

# SETTING UP BUSINESS IN JORDAN



## General Aspects

The Hashemite Kingdom of Jordan is strategically located in the Middle East. Bound by Syria to the north, Iraq to the northeast, Saudi Arabia to the east and south, the Red Sea to the south, and Israel and the Palestinian National Authority to the west. Jordan's strategic location allows for access to over one billion consumers as it acts as a gateway to neighboring and global markets through its modern transportation system and strong communication networks. Jordan's membership in the World Trade Organization (WTO) ensures access of Jordanian goods and services to 161 world markets. In addition, Jordan is party to bilateral and regional trade agreements that contribute to enhancing the international competitiveness of Jordanian exports.

Jordan ranked 46th globally in a climate of economic freedom and ranked 5th in the region according to the Heritage Foundation report for 2016 where the kingdom scored 68.3 degrees in the economic freedom ( World average 60.7 ) . The most prominent successes were in the free trade and freedom of criticism.

## Legal Forms of Business Entities

Legal form	Feature	Remarks
<b>Sole Proprietorship</b>	Set up by a single natural person, who is fully liable for the debts contracted by the firm with his own present and future wealth. An entry in the commercial register as a registered business person.	Suitable for small businesses and start-ups. Special formalities are not required, its allowed only for Jordanian.
<b>Partnerships</b>	Partnership shall consist of a number of natural persons, of not less than two and not more than twenty, A partner in the partnership will acquire the capacity of the merchant and shall be considered as practicing the commercial business in the name of the partnership.	No minimum share capital is required and the accounting and publication obligations are less extensive than those for corporations.
<b>Limited Partnership</b>	Formed of the two following categories of partners whose names should be listed in the Partnership Agreement. a) General Partners: They shall manage the Partnership and realize its operations. They are also jointly and severally liable for all the Partnership's debts and liabilities with their private properties. b) Limited Partners: They shall contribute to the capital of the Partnership without having the right to manage the Company or to realize its operations, and the liability of each one of them towards the Company debts and liabilities is limited to his share in the capital of the Company.	The minimum share capital 100K JOD, the company need

<b>Limited liability company</b>	Limited Liability Company is composed of two persons or more. The Company's liability shall be considered independent from the liability of every shareholder in it. The Company's assets and property shall be liable for its debts and obligations. The liability of any shareholder therein for these debts, obligations and losses is limited to its shares in the Company.	The capital of the Limited Liability Company shall be fixed in Jordanian Dinars provided that the capital is not less than thirty thousand Dinars divided into indivisible shares of equal value of not less than one Dinar each. A Limited Liability Company may not offer its shares for public subscription or increase its capital or borrow by subscription.
<b>Private share holders</b>	Private Shareholding Company is comprised of two or more persons. The Minister may, upon a justified recommendation of the Controller, agree to the registration of a Private Shareholding Company formed of one person, or that the number of its shareholders may become one.	Company name shall not conflict with its objectives provided that it shall be followed by the term (Private Shareholding Company LTD) The capital of a Private Shareholding Company shall be the total nominal values of the Company shares provided that the subscribed capital shall not be less than JD50,000.
<b>Public shareholding company</b>	A Public Shareholding Company shall consist of a number of founders not less than two who subscribe for shares that can be listed on the Stock Exchange and may be negotiated and transferred in accordance with the provisions of this Law and any other legislation in force.	The authorized capital of the Public Shareholding Company and the subscribed part shall be fixed in Jordanian Dinars and shall be divided into nominal shares at a par-value of one Dinar each, provided that the authorized capital shall not be less than five hundred thousand (500,000) Dinars and the subscribed capital shall not be less than one hundred thousand (100,000) Dinars or twenty percent (20%) of the authorized capital, whichever is greater.

There are the following other companies in Jordan law:

<b>Free zone</b>	Any investor can register any kind of the above companies in the free zones with many additional advantages.	Sales tax free, corporate tax at 7%, money transfer
<b>Qualified areas</b>	Any investor can register any kind of the above companies in the free zones with many additional advantages	Tax free zone
<b>Civil Companies</b>	Civil companies shall be registered with the Controller in a special register named "Register of Civil Companies." Such companies are the companies established among specialized and professional partners and shall be subject to the provisions of the Civil Code, the provisions of the laws pertaining thereto and to their internal Articles and Memorandum of Association.	New partners of the same profession may be admitted to such companies or partners may withdraw there from. These companies shall not be subject to the provisions of bankruptcy and preventive bankruptcy

<b>Non-profit Companies</b>	Non-profit companies may be registered in accordance with one of the types of companies provided for in this Law and in accordance with the provisions set forth in this Law.	These companies shall be registered in a special register named "Register of Non-Profit Companies." The company's provisions, conditions, objectives, work that it is permitted to practice, supervision, the method and manner of receiving assistance and grants, finance resources, spending method, liquidation and accrual of its money upon liquidation and death, and documents that should be submitted to the Controller and remaining related issues will be specified in pursuance to a special regulation issued for this purpose.
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## Organizational Questions

<b>Topic</b>	<b>Feature</b>	<b>Remarks</b>
<b>Commercial Register</b>	Companies of all legal forms must be entered in the companies control register. The documents for register is available in electronic form <a href="http://www.mit.gov.jo/">http://www.mit.gov.jo/</a> or <a href="http://www.ccd.gov.jo/">http://www.ccd.gov.jo/</a>	
<b>Trade Register Notification</b>	Every co	Chamber membership is mandatory. Sometimes a licence or an approval for the business registration is necessary.
<b>Bank Account</b>	To open a bank account individuals need a valid passport and a confirmation from the local Public Office stating that Jordan is the current place of residence. Companies need an excerpt from the commercial register and the articles of association of the company.	For account deposits of more than JOD 5,000 cash, banks are required to check the identity of the depositor in order to prevent money laundering.
<b>Transfer of Goods and Machinery</b>	Goods and machinery can circulate freely (If the company register in free zone or qualified areas).	There are several customs exemptions to be considered.
<b>Transfer of Capital</b>	Capital can be moved in and out of Jordan without any restrictions for the companies registers in the free zone.	There is some regulations requirements and conditions should be meet
<b>Visa and Residence permit</b>	<a href="http://ar.visitjordan.com/generalinformation/entryintojordan.aspx">http://ar.visitjordan.com/generalinformation/entryintojordan.aspx</a>	In the time of setting up business Visa may be sufficient, which enables its holder to stay in Jordan for up to 3 months.

## Employment

Topic	Feature
<b>Work permit</b>	<a href="https://jordan.gov.jo/">https://jordan.gov.jo/</a>
<b>Labour law</b>	<a href="http://www.mol.gov.jo/Pages/viewpage.aspx?pageID=163">http://www.mol.gov.jo/Pages/viewpage.aspx?pageID=163</a>
<b>Social system</b>	<a href="https://www.ssc.gov.jo/English/SocialSecurityLaw/Pages/Home.aspx">https://www.ssc.gov.jo/English/SocialSecurityLaw/Pages/Home.aspx</a>

## Taxation

Tax	Feature	Remarks
<b>Corporate and companies Income Tax</b>	<p>The standard corporate income tax rate are as follow:</p> <ul style="list-style-type: none"> <li>• Industrial sector 14%</li> <li>• Banking sector 35%</li> <li>• Insurance sector 24%</li> <li>• Communication sector 24%</li> <li>• Commercial sector and others 20%</li> </ul>	Its calculated according to tax law which need to adjusted accounting profit to taxation profit "there is some expenses and provision not accepted according to tax law"
<b>Sales Tax</b>	Each company according to its activities should be register in sales tax "16% its rate"	<p>Industrial when its reach 50,000 JOD turnover within any 12 months of operation.</p> <p>Commercial when its reach 75,000 JOD turnover within any 12 months of operation.</p> <p>Services sector when its reach 30,000 JOD turnover within any 12 months of operation.</p> <p>Importing companies from the first import should be register.</p>
<b>Personal Income Tax</b>	The rate of personal income tax starts at 7% for the first 10,000 JOD of an annual income, 14% of the second 10,000 JOD of an annual income and 20% of the remaining balance.	There is a annual tax exemption for resident personal 12,000 JOD annually and 12,000 JOD for family annually.
<b>Withholding tax</b>	Withholding tax are paid for any imported services 10% income tax and 16% sales tax.	



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