages set in the "Regulating Non-Jordanian Investment Regulation" No. (54) for the year 2000, whereas full ownership is allowed in the following sectors: Industry, Information Technology, Agriculture, Hotels, Hospitals, Maritime Transport, Railways, Leisure and Recreational Compounds, Convention and Exhibition Centers in addition to ownership of projects in Pipeline Transportation and Distribution Services for Water, Gas and Petroleum Derivatives as well as its Exploitation.
- Except for participation in public Shareholding Companies, the non-Jordanian investment may not be less than Fifty Thousand Jordanian Dinars (JD 50,000 or \$US 70,000).
- The investor has the right to manage the project in the manner he/she deems appropriate, and through the person(s) chosen by the investor for this purpose.
- The non-Jordanian investor shall be entitled to remit abroad without delay, and in a convertible currency, the invested capital together with any returns and profits accrued, the proceeds of liquidation of the investment as well as the proceeds of the sale of all or part of the project.
- Non-Jordanian technicians and administrators working in any project may transfer their salaries and remuneration abroad.
- It shall not be permissible to expropriate any project or to subject it to any equivalent measures, unless such expropriation is done for a purpose which is in the public interest and in return of a just compensation. The amount of compensation for a non-Jordanian investor shall be made in a convertible currency.

- Investment disputes between a non-Jordanian investor and the Jordanian Governmental agencies shall be settled amicably. If no amicable settlement can be reached within a period of six months, either party may resort to litigation or may refer the dispute to the International Center for the Settlement of Investment Disputes (ICSID).

### **Investments locations**

#### **Industrial estates**

The Jordan Industrial Estates Corporation (JIEC) was established to increase support and encourage the sector, also to increase investment opportunities, and preserve the environment. It owns and manages three industrial estates:

- Abdullah II Ibn Al- Hussein Industrial Estate (AIE) Amman – Sahab
- Al-Hassan Industrial Estate (HIE-QIZ) Irbid
- Al-Hussein Bin Abdullah II Industrial Estate (HUIE-QIZ) Al-Karak
- Maan Industrial Estate/ Maan
- Aqaba International Industrial Estate / Aqaba.

Industrial estates offer the following incentives to investors:

- 100% exemptions for two years on income and social services tax for industrial projects Located only within industrial estates owned & managed by JIEC
- Total exemption from buildings & land tax
- Exemption or reduction on most municipalities' fees
- 100% exemption of taxes and fees on fixed assets for the project, fixed assets for expansion or modernisation, and on spare parts.

In addition, there is a full package of ancillary services at each industrial estate.

The Industrial Estate Corporation manages four industrial parks in Amman, Irbid, Al Karak, and Aqaba, and there are private industrial

parks, Al Tajamouat, Gateway, Al-Mushatta, Al-Qastal, and Cybercity which also enjoy QIZ designation.

### **Qualifying Industrial Zones (QIZs)**

QIZs are areas that have been accorded a special status designated by the governments of Jordan and the U.S., whereby products manufactured in these zones can be exported to the U.S. without payment of duty or excise taxes, and without the requirement of any reciprocal benefits. In addition, there are no quotas on products manufactured in Jordan and exported to the U.S. As a result of these and other facilities offered by the government of Jordan, investors are able to economise between 15% - 35% on the cost of production.

The QIZ measure came after the signature of the peace agreement between Jordan, the Palestinian National Authority and Israel in an effort for regional economic co-operation. Products manufactured in Jordanian QIZs should have 8% value added from Israel to be allowed entry into the United States markets enjoying no taxes or quotas. This has been very lucrative to the garment industry especially in the Far East where quota restrictions hamper large production quantities. Over seventy garment factories have located their businesses in Jordan increasing exports to American markets from less than US\$ 9 million in 1999 to US\$1.01 billion in 2005 and creating a labour intensive industry for Jordanian workers. Garments produced in the QIZs can be found in major name brand stores in the United States.

### **Free Zones**

Jordan's Free Zones areas were established to promote export-oriented industries and transit trade. Commodities and goods of various origins are deposited in the free zone areas for the purpose of storage and manufacturing, without having to pay the usual excise fees and other taxes as they are treated like goods outside Jordan. There are currently 4 public Free Zones and 17 private Free Zones in the Kingdom.

### **Aqaba Special Economic Zone Authority (ASEZA)**

The Aqaba Special Economic Zone (ASEZ) was launched in 2001 as a duty-free, low tax multi-sectoral development zone encompassing the total Jordanian coastline (27 km), the sea-ports of Jordan, an international airport and the historical city of Aqaba with a current population of 90,000 people. It encompasses an area of 375 Km<sup>2</sup> and offers global investment opportunities in a world-class business environment ranging from tourism

to recreational services, from professional services to multi-modal logistics, from value-added industries to light manufacturing.

ASEZ is regulated by the Aqaba Special Economic Zone Authority (ASEZA), which has been mandated with all authorities to manage, regulate and be the municipality for the ASEZ. ASEZA has a truly enabled one stop shop and is the single point of contact for all the needs of investors. ASEZA and the Government of Jordan also launched at the beginning of 2004, the Aqaba Development Corporation (ADC) to be the central development corporation for the ASEZ. ADC owns the port, airport and strategic parcels of land as well as the development/ management rights for these assets as well as for key infrastructure and utilities. ADC is mandated to develop ASEZ; build new infrastructure and required superstructure, or expand existing ones; create business enablers for ASEZ; and manage/operate its key facilities; all through maximising attraction of private sector developers/operators. ADC has also the responsibility to implement the ASEZ Master Plan in a manner that ensures integrated development and transforms Aqaba into a leading business and leisure hub on the Red Sea.

**A package of incentives offered by ASEZA include:**

- Traded goods are exempted from customs taxes and fees, except for cars; (yet qualifying registered firms may import cars duty and tax free);
- Business activities are subjected to a 5 percent corporate tax with the exceptions of banking, insurance and land transport which will be subjected to the prevailing tax rates in Jordan;
- Full exemption from social services tax 7 percent sales tax for selected finished consumer goods and hotel and restaurant services;
- 10 percent land transfer tax, of which 6 percent is paid by the buyer and 4 percent by the seller;
- Exemption from land and building taxes on used property;
- No restrictions on repatriation of capital and profits;
- Businesses registered and operating in the ASEZ also enjoy similar incentives provided to the rest of the country such as 100 percent foreign ownership in tourism, industry and a vast majority of services, in addition to full repatriation of capital and profits and liberal foreign currency regulation;

- Registered entities benefit from preferential access Jordan possesses with the EU, the United States through the QIZ and FTA, and the numerous Arab countries through protocols and free trade agreements;
- Investors can lease the land in the ASEZ for a period of 50 years, renewable in certain conditions, or purchase it for particular projects, which include hotels, health, educational, residential and commercial buildings.

## 4. Setting up a Business

### Types of partnership

#### **General Partner**

Partners jointly responsible for the management of the company's activities, with full liability over the company's private properties, debts and liabilities.

#### **Limited Partner**

Partners who 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 declared within the Company Founding contract and its Memorandum of Association. It is the maximum capital that can be claimed during the company's duration.

#### **Authorised Capital**

The company capital needed only for the registration of the company.

#### **Shares in Cash**

The partner capital share in return for his cash value contribution in constituting the company's capital.

#### **Shares in Kind**

The partner capital share in return for the in-kind value contribution to the company's capital.

#### **Capital Value in Cash**

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

#### **Capital Value in Kind**

The total shares in kind paid to constitute the company's capital.

#### **Number of Shares offered for Public Subscription**

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

**Company Duration**

The company 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**

A company founded by a maximum of 20 natural partners, all over 18 years of age.

**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**

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**

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

**Limited Partnership in Shares**

A limited liability company founded by a minimum of four partners: two general partners and two limited partners. The general partners are jointly liable for the debts incurred by the partnership. The liability of the limited partners is limited to their capital shares.

**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. A Holding Company owns more than half of the company's capital and /or has authority over selecting the company's board of directors.

**Mutual Fund Company**

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

**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".

## 5. Labour

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.

### **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 and so on), 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 recognised 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 fulfil 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.

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:

- 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;
- he or she is employed in conditions necessitating a change of residence, unless such a change is stipulated in the contract;
- he or she is downgraded from the agreed level of employment;
- his or her remuneration is lowered, unless it is for reasons stipulated in section 14 of this Code;
- a medical report issued by a medical authority, proves that his or her work, if continued, could be hazardous to his health;
- 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.

### **Remedies in Case of Unjustified Dismissal**

A worker who intends to challenge the validity of his/her termination must file a submission before the competent court within sixty days of his dismissal. If the court finds the dismissal arbitrary and in violation of the provisions of this Code, the employer may be ordered to reinstate the worker or pay him damages, in addition to compensation in lieu of notice and all other entitlements stipulated by the Labour Code (sections 32 and 33), provided that the total amount awarded shall not be less than the worker's remuneration for three months and not more than his remuneration for six months, and shall be calculated on the basis of the last remuneration he received.

In case of worker's death, all his end of service entitlements stipulated by the Labour Code shall revert to his legal heirs, as if his employment has been terminated by the employer.

## **Hours of Work and Leaves**

The legal working time is forty-eight during a six day week (excluding meal breaks and rest periods) with the exception being hotel, restaurant and cinema workers whom are limited to 54 hours per week. The seventh day is a paid weekly holiday. A worker may be employed, with his consent, in excess of normal working hours, provided that he is paid overtime at a minimum rate of 125% of his regular remuneration. If a worker works on his weekly rest day or on religious or official holidays, he shall be paid overtime at a minimum rate of 150% of his regular remuneration.

Most private businesses observe Friday as the weekend holiday, while banks and government offices close on Fridays and Saturdays.

## **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.

### **Other Leave Entitlements**

Every worker is entitled to fourteen days a year of sick leave with full pay on the basis of a report by the medical practitioner approved by the establishment. Sick leave may be extended to a further fourteen days with full pay if the worker is hospitalised and with half pay if the worker is not hospitalised but provides a report from a medical commission approved by the establishment.

Every worker is entitled to fourteen days a year of paid leave to follow a Ministry approved worker's education course, upon his nomination by the employer or manager of the establishment in coordination with the trade union concerned

Every worker is entitled to four months of unpaid leave if he/she wishes to study in an officially recognised university, institute or college.

A special leave may be granted to a worker, male or female, to take unpaid leave once for a maximum period of two years to accompany his/her spouse if the latter is moved to a work place in a province other than the one in which he or she normally works or abroad.

Every worker is entitled to fourteen days a year of paid leave to go on pilgrimage, provided that he has been in the employer's service for at least five consecutive years. Such leave shall only be granted once during the worker's period of service.

If both parties are agreed, a worker has the right to have a leave to take up trade union office.

## Social Security

The Jordanian Social Security Law was issued as a provisional law under No. 30 of the year 1978. The Social Security Corporation was founded in order to enforce the rules of the Social Security Law.

At present, the insurance is obligatory on all establishments that hire five labourers or more, the law did not make a distinction between labourers due to nationality, contract period or form, wage nature or value provided that the wage is not less than the adopted minimum limit for wages which is defined at (150) JD per month according to the issued regulations under the Jordanian Labour Law.

The monthly social security deduction for the employee is 16.5%, were 5.5% to be paid by the employee and 11% to be paid by the employer.

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

## Visa & work permits for non-Jordanians

<b>Visa requirement</b>	Visas are required for entry into Jordan
<b>Visas issued at</b>	Jordanian diplomatic missions abroad at point of entry for some nationalities
<b>Fees and length of stay</b>	vary according to visitor's nationality
<b>Work permit requirement</b>	Work permits are required
<b>Work permits issued by</b>	The Ministry of Labour
<b>Work permit duration</b>	One year

## 6. Taxation

### Corporate income tax

Corporate Income Tax rates are deducted from taxable income as follows:

- 15% for Mining, Industry, Hotels, Hospitals, Transportation, Contractual Contracting.
- 35% Banks and Financial Companies
- 25% Leisure and Recreational Compounds + Conventions and Exhibition Centers ,
- Insurance Companies, Exchange Companies and Financial Services, Telecommunication, Business Services, Trade Companies, Others
- 0% for Agriculture Projects.

### Individual tax

#### Exemptions:

- An amount of JD 1000 as personal exemption.
- An amount of JD 1000 for the taxpayer's wife and JD 500 for each one of his dependent children, as well as an amount of JD 200 for each other legal dependent provided they are residents in the Kingdom.
- 50% of the first JD 12.000 and 25% of the remaining income from salaries, (under certain condition in the law).
- An amount of JD 2000 per year as rent allowance for residents
- Medical expenses (under certain conditions in the law).
- Amounts paid as non-returnable payments for life and health insurance.

#### Rates

Rates deducted should be as follows from the taxable income:

- 5% for the first JD 2000
- 10% for the following JD 4000
- 20% for the following JD 8000
- 25% for the remaining amount.

## **Intellectual Property**

JIPA emerged as one of the strongest business associations in the mid 1990s in Jordan to fulfil the need of the Jordanian business and government sectors for a stronger intellectual property protection and enforcement regimes in Jordan.

In shouldering its responsibilities, JIPA's main concern remains to advocate a proper IP protection system in Jordan, and to work with various businesses, governments, academics, and professional sectors to enhance the overall economic accomplishments brought about through better intellectual property (IP) protection and enforcement practices.

Since its establishment, JIPA did not stay on the fence watching Jordan progressing through the rapid economic changes in the world, but stepped into the heart of economic action to partake its role in enhancing economic growth.

## 7. Accounting & reporting

Jordan Association of Certified Public Accountants (JACPA) adopted the International standards in accounting and auditing since 1990 and all parties are required to maintain their records accordingly and also all external auditors are obliged by the IFRS while reporting.

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

JACPA adopted since 1990 the international standards on accounting and auditing, therefore all accounts have to be in accordance with international standards and the auditor has to state that 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 shall 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 thereof within fourteen days from the date of his election.

The General Partnership, whose capital is one hundred thousand Dinars 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 law of Free Zone or Aqaba Special Economic Zone 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 this Law for any reason whatsoever, then he 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 firms in Jordan

### **UHY Arab Auditors**

P.O. Box: 2879  
Amman 11181, Jordan

Tel: +962-6-4618 659  
Fax: +962-6-4634 264  
Email: [info@arabauditors.jo](mailto:info@arabauditors.jo)  
Website: [www.arabauditors.jo](http://www.arabauditors.jo)

## 9. UHY offices worldwide

For contact details of UHY offices worldwide, or for details on how to contact the UHY executive office, please visit [www.uhy.com](http://www.uhy.com)