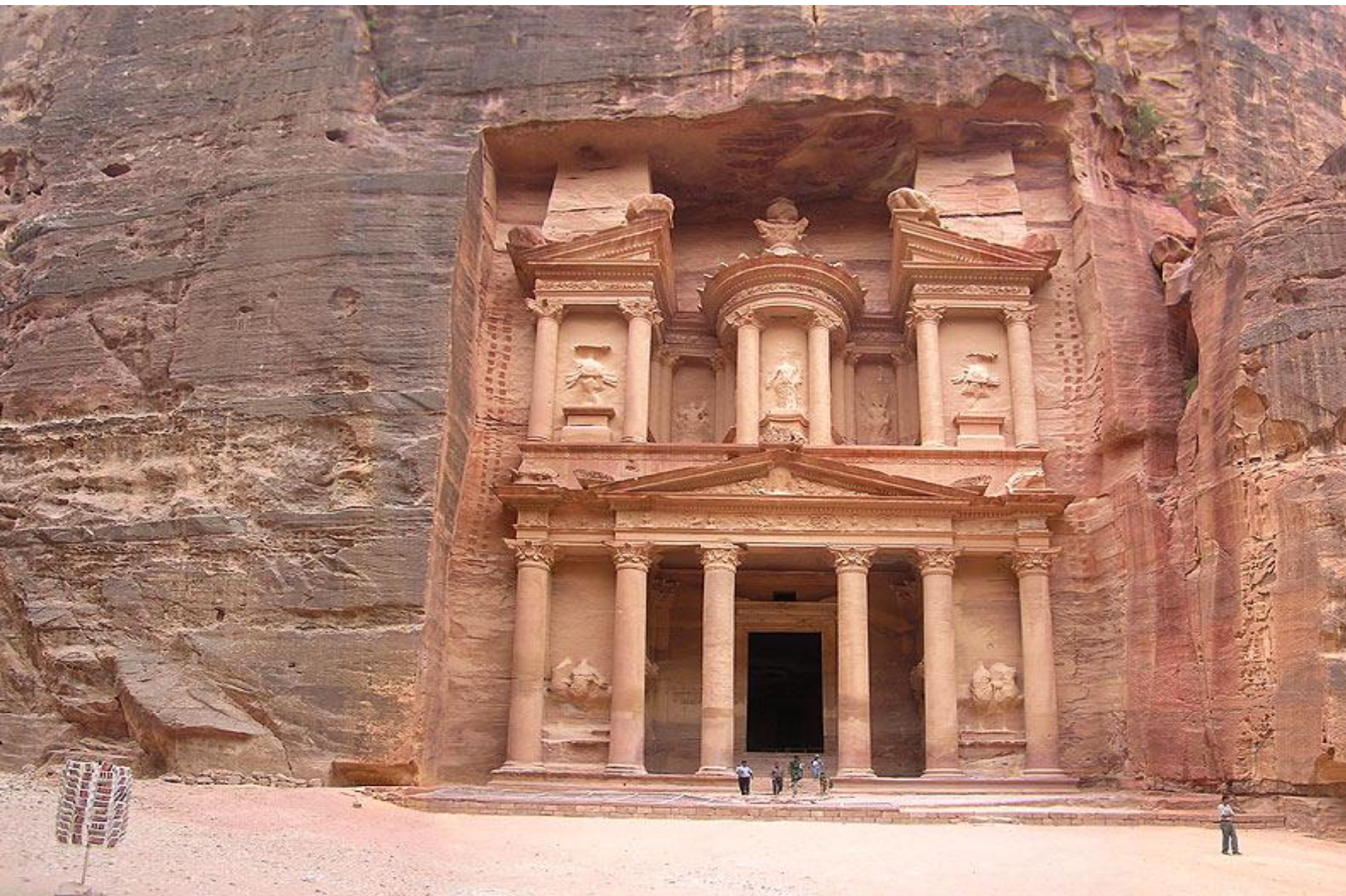


# Doing business in Jordan



## About PKF Progroup Auditing & Consulting

PKF ProGroup, member firm of PKF International, is a regional, multidisciplinary consulting firm with industry specific services. PKF ProGroup offers outstanding opportunities, by providing international standard based services, to dramatically position its clients as pioneers in a rapidly growing business environment. PKF ProGroup plays a major role in business advisory within diverse industries, including auditing, quality assurance and consulting services.

Our main functions revolve around providing Auditing and Assurance, Management Consulting, and Training Services to all those who need them. PKF ProGroup delivers high quality, independent information, and objective analysis to clients facing critical business decisions on how to excel.

## PKF ProGroup Vision

To be number one preference for Companies in their selection of professional advisors.

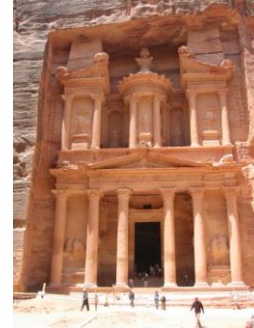
## PKF ProGroup Mission

To assist our valuable clients upgrade their business performance and efficiency and help them gain competitive advantage for their business to succeed and excel. Thereby adding value through expertise whilst maintaining integrity, professionalism and independence.

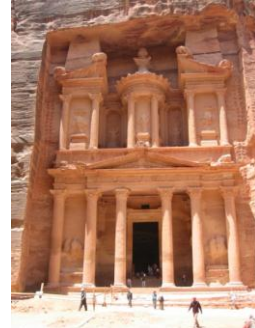
This booklet has been prepared as a general guide. It is not a substitute for professional advice, which would necessarily have to take account of particular circumstances. The information and opinions given are liable to change without notice. Neither PKF nor its partners or employees make any representation regarding the completeness or accuracy thereof, and they accept no responsibility for any loss or damage incurred as a result of any user acting or refraining from acting upon anything contained in this booklet or upon its omission therefrom.

PKF ProGroup is a member firm of the PKF International Limited network of legally independent firms and does not accept any responsibility or liability for the actions or inactions on the part of any other individual member firm or firms.

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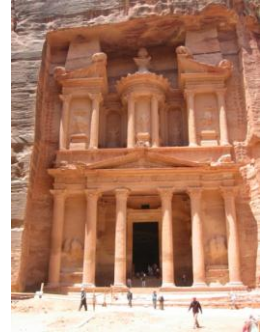


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## Foreword

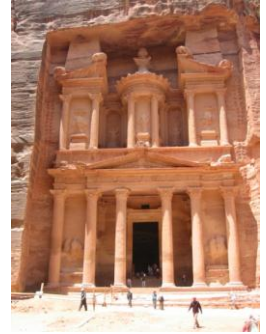
If you are considering doing business in Jordan, whether it is setting up a factory and distribution network or just selling and purchasing goods, then this is the guide for you.

This handy booklet leads you through everything from the complexities of personal and corporate taxation to the government assistance available to new businesses.

It does not aim to be comprehensive in tackling such a varied and complex subject. Rather, it is intended as a starting point to help you on your way.

Your next step should be talking to us. As one of the leading firms of accountants and business advisers in Jordan, with member firms in all the major business centers, we provide a comprehensive range of services to inward investors based on a broad range of business sector expertise.

We, at PKF in Jordan hope this booklet will help in providing readers with an insight on setting up businesses in Jordan. We look forward to working with you.



# PKF in Jordan

PKF ProGroup is a member of PKF International Limited, a network of legally independent member firms. PKF ProGroup provides audit and management assurance, business consulting, regulatory and taxation and corporate finance services. We provide an integrated service spanning multiple disciplines to a large number of local, regional and international clients.

PKF ProGroup team approach enables operating as integrated cells exposed from diverse industries. Words like creativity, innovation and flexibility generate great success within the firm's services and culture, where PKF ProGroup promise of quality, accuracy, speed, and value remain applicable in all deliverables. Relying on PKF ProGroup beliefs makes its caliber professional and experiencing PKF ProGroup services makes clients distinguishable.

Our experience, expertise, methodology, commitment and partnership approach grant our clients an improved business performance. We provide real solutions to real challenges resulting in customized advice and solutions provided to the various clients within their business specialties.

## Range of Services

PKF professionals in Jordan can provide expert advice on various business issues. Our services include:

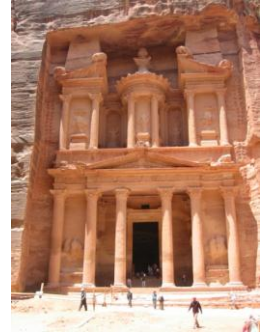
### **Auditing and Assurance Services:**

- External Audit
- Internal Audit
- Fund Audit
- Accounting
- Forensic and other Investigations
- Tax Advisory
- Review, Compilation of Financial Statements
- Agreed Upon Procedures

### **Management Consultancy Services:**

#### **1- Corporate Finance & Marketing Consulting**

- Feasibility Studies
- Business Valuations
- Due Diligence
- Fund Raising
- Mergers & Aquisitions
- Business Plans
- Private Placement Memorandum
- Investment Agent
- Market Study, Market Research and Survey
- Marketing and Market Communication Plans
- Privatization
- Credit and Solvency Reports
- Financial Analysis and Modeling.



## 2- Financial Consulting Services

Financial and Accounting Systems (Policies & Procedures)  
Costing Systems  
Internal Audit Manuals  
Corporate Governance and Operational Manuals

## 3- Information Technology (IT) Consulting

Enterprise Resource Planning (ERP) Consulting  
IT Governance (IT Policies & Procedures)  
IT Audit

## 4- Human Resources (HR) Consulting

HR Diagnostic Review  
Job Descriptions and Competency Models  
Job Classification / Evaluation  
Compensation Systems  
Manpower Planning  
Recruitment and Selection  
Performance Management  
Training and Development  
Succession Planning  
HR Management Outsourcing Services  
Training

## 5- Supply Chain and Quality Management Consulting

### Supply Chain Management and Operations Management

- Production planning and control
- Inventory Control
- Demand Planning and Forecasting
- Warehousing
- Logistics Modeling and optimization
- Assessing firms to get into the CTPAT
- Continuous Process Improvement
- 6-Sigma: using Simulation and Advanced Statistical Techniques
- LEAN Engagements
- Kaizen Implementation
- Business Process Reengineering

### Quality and Compliances' Certification

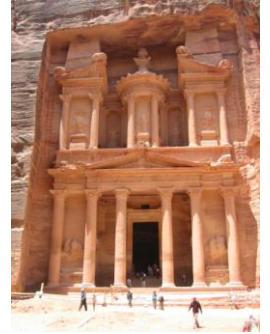
- ISO 14000
- OHSAS 18000

### Quantitative marketing studies

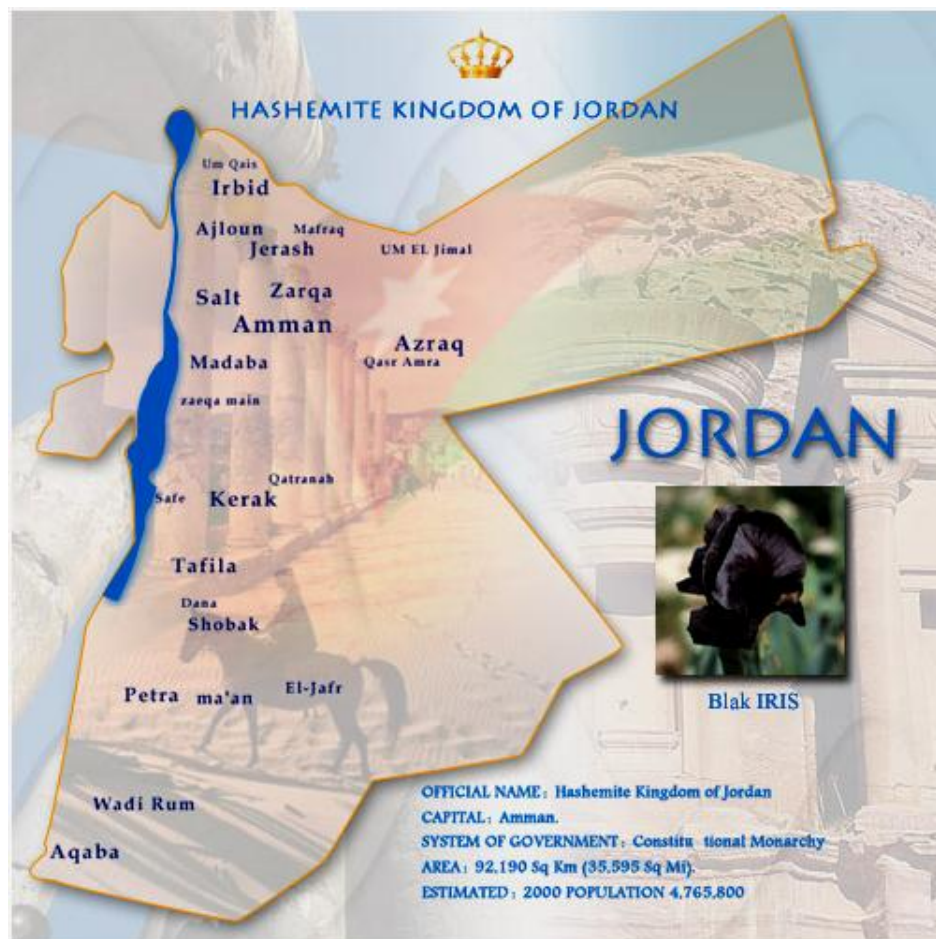
- Data mining models

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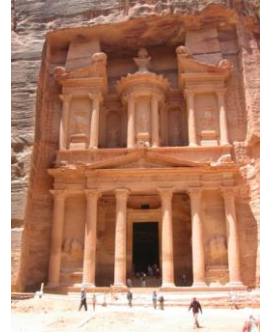
# Introduction





## Geography and Population

Jordan is a Southwest Asian country, bordered by Syria to the north, Iraq to the northeast, Saudi Arabia to the east and south and Israel to the west. All these border lines add up to 1,619 km (1,006 mi). The Gulf of Aqaba and the Dead Sea also touch the country giving Jordan a coastline of 26 km (16 mi). Jordan has Mediterranean-style climate. It has a population of approximately 5,611,202 (92% Sunni Muslim with a small Christian minority). Jordan has a comprehensive and extensive communications network, which consists of a mixture of public and private ownership. A complete transportation network by land, water and air also provides easy and reliable access for goods and services to all parts of the country. Jordan's official language is Arabic, but English is widely understood and used among most Jordanians, although the degree to which English is used varies with educational level and demographic concentration.



## Political and Legal Environment

Jordan's most senior executive power rests with the King of Jordan although Jordan is a constitutional monarchy with a representative government. Jordan as a constitutional monarchy bases its laws on the constitution promulgated on January 8, 1952. The King signs and executes all laws. The constitution provides for three categories of courts: civil, religious, and special. Administratively, Jordan is divided into twelve (12) governorates, each headed by a governor appointed by the King. They are the sole representatives with authority for all government departments and development projects in their respective regions.

Jordan's legal system is based upon Islamic law and French codes. Judicial review of legislative acts occurs in a special High Tribunal.

The religious courts include shari'a (Islamic law) courts and the tribunals of other religious communities, namely those of the Christian minority. Religious courts have both primary and appellate courts and deal only with matters involving civil law such as marriage, divorce, inheritance and child custody. Shari'a courts also have jurisdiction over matters pertaining to the Islamic waqfs. In cases involving parties of different religions, regular courts have jurisdiction.

Jordan supports a multi-party political process. There are over 30 active political parties in Jordan representing a wide range of different political positions ranging from the extreme left (Jordanian Communist Party) to the extreme right (Islamic Action Front).

## Economy

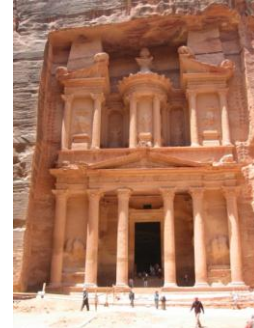
The Jordanian economy is market oriented economy. The economic system is based on free enterprise and personal initiative. Since 1989, and with the help of international organizations, efforts have been under way to restructure and revitalize the economy. The results have been more than satisfying.

According to the World Bank, Jordan's economic freedom score is 65.4, making its economy the 51st freest in the 2009 Index. Its score has increased by 1.3 points since last year, reflecting a substantial increase in business freedom, moderate increases in trade freedom and government size, and a slight decline in freedom from corruption. Jordan is ranked 6th out of 17 countries in the Middle East/North Africa region.

Jordan has relative strengths in terms of monetary stability, strong property rights, and low tax rates on individual and corporate income. Inflation is moderate, and the government has

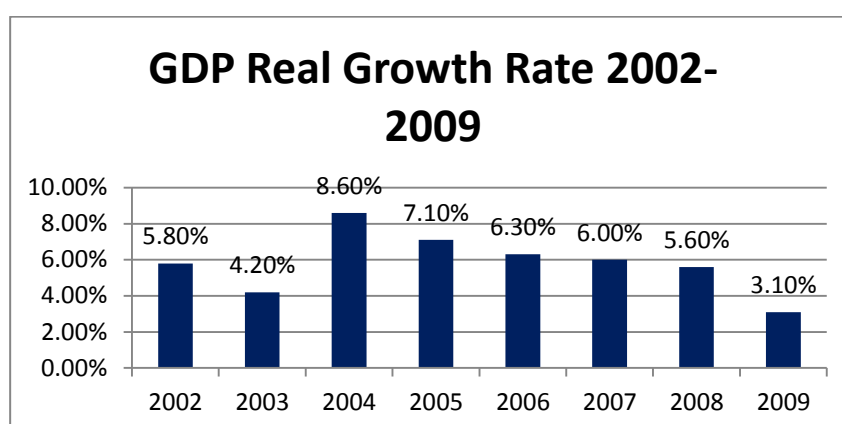
succeeded in phasing out direct subsidies of many goods. Developed and increasingly modern, Jordan's financial sector is making serious efforts to meet international standards.

Jordan's macro-economic fundamentals are sound and many indicators point to continuing growth in the next years. Jordan's GDP growth performance has shown the ability to deliver tangible growth to its inhabitants.



In the past, there was little foreign investment in Jordan apart from the oil pipelines, but in the early 1970s, the government began offering liberal tax inducements, including a six-year corporate tax holiday for firms established in 'Amman and a tax holiday of up to 10 years for those outside the capital. 100% foreign ownership of local enterprises is permitted in some cases. In 1980, the government formed the Jordanian Industrial Estates Corp., near 'Amman, to attract new industries to planned industrial complexes; investors were granted two-year income tax exemptions. Jordan also has established four free-trade zones, at Al-'Aqaba, Al-Zarqa', and the Queen Alia International Airport and along the Syrian frontier, near the Jordan-Syria rail link.

The following figure illustrates the real growth of the GDP through the years 2002-2009:



## Foreign Currency Controls

The official currency in Jordan is the Jordanian dinar which is divided into 10 dirham, 100 qirsh (also called piastres) or 1000 fils.

In accordance with the Foreign Exchange Control Law, No. 95, of 1966 and the Foreign Exchange Control Regulations of 1978, as amended in 1979, the Central Bank of Jordan (CBJ) is the ultimate authority in the enforcement of foreign exchange controls in Jordan. Its foreign exchange controls cover all financial/monetary transactions in the Kingdom including: inflow and outflow of Jordanian Dinar and foreign means of payment; dealing or trading in foreign currencies; resident and non-resident accounts in Jordanian Dinars and foreign currencies; lending in foreign currencies; commercial payment practices; free trade zone payments; capital transfers; financial guarantees; export earnings repatriation; commissions on foreign exchange permits; reporting requirements, and auditing and statement of account regulations.

Law No. 95 allows for the free exchange of banknotes, coins and gold. It allows licensed banks, with the approval of the CBJ, to manage foreign currency accounts, as well as to purchase and to

sell foreign currencies. According to Article 6 of the Law, foreign residents may open accounts in local and foreign currency and may transfer funds without restrictions.

## Financial Services

The Central Bank of Jordan (CBJ) is the monetary authority of the country. Other financial institutions include approximately fifteen (15) foreign and Jordanian commercial banks and specialized credit institutions, such as the Industrial Development Bank. Specialized credit institutions focus on the offering of equity capital. Banks, both foreign and Jordanian, may be established in a trade free zone, however, they must deal exclusively in foreign currency, and must operate independently of other banking activities in the country.

## Grants and Incentives

The Jordanian government has eliminated legal barriers to foreign investment and ownership in most sectors. The three investment laws of 2003 (replacing 1995 legislation) provide for the equal treatment of both Jordanian and foreign investors combined.

With Jordan's privatization program and the availability of special-status industrial zones Jordan is being increasingly seen by both indigenous and foreign investors as a proactive and supportive business development environment.

Prevailing laws offer significant incentives and exemptions, especially for investment in manufacturing, agriculture, hotels, hospitals, maritime transport, railways, leisure and recreational compounds, convention and exhibition facilities, and oil and gas production. Foreign investors can hold complete (100%) ownership in projects and business ventures, with a minimum required investment of approximately 63,000 Euros. Foreign entities may not however have ownership in excess of 50 percent of construction and certain other commercial ventures.

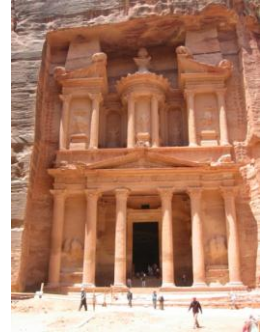
Jordan also introduced a new legal form for companies in 2002, i.e., the private shareholding company. This is the equivalent of a limited liability corporation, but with greater flexibility in terms or methods of creation/incorporation with more flexible management practices better suited to the needs of foreign investment.

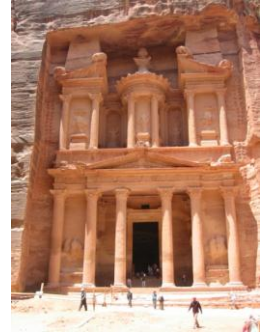
The Government of Jordan also has the authorization to create and grant additional incentives in support of specific economic y sectors, e.g., the aviation and the ICT sectors.

Furthermore, the Investment Promotion Agency (Jordan Investment Board - JIB) offers a 10-year tax exemption, depending on the geographical location of a business venture. The investment law divides the country into three development areas: zones A, B and C.

This investment law also provides guarantees to foreign investors, prohibiting expropriation and ensuring the right of foreign investors to repatriate in a fully convertible foreign currency 100 percent (100%) of their profits and capital, including proceeds from the sale of shares when a company is liquidated, providing for the unrestricted reinvestment of profits. Within that framework, the Jordanian Dinar (JD) is fully convertible for all commercial and capital transactions.

In 2001, a special economic zone was created in Aqaba, in an effort to halt declining activity at the port and to facilitate the implementation of commercial activities to make Aqaba a major redistribution center between the East, Europe and neighboring countries.





In order to attract foreign investors to these zones, many administrative facilities and tax incentives are available to potential investors: customs duty and VAT exemptions, simplified formalities for foreign workers allowing an investor to recruit up to 70 percent of foreign labor, income tax liability limited to 5 percent (except for insurance companies, banks and land transport business ventures), the opportunity of acquiring land at reduced prices for the construction of infrastructure (hotels, hospitals, schools, housing), and the absence of restrictions on financial transactions and investments.

Jordan joined the World Trade Organization (WTO) in 2000, signed the Association Agreement with the European Union effective May 2002, and concluded a free trade agreement with the United States. The FTA targets progressive dismantling tariff and non-tariff barriers between Jordan and the United States. This agreement covers Qualified Industrial Zones (QIZ), in operation since 1996. QIZs offer duty-free and quota-free access for all products and services produced there-in, whereas in FTAs, customs duty is gradually reduced but still exists within a requirement that thirty-five percent (35%) of production be of Jordanian origin.

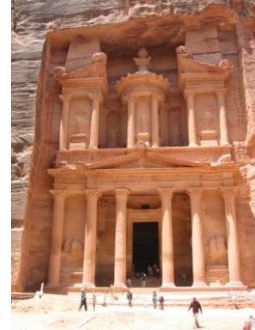
## Labor

Jordan, with its large pool of high caliber intellectual and professional expertise, is a major supplier of brainpower to neighboring MENA countries. Jordan's human resources offer a range of distinct regional services in the engineering, medical, and educational sectors. There are close to 35,000 engineers in Jordan and a lot Ph.D. graduates each year. Jordan is currently focusing on identifying niches for its service-oriented economy, based on unique skills and expertise.

Average unemployment rates ranged around 15% over the last years. In 2008, unemployment rate reached 13.5 percent. This rate dropped down to 12.6 percent in 2009, which is the lowest level in eight years. The decline in unemployment in the last two years was driven by economic growth and the implementation of new employment policies.

A notable improvement in the quality and diversity of the labor force took place in recent years with the return of expatriates from the Gulf countries that brought with them a great deal of experience and knowledge, especially in the field of information technology. Local and international information technology firms are capitalizing on the growing number of educated young Jordanians that are skilled in systems design, programming, and other related processes.

# Business Structures



Under Jordanian Company Law different types of companies offer different advantages and have different requirements and conditions for both registration and operation. The following are the types of companies, definitions, and registration procedures:

- 1- General Partnership
- 2- Limited Liability
- 3- Limited Liability in Shares
- 4- Public Shareholding
- 5- Private Shareholding Companies
- 6- Foreign Company

Types of Company: Within each company “type”, the “class” of company must also be specified. Each class of company has its own set of conditions. The classes of company permissible by law are as follows:

- Regular
- Civil
- Offshore
- Non-Profit

## Partnership

- General Partnership
- Limited Partnership
- Limited Partnership in Shares

## General Partnership

A General Partnership is formed by at least two and not more than twenty partners who are jointly and severally liable for the partnership's debts. Only the names of the actual partners may be included in the partnership's name. A partnership's interest may be transferred with the approval of all partners or in accordance with conditions established in the partnership agreement. The management of the partnership is vested with one or more managers who are individuals who may or may not be partners in the partnership. According to the Company Law, if the partnership consists of two partners, the withdrawal of one of the partners will not lead to the dissolution of the partnership. Instead, the remaining partner may seek to replace the absent partner with another. Failure to do so within three (3) months of the partner's withdrawal will result in the partnership's dissolution by virtue of law.

Formation of General partnership: All partners must be over 18; there must be not less than two partners, with a maximum number of 20 natural people unless the increase is due to inheritance.

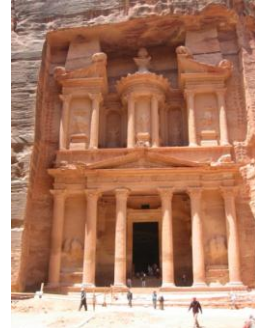
### Registration of the General Partnership:

The statement of the company's agreement must include the following:

- Title of the company and its trade name.
- Names of the partners and their nationality, including their age and address.
- Company's headquarter.
- Objective of establishing the company.
- The company's capital and the shares of each of the partners.



- Name of the authorized partner who will manage the company on behalf of the other partners.
- The status of the company in the event of death, bankruptcy, or the declaration of incompetence of any or all of its partners.



*The approval of the registration of the company will take place within 15 days from the date of submission of the registrant's application.*

## Limited Partnership

A limited partnership consists of two or more partners who are jointly and severally liable for its debts, and one or more partners whose liability for the partnership's debts is limited to their contribution to the partnership's capital. The limited partners of the limited partnership may not participate in the management of the partnership or act in its name.

**Formation of Limited partnership:** This Company consists of natural partners (limited and general partners) above and under the age 18. Partners above 18 are responsible for the day to day management of the established company, whereas the contribution of the under 18 partners is limited only to the capital of the company.

### General information

- Title of the Limited Partnership shall only consist of the names of the general partners.
- A limited Partnership shall not be dissolved due to the limited Partner's bankruptcy, insolvency, death, incompetence, or permanent disability.

## Limited Partnership in Shares

This form of business entity consists of two or more general partners who are jointly and severally liable for its debts and three or more partners whose liability for the partnership's debts is limited to their respective share of the partnership's equity. Partners are not required to be individuals, and the name of the partnership should include the name of one or more of the general partners and the words, "Limited Partnership in Shares."

The minimum capital permitted in this form of partnership is JD 100,000, which must be divided into negotiable shares of equal value of JD 1 each. Shares may be issued to the public for subscription but must not exceed twice the general partner's capital in the partnership.

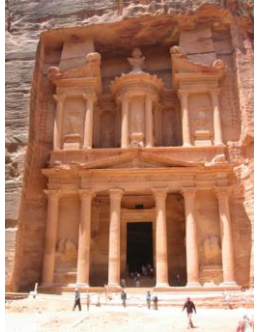
The limited partnership in shares shall be dissolved or liquidated in the manner provided for by the company's articles of association. If not provided for, the provisions regarding liquidation of the public shareholding company shall apply.

## Limited Liability One Person

A Limited Liability Company consists of a minimum number of two persons. Therefore, the company shall be considered independent from the liability of every shareholder in it. However, the controller may agree to register a limited liability company comprised of one person.

### The capital and general information:

- The shares will be transferred to the heirs after the death of the shareholder.
- Capital shall be not less than 30,000 JD; and shall be in Jordanian Dinars divided into indivisible shares of equal value or not less than one Dinar each.



- One person among the shareholder should be appointed to represent them before the Company; otherwise they become holders of such share.
- The name of limited liability shall be derived from its objectives followed by (with limited liability).

#### **Registration of the company:**

The registration application must be submitted to the controller accompanied by the company's Articles and Memorandum of Association on the approved forms for this purpose and shall be signed before the controller or before delegated person by the controller or before a licensed lawyer.

#### **The Articles of association of the limited liability company shall incorporate the following:**

- Company's name, objectives, headquarters.
- Names, nationalities, addresses of the shareholders.
- The amount of Capital.
- Shares of each shareholder.
- Any other additional data which the shareholders must obtain.

The decision of the approval of the registration of the company will take place within 15 days from the date of submission of the registration application by the Controller.

## **Private Shareholding Companies**

#### **Founding a Private Shareholding Company**

- Consisting of two or more persons.
- Upon a justified recommendation of the controller, the minister may agree to register a private shareholding company comprising of one person.
- The independency of the financial liability of the shareholders in the private shareholding company.
- The private shareholding company's name shall followed by the term (LTD).
- Duration of this company is unlimited unless articles and memorandum of association specify otherwise.

Capital of private shareholding companies: The amount of subscribed capital in this type of company shall not be less than 50,000 and shall be specified in Jordanian Dinar.

**Registration:** The decision of the approval of the registration of the company will take place within 15 days from the date of submission of the registration application by the controller.

## **Foreign Companies**

#### **1- Foreign companies operating in the kingdom**

**Definition of foreign operating company:** An operating foreign company is a non-Jordanian entity registered outside Jordan, and with headquarters in another country.

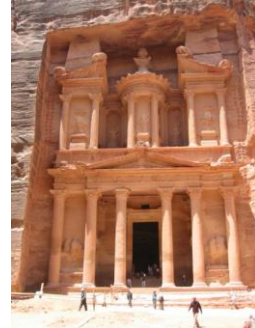
#### **Types of operating company:**

- Foreign companies operating for a limited period, whereupon such companies are awarded tenders and carry out their business in Jordan for a period limited to the duration of a contract. The registration of such companies shall cease upon completion of their business operations in Jordan.

- Companies operating permanently in Jordan under a license granted by the appropriate authorities.

#### **Registration Requirement:**

- A copy of the Articles and Memorandum of Association of the company.
- The official documents certifying that the company has obtained the approval of the competent Jordanian authorities to perform its business in Jordan.
- A list of the names of members of the board of directors of the company, the management committee or the shareholders and their respective nationalities, in addition to the names of the authorized signatories of the company.
- A copy of the power of attorney by virtue of which a foreign company authorized a person resident in Jordan to carry out its activities and receive service letters/notifications on its behalf.
- The financial statement for the last fiscal year of the company (head office) certified by a licensed auditor.
- Any other data or information that the controller of Companies deems necessary.
- The application form for registration must be signed by the person authorized to register the company before the controller of companies, or any person authorized in writing, or public notary.
- All documents should be legalized by the Jordanian Embassy/consulate, the ministry of foreign affairs in the company's country of origin, and the Jordanian ministry of foreign affairs. All documents should also be translated into Arabic and legalized by public notary in Jordan.



## **2- Non-operating foreign companies in the Kingdom**

**Definition of non-operating foreign companies:** A non-operating foreign company is entity which has a regional office or a representative office in Jordan for its operations, which are conducted outside Jordan, or representative office to manage and coordinate its operations with its headquarters. A non-operating foreign company is prohibited from carrying out any business or commercial activities in Jordan.

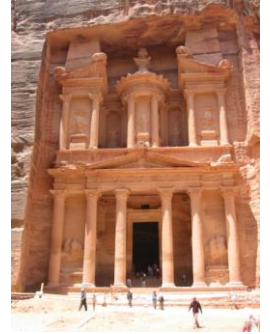
#### **Registration Requirements:**

- Registration Certificate of the headquarters.
- The company's Articles and Memorandum of Association, which indicate its objectives, shares capital and type.
- A power of attorney by virtue of which a resident in Jordan is authorized to follow up the company's activities and register it in accordance with the law.
- The companies of financial statements for the last two fiscal years in its country of origin which should be certified by a licensed auditor.
- Any other data or information that the controller of Companies deems necessary.
- The application form for registration must be signed by the person authorized to register the company before the controller of companies, or any person authorized in writing, or public notary.
- All documents should be legalized by the Jordanian Embassy/consulate, the ministry of foreign affairs in the company's country of origin, and the Jordanian ministry of foreign affairs. All documents should also be translated into Arabic and legalized by public notary in Jordan.

#### **Post Registration documents:**

- A lease contract entered into by the regional office in Jordan and certified by the Greater Amman Municipality.
- A list indicating the regional office's employees and their respective nationalities.
- A copy of the residency and work permits of non-Jordanian employees.
- A copy of the employment contracts of the regional office's Jordanian employees certified by the ministry of labor.

# Starting a Business



## Licensing Your Company

To license your Company in Jordan, you need to complete some forms, to include the following:

- 1- Project/Business Venture Licensing Form
- 2- Environmental Effects Form
- 3- Non-Jordanians must also complete a Personal Details Form and provide a copy of their passport.

**Conditions:** A specific location for the project or business venture should also be chosen or identified.

### Documents required with the application:

- 1- Land Registration and Ownership Certificate.
- 2- Land Blueprint.
- 3- Location Organizational Blueprints.
- 4- Preliminary project or business venture layout.
- 5- Land Coordinates\*
- 6- Owners copy of passport or other personal identification documentation.
- 7- Land categorization and distance from coordinates\*

*\* Land coordinates are required for agriculturally classified lands only.*

## Register Your Company

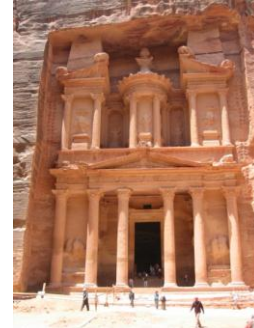
To register your company in Jordan, you have to complete the Company Registration Application Form.

### Conditions:

- 1- Companies that can benefit from the services of the Jordan Investment Board are as follows:  
(1) General Partnership (2) Limited Partnership (3) Limited Liability Corporation (4) Limited Liability Sole General Partnership (2) Limited Partnership (3) Limited Liability Corporation (4) Limited Liability Sole Proprietorship.
- 2- Other companies should register directly with the Ministry of Industry and Trade (MoIT). These companies include the following: (1) Limited partnership in shares (2) Public Shares (3) Public Shareholding (4) Public Shareholding- Sole Proprietorship. Once registered with the MoIT, these legal entities can avail of the services provided by the JIB.

### Documents required with the application:

- 1- Form of Identification: the National Identification Card (ID) for Jordanians and non-Jordanians a copy of his/her passport.
- 2- Depending on type of company, applicants should comply with the requirements per the table below:

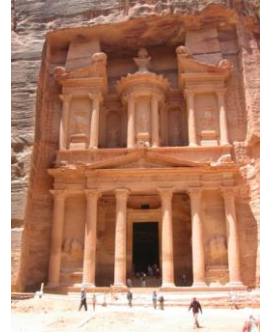


Type of Company	Capital	Requirements of Registration	Fees
<b>General Partnership &amp; Limited Partnership</b>	Minimum Capital	Non-Jordanian	0.0003 of Company's Capital (Stamps)
	Jordanian: Minimum investment of 1,000 JOD	A Bank Deposit Account Letter from a Jordanian Bank stating a minimum of 50, 000 JOD balance for each non-Jordanian Investor.	10 JOD Registration Fees
	Non-Jordanian: 50,000 JOD		10 JOD Publication Remunerations
	Maximum Capital		2 JD Registration Certificate
<b>Limited Liability &amp; Limited Liability- One Man Co.</b>	Unlimited		5 JD Deposit of Article and Memorandum of Association
			2 JD Registration Form Fees
	Minimum Capital	Jordanian	0.003 of Company's Capital (Stamps)
	Jordanian: 30,000 JOD	A Bank Deposit Account Letter under the company account from a Jordanian Bank stating a minimum of 15,000 balances (50% of capital).	0.0002 to investments
	Non- Jordanian: 50,000 JOD		10 JOD Registration Fees
			10 JOD Publication Remunerations
	Maximum Capital	Non-Jordanian	2 JD Registration Certificate
	Unlimited	Get depository letter from letter addressed to MIT to certify account balance of 50,000 JOD.	5 JD Deposit of Article and Memorandum of Association
			2 JD Registration Form Fees



## Financial Exemptions (Investment Promotion Law)

To benefit from the Investment Promotion Law, applicants must complete the New Investment Promotion Law Exemption Form:



### Conditions:

- Projects or business ventures should qualify from the industries and sectors benefiting from the Investment Promotion law: manufacturing , agriculture, hotels, hospitals, maritime transport and railways, leisure and recreational compounds, convention and exhibition centers, transporting & distributing water, gas & oil, call and contact centers, and research and development.

### Documents to be attached:

- 1- Company Registration Certificate.
- 2- Project approved licenses.
- 3- Partner(s) shares Certificate.
- 4- Company/ Project description of production methodology.
- 5- List of exempt requested fixed assets needed for production.

## Investor Entry Visa

To get you investor entry visa, applicants need to complete the visa application process, enclosing the following supporting documents:

- 1- Copy of passport.
- 2- Statement of visit purpose and investment interest.

**For Jordanian Companies requesting a visa for a potential investor, the Jordanian sponsor should send the following documentation to the Jordan Investment Board:**

- 1- Letter of Invitation.
- 2- Company Registration Certificate located in Jordan
- 3- Copy of invitee's passport
- 4- Completed Personal Details form.

## Residency and Working Permits

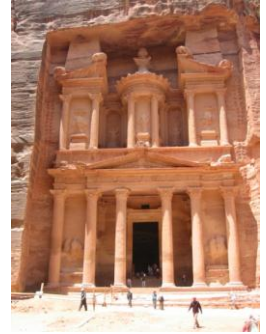
To apply for an investor entry visa, applicants must complete the visa application process, enclosing the following documents:

- 1- Copy of passport.
- 2- Statement of visit purpose and investment interest.

Local Investors are granted residency permits through the Ministry of Interior.

Any Non-Jordanian investor or worker is required to obtain a work permit to work in Jordan which is valid for one year on a renewable basis.

There are some procedures an applicant should follow to receive a work permit. Here are some general tips about work permits in Jordan:



- 1- Ministry of Labor is the only Government entity which is empowered to issue work permits for Non-Jordanian employers and workers;
- 2- The approval of the Minister or his representative is issued according to the documents attached to the permit application;
- 3- The required qualifications and work experience for the position applied must not be readily available in the Jordanian workforce, or the number skilled employees available do not meet the needs of the project/business venture.
- 4- Non-Jordanian workers must obtain a work permit from the minister or his representative before entering Jordan and the permit shall not exceed a period of one year. Work permits are renewable on annual basis, but must be kept current.
- 5- There are standard fees for issuing, renewing or replacing a work permit.

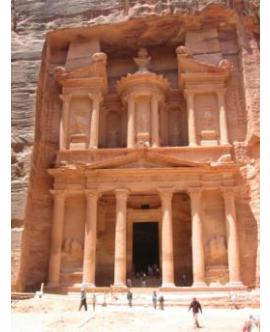
The employer must submit a judicial or bank guarantee to ensure the workers' rights.

## Benefits & Services

If you are already benefiting from the Investment Promotion Law you can enjoy the following services:

- To acquire any of the following additional exemptions:
  - Complete New Fixed Assets Form pertaining to the same project.
  - Complete Fixed Assets for Expansion and Development Form.
  - Complete Fixed Assets for Upgrade or Renewal Form.
- Complete Sale of Exempted Fixed Assets Form.
- Complete Re-export of Exempted Fixed Assets.
- Complete Transfer of Ownership or Merger.
- Complete Other Requests Application Form.

# Business Finance



## Financial Services

Jordan has a large and thriving banking and financial services sector. Finance, including investment and banking services have been growing in Jordan largely due to the growth of demand for new financial products by an increasing number of investors. The sector has benefited greatly from Jordan's position as a regional entrepote, and shows great promise for further expansion and diversification.

- 1- Foreign Direct Investment
- 2- Banking
- 3- Public Capital Markets
- 4- Private Equity

## Foreign Direct Investment

Jordan is the third largest destination for foreign direct investment (FDI) in the MENA region, and Jordan is well placed to continue to attract more investment, especially in the growing business services, sales and marketing support sectors.

## Banking

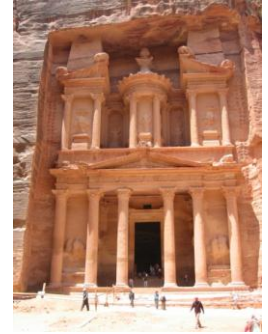
Banking to private businesses has grown significantly in recent years, in line with similar increases in the level of deposits held by the country's banking sector.

The commercial banking (CBJ) sector can offer services in buying, selling and the maintenance of accounts in foreign currency under the supervision of the CBJ. Expatriates are permitted to open accounts in either demand deposits, time-fixed or savings deposits in both Jordanian Dinars and foreign currencies.

The CBJ allows the implementation of provisional Jordanian Dinar/foreign currency swap facilities in commercial banks. Other currency exchange offices also operate under the guidelines and regulations of the Central Bank.

## Public Capital Markets

The Amman Stock Market (ASE) is a modern and well established stock market supported by a tax regime where there are no taxes on capital gains, no taxes on cash dividends, free repatriation of investment principal and income, and no ceiling on foreign equity ownership and privatization. Shares owned by non-Jordanians represented 46.4% of ASE capitalization, 35.4% of which are owned by Arab investors and 11.0% by non-Arabs.



## Private Equity

Private Equity is becoming a larger and permanent component of investment funding in recent years in Jordan and throughout MENA. Currently six (6) private equity funds are dedicated to investments in Jordan with USD\$3 billion of investments planned for Jordan.

## Investment Promotion Law

Benefits of Investment in Jordan Investment Promotion Law No. (16) Of 1995:

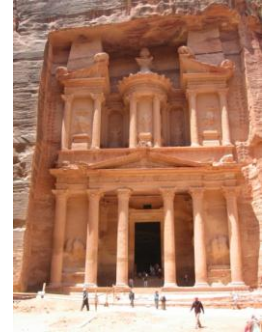
- 1- Freedom from Custom Duties.
- 2- Exemptions from Taxes.
- 3- Investment Guarantees.

Different laws in Jordan recognize the benefits born by foreign direct investment therefore they include provisions to encourage both foreign direct investment and the growth of domestic investment.

Sectors that benefit specifically from the Investment Promotion Law are: manufacturing, agriculture, hotels, hospitals, maritime transport and railways, leisure and recreational compounds, convention and exhibition centers, transport and distribution of water, gas and oil, call and contact centers, and research and development centers.

## Freedom from Custom Duties

- 1- Fixed assets are exempt from fees and taxes provided that they are imported into the Kingdom for the use in a defined and specific project or business venture exclusively. These assets include: machinery, equipment and supplies used in a project or business venture including furniture and equipment for hotels and hospitals.
- 2- Imported spare parts for a project or business venture are exempt from fees and taxes provided that their value does not exceed 15% of the value of the fixed assets for which they are required.
- 3- Fixed assets required for the expansion, development and modernization of a project or business venture are exempt from fees and taxes if such expansion, development or modernization shall result in an increase in the production capacity of the project or business venture by no less than 25%.
- 4- Hotel and hospital projects are granted exemption from fees and taxes once every seven years for the purchase of furniture and supplies required for modernization and renewal.
- 5- Any increase in the value of fixed assets which are imported for a project or business venture shall be exempted from fees and taxes, if such an increase is as a result of a rise in the price of such assets in the country of origin, a rise in freight charges applicable thereto, or due to exchange rate fluctuations.



## Exemptions from Taxes

Corporate Income Tax Rates in Jordan are as follows:

- 15% on mining, industry, hotels and hospitals
- 35% on insurance and financial institutions
- 25% on all other companies
- 0% on agriculture projects or business ventures

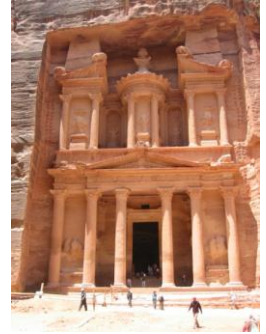
The Kingdom is divided, for the purpose of granting the above-mentioned exemptions, into three development areas: A, B and C. Projects or business ventures in these areas enjoy reductions in applicable income and social services taxes for a period of ten (10) years starting from the date of commencement of work for services projects and the commencement of production for manufacturing projects, according to the following percentages:

- 25% if the project or business venture is in a class A development area
- 50% if the project or business venture is in a class B development area
- 75% if the project or business venture is in a class C development area

## Investment Guarantees

- Different laws governing investment in Jordan offer equal treatment to both Jordanian and non-Jordanian investors, thus allowing non-Jordanian investors to own any project or business venture either fully or partially, and to engage in any legal economic activity within the Kingdom, with the exception of certain trade and contracting services which require a Jordanian partner.
- Except for participation in public shareholding companies, non-Jordanian investment may not be less than fifty thousand Jordanian Dinars (JD 50.000 or USD 70.000).
- An investor has the right to manage a project or business venture in the manner he/she deems appropriate within applicable laws, and through the person(s) chosen by the investor for this purpose.
- A 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 from the liquidation of such investments as well as the proceeds of the sale of all or part of the project or business venture.
- Non-Jordanian technicians and administrators working on any qualifying project or business venture may transfer their salaries and remuneration abroad, net of applicable taxes and withholdings, as appropriate.
- It shall not be permissible to expropriate any project or business venture nor to subject it to any equivalent measures, unless such expropriation is done for a purpose which is in the public interest and in return for just compensation. The amount of any such compensation for non-Jordanian investors shall be made in a convertible currency.
- Investment disputes between an investor of foreign capital and Jordanian governmental agencies shall be settled amicably. If no amicable settlement can be reached within a period not exceeding six (6) months, either party may resort to litigation or may refer the dispute to the International Center for the Settlement of Investment Disputes (ICSID).
- Any investor, whose investment is guaranteed by his country or by an official agency thereof, may assign to that country or agency any returns on said investment or other compensation to which he/she may be entitled.
- With approval of the Incentives Committee, the investor may re-export exempted fixed assets.
- With approval of the Incentives Committee, the investor may sell the exempted fixed assets or relinquish them to another investor or project/business venture not covered by the provisions of this law after paying the fees and taxes due on such fixed assets.





## Benefiting Investments

Investments Benefiting from the Investment Promotion Law No.(16) of 1995.

A testimony to Jordan's positive investment environment is the great success encountered by many investment projects and business ventures that have directly benefited from the Investment Promotion Law in a wide range of economic sectors.

## Investment Areas

Depending on your business needs, there is an abundance of business and manufacturing space in Jordan, equipped with the latest supporting infrastructure and business services required for the swift startup of an enterprise or manufacturing plant. Several mega- projects either have been completed or are due to be completed in 2009 to include additional business parks, the Abadali City Center, the Jordan Gate and several others.

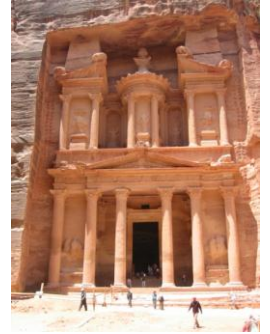
In addition, there are different economic zones which serve as enabling platforms by offering differentiated advantages, from specialized business clusters, industry specific world-class infrastructure, distinctive tax breaks, and most importantly proximity to required resources and markets.

The Government of Jordan (GOJ) has enacted several laws that provide for a range of benefits and incentives to investors thereby clearly signaling the Government's commitment to enhancing the business environment for both domestic and international business. Laws aim to provide continued streamlining and enhancing of value-adding business services while providing effective and efficient government services in the delivery of licensing, permits, and procedures needed both to support and regulate manufacturing sites and exports. Together with implementing additional regulations now under development and in keeping with best international practices, the Law provides a robust and flexible legal foundation necessary to ensure a business friendly investment and operating environment. From competitive fiscal incentives, allowances for the establishment of Free Zones within the bounds of benefitting areas , streamlined procedures and governance—including flexibility for hiring foreign workers—the GOJ has seized the opportunity to enhance Jordan's competitive position by creating a legislative and regulatory environment aimed at facilitating and serving international and Jordanian investors alike.

❖ Development Areas (Development Area Law enacted in 2008):

- King Hussein Business Park
- King Hussein Bin Talal Development (KHBTD) in Mafrq
- Irbid Development Area
- Ma'an Development Area

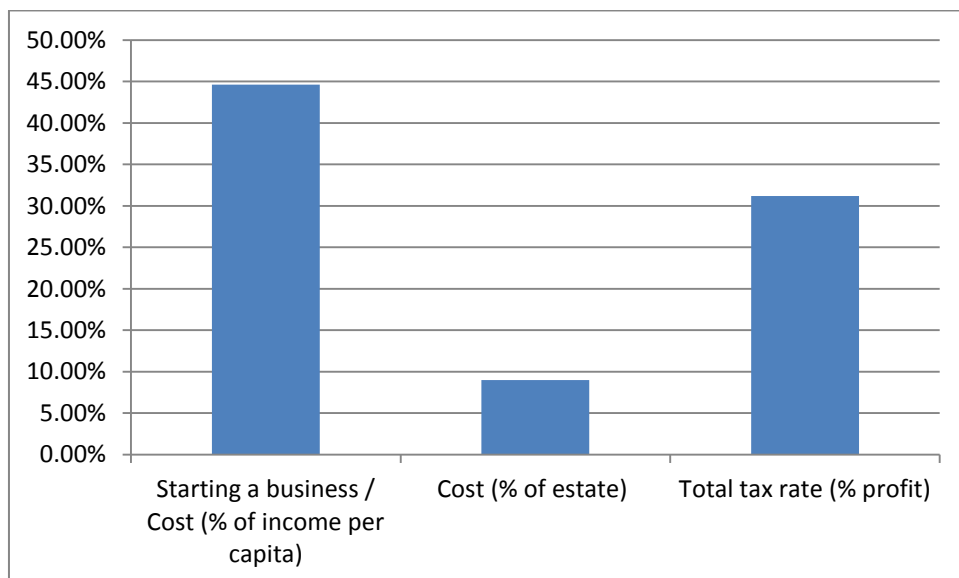
- ❖ Aqaba Special Economic Zone
- ❖ Industrial Estates
- ❖ Free Zones

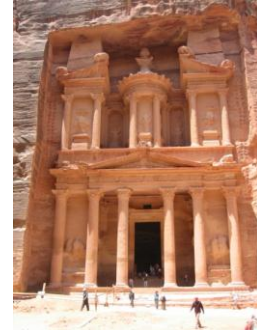


# Costs of Doing Business

## Competitive Costs of Doing Business

According to the Doing Business Report (2011) and per the chart below, Jordan's cost of Doing Business is relatively low for the region.



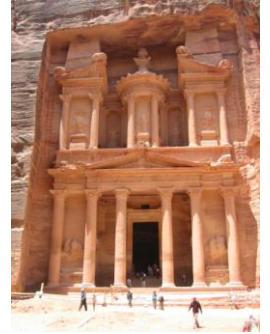


## Start-up Costs

		JD	US \$
Registration Fees	General Partnership and Limited partnership	0.0003 of Company's Capital (Stamps)	0.0003 of Company's Capital (Stamps)
		24 JOD Registration Fees, Forms & Certificate & Publication Remunerations	34 \$ Registration Fees, Forms & Certificate & Publication Remunerations
		5 JOD Deposit of Article and Memorandum of Association	7 \$ Deposit of Article and Memorandum of Association
	Limited liability Company <10 million JD (14.1 million USD)	0.002*	
	Limited Partnership in Share > 10 million JD (14.1 million USD)	0.002* + 0.0002*	
	Public Shareholding Company < 10 million JD (14.1 million USD)	0.003*	
	Public Shareholding Company 10-50 million JD (14.1-70.5 million USD)	0.003* + 0.0002*	
Legal Fees	Legal fees for following up on general official registration matters (depending on volume and subject-matter.)	100-5,000	141-7,050
Business Consultation	Local Consultancy Per Man-day	200	280
	Local Consultancy per Project (on average)	20%-50% less than the fees for international consultancy per project.	
Work Permits	Non-Jordanian/Non-Arab workers	300	423
	Arab Workers	180	254
	Non-Jordanian/Non-Arab (in agriculture)	120	169
	Arab workers (in Agriculture)	60	85
	Non-Jordanian/ Non-Arab workers working in QIZs:		
	For the first three years of the establishment of a project	150/year	212/year
	For the fourth year	175/year	247/year

\* Of capital, paid upon registration.

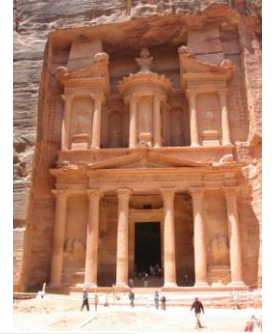
N.B. Insurance and duties may be added to the figures above. Residency permits cost an additional JD 15 (USD 21) per person. Work permits cost an additional JD 20 (USD 28.2)



## Capital Cost

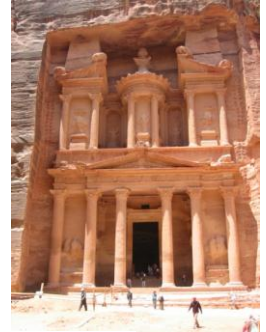
			JD/m2	USD/m2
Land	Residential		195-510	275-720
	Agricultural		50-100	71-141
	Commercial		460-1200	649-1694
	Industrial	General	22-72	31-101
		Industrial zones	20-32	28-45
Buildings	House		80-140	113-198
	Apartments		65-130	92-184
	Commercial		460-1500	649-2117
	Industrial	General	N/A	N/A
		Industrial zones	48 – 260	68 – 368
Office Furniture		Furniture	13-68	18-96

		JD	USD
Motor Vehicles	Basic small-size cars	7000-11500	9800- 16200
	Mid-size sedans	15000-50000	21200-70600
	Pick-up/Van	10000-50000	14100-70600
	4-wheel-drive	20000-150000	28200-221800
Office Equipment	Desk-top computer	350-1000	495-1412
	Printer	85-800	120-1130
	Scanner	25-650	35-920
	Copier	900-10000	1270-14120
	Air-conditioner	200-4000	280-5640
	Fixtures & Decorations	38-100	54-141



## Operational Costs

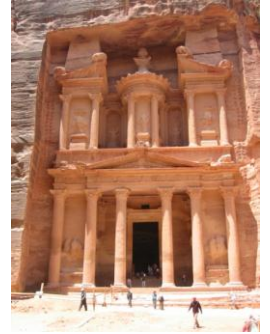
			JD/m2	USD/m2
Utilities	Water	Residential (for the first 20m3. (Additional m3 are charged independently at different rates.)	2.9	4.09
		Commercial	1.560/ m3	2.203/ m3
		Insurance	300	423
	Electricity	Residential	0.031-0.082/kwh	0.044-0.116/kwh
		Industrial	0.038-0.045/kwh	0.054-0.063/kwh
		Commercial	0.063/kwh	0.088/kwh
		Agricultural	0.031/kwh	0.043/kwh
	Fuel oil		374/ton	528/ton
	Jet fuels		0.605/l	0.854/l
	Kerosene		0.600/l	0.847/l
	Gasoline			
	Oktan 90		0.585/l	0.826/l
	oktan 95		0.656/l	0.926/l
	LPG		841/ton	1188/ton
	Diesel		0.600/l	0.847/l
Telecom	Telephone	Installation Fees		
		Home	4.73/ month	6.68/ month
		Business	10.70/ month	15.1/ month
		Local	0.01/ minute	0.014/ minute
		National	0.02/ minute	0.28/ minute
		International		
		Arab Countries	0.24/ minute	0.34/ minute
		Direct Routes Countries	0.34/ minute	0.48/ minute
		Other	0.69/ minute	0.98/ minute
	Mobile	Calls	0.01-0.08/ min.	0.014-0.112/min.
		Subscription	7-30/month	10-42.3/month
	Internet	Connection Fee	60	85
		Monthly Subscription FOR ADSL		
		128 KB/S	12	17
		512 KB/S	50	70.6
		1024 KB/S	66.5	94
Insurance	Cars	Comprehensive coverage (% of car value)	2.2% - 3.0%	



		Third- party according to the class of car , e.g. sedan	64.4/yr	91/yr
	Home	% of value	*.001%	
	Industrial	% of value	0.007 – 0.200%	
	Medical	Principal	300-500	424-705
Dependent		200-300	282- 424	
Employee		200-300	282- 424	
Publicity		Web Page Design	150-6500	212-9177
		Monthly Magazine (inside-page)	750	1,060
		TV (per second)	13-30	18-42
		Radio (per minute)	70-100	100-141
Labor		General Manager (per month)	1,500-4,500	2,115-6,345
		Manager (per month)	800-2,500	1,128-3,525
		Senior Engineer (per month)	600-2,000	846-2,820
		Financial Manager (per month)	800-2,000	1,128-2,820
		Accountant (per month)	350-1,100	494-1,551
		Engineer (per month)	250-1,000	353-1,400
		Sales/Marketing (per month)	200-1,000	282-1,410
		Administrator (per month)	200-550	282-776
		Technician (per month)	180-500	254-705
		Secretary (per month)	150-400	212-564
		Skilled Labor (per month)	150-300	212-423
		Unskilled Labor (per month)	110-180	155-254
		Driver (per month)	110-180	155-254
		Operator (per month)	120-200	169-282
		Office Help (per month)	110-150	155-212



# Taxation



## Overview of Taxes within Jordan

Taxation is of great importance not only to investors but to the government as well. It is important for the government because it is a primary source of domestic revenue to provide public services and to fund continued growth and development.

As for investors, taxes are seen as a cost to doing business and must be balanced with public services and infrastructures provided, such that businesses remain profitable and are encouraged to re-invest.

Thus, a successful tax system should strike a balance between its importance as a source of domestic revenue and its role in encouraging more investment.

The main Jordanian law dealing with taxes is the Income Tax Law, No. 57 of 1985. Several amendments have been issued since the law's inception. In a major development, the Income Tax Law was amended in 2001 to help bridge the gap between male and female wage earners.

Article 13 of the new Income Tax Law grants equal exemptions to women and men by raising the non-taxable income applicable to women to JD 1000, similar to that for men.

According to law, income arising or deemed to be arising in Jordan (Jordanian source income) shall be subject to tax.

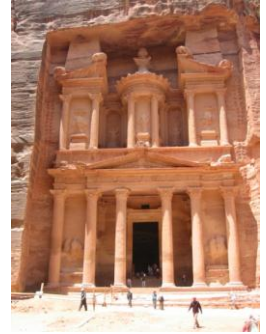
In order to determine a taxpayer's taxable income, all expenses wholly and exclusively incurred in the production of such income during the year may be deducted. Company expenditures on training, marketing, and research and development are considered tax exempt.

Moreover, profits from the export of goods and services are totally exempt, with the exception of exports of phosphate, potash, fertilizers and other exports that are governed by prevailing trade protocols.

Under the current law, taxpayers may determine their own fiscal year. Tax returns are to be filed with the Tax Department within four (4) months after the end of the fiscal year. Taxpayers who pay their tax liability within the first month following the close of their fiscal year are entitled to a six (6) percent discount on their taxes.

Similarly, a four (4) percent discount and a two (2) percent discount are available to taxpayers who pay their taxes during the second or third month, respectively, after the close of their fiscal year.

There are different types of taxes that affect people and businesses in Jordan. The table below briefly highlights the tax structure in Jordan:



<b>Tax</b>	<b>Description</b>
<b>Income tax on corporations and businesses:</b> 1-Mining, Manufacturing, Hotels, Hospitals 2-Banks, Financial Institutions and Insurance Companies 3- All other Companies.	Imposed on income generated by companies operating in Jordan
Distribution Tax	Levied on the distribution of company profits
Annual taxable income on individuals	Income paid to employees is taxable. Foreign employees working for non-Jordanian companies are exempt from paying all income tax. Personal and family tax exemptions apply.
Social Service Tax	A social service tax is due from each individual as a percentage of the tax payer's income tax.
Universities Tax	This tax is payable by shareholding and foreign companies as a percent of net income before taxes and distributions.
Sales Tax	Taxpayers are manufacturers, merchants or service providers whose sales amount to JD 100,000 per annum and importers of any goods or services.

## The Income Tax Law

### I: TAX CATEGORIES ON THE NATURAL PERSON AND COMPANIES AND EXTERNAL BRANCHES

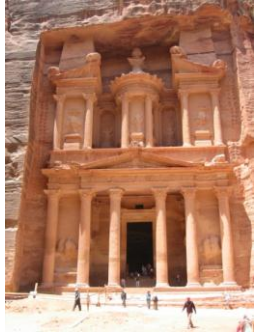
A- The tax on taxable income of the natural person shall be charged as follows :

- 1- 7% of the first JD 12,000 of the taxable income after deducting the exemptions
- 2- 14% for every extra JD.

B- The tax on taxable income of the juristic person shall be charged as follows :

- 1- 14% of the taxable income for all companies and juristic persons except the below mentioned.
- 2- 24% of the taxable income for all basic telecommunication companies, insurance companies, intermediation companies, and financial companies including exchange companies and capital leasing companies.
- 3- 30% of the taxable income for banks and external branches.
- 4- 30% of the taxable income which was specified at the rate of 20% of the total net income, after deducting the foreign income tax, of the Jordanian companies' branches operating outside the Kingdom as declared in their final accounts which are certified by an external auditor.

Accordingly, Net tax charged on external branches = 6% (30%x20%)



## **II: PERSONAL EXEMPTIONS ON THE RESIDENTIAL NATURAL PERSON**

An amount of JD 12,000 for the Tax Payer.

An amount of JD 12,000 for the dependents regardless of their number.

Considering the following:

- A- In case of joint or detailed declarations, the amount of exemption granted for the sole family should not exceed an amount of JD 24,000.
- B- For granting exemption relating to the dependents to be residents in the Kingdom .

## **III: EXEMPTIONS ON INCOME EARNED FROM WORK AND EMPLOYMENT**

The law has included the following tax exemptions:-

- A- Expenditures incurred from providing food meals to employees at work premises are tax exempted.
- B- Expenditures incurred from providing housing and lodging services for employees used for work purposes, are tax exempted.
- C- Total value of the necessary equipment and habile provided for employees for work purposes.
- D- The end-of-service indemnity paid in accordance with the related legislations or any collective arrangements approved by the Minister of Finance , as follows:-
  - 100% for the periods prior to the law force (till 31/12/2009).
  - 50% for the period following to the law force (from 1/1/2010).

## **IV: TAX DEDUCTIONS FROM THE SOURCE**

The law obligates the juristic person to deduct the following accrued taxes when the following expenditures are incurred:-

- A- 5% Expenditures incurred from providing services for any resident (natural or/and juristic).
- B- 5% on the rental value paid for the lesser.
- C- 5% on the interests on deposits or deposits sharing in banks, which are considered taxable for the non-resident juristic person and natural person. As for the remained juristic persons; the tax is considered as a payment on their tax account.
- D- 7% on the amount paid for non-resident person directly or through the income realized from investment or use of any rights such as patents, copyright...etc.
- E- 7% from the services performed by the non-resident if incurred inside the Kingdom or its outputs are used inside the Kingdom.
- F- The income tax on the salaries and wages paid in accordance with instructions that shall be issued later.

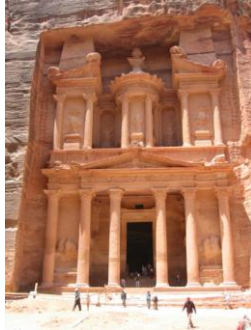
## **V: INCOME EXEMPTIONS**

The law has included the following exemptions:-

- A- All distributed dividends from stocks and financial shares that a resident would distribute except the joint investment funds descended to banks and financial companies.
- B- All dividends realized from inside the Kingdom as a result from trading in shares, stocks, bonds and treasury bonds except the one realized to the banks, financial companies, intermediation companies, insurance companies and capital leasing companies.
- C- Profits from trading in immovable funds, except:-
  - 1. The profits realized to the juristic persons.
  - 2. The realized profits from trading in constructing and selling real estate.

## **VI: DEDUCTION OF ACCEPTABLE EXPENSES**

The law has specified that the disbursements and expenses to be deducted are those expenses wholly and exclusively made or incurred for the purpose of producing the total income during the



year. Moreover; executive instructions shall be issued for determining the expenses that are not deductible either related to the taxable income or the exempted income.

Amongst those expenses are:-

- A- The value of assets that is less than JD 100 is considered as expense in the period in which the assets were acquired.
- B- The provisions of insurance companies related to the unearned premiums and the provision for claims under settlement and the arithmetic provision; so that what was deducted during the directly preceding tax period to be added to the income after deducting the share of the reinsurers in accordance with the executive procedures that will be described in the instructions issued in this regard.

## **VII: TAX DECLARATION AND TAX PAYMENT APPOINTMENTS**

- A- The law obligates the taxpayer to submit the tax declaration and pay the tax before the end of the forth month from the tax period end in general.
- B- For taxpayers with total income more than JD 500,000, they have to pay the tax in accordance with the executive instructions to be issued later as follows:-
  - 1- Within 30 days from the end of the first half for the period covering the first half of the year.
  - 2- Within 30 days from the end of the second half for the period covering the second half of the year.
- C- The law obligates the taxpayer to deduct the accrued taxes and pay them to the Tax Department within 30 days from the date of their payment or accrual, otherwise; the tax is collected from the taxpayer as it is accrued in addition to the penalties specified by the law.

## **VIII: FINES ON DELAYS IN PAYMENT AND SUBMISSION OF DECLARATION**

- A- The fines imposed for the delay in submitting the tax declaration in the specified dates are as follows:-
  - JD 50 for the natural person.
  - JD 200 for the juristic person except for the Public and Private Shareholding Companies.
  - JD 500 for the Public and Private Shareholding Companies.
- B- The fines imposed for the delay in tax payment has become JD 0.004 (four thousand) from the accrued tax for every week or part of the week.
- C- The fines imposed for adjusting the submitted declaration by the auditor due to lack in the tax amount declared as a civil compensation for the Department as follows:-
  - 15% from the difference amount ranging from 20% - 50% from the accrued tax amount.
  - 80% from the difference amount exceeding 50% from the accrued tax amount.

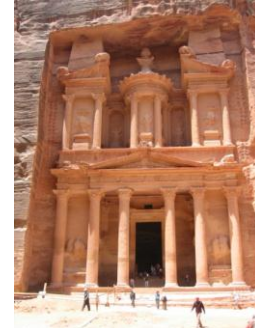
In addition to the fine imposed on the delay in tax payment which is 0.004 (four thousand) upon which it does not exceed 35% from the difference amount in accordance with instructions to be issued later.

## **Treaties for the Prevention of Double Taxation**

Jordan has signed agreements for the prevention of double taxation with Austria, Bahrain, Belgium, Canada, Cyprus, Denmark, Egypt, France, Iraq, Kuwait, Libya, Malaysia, Oman, Pakistan, Qatar, Romania, Saudi Arabia, Spain, Syria, Tunisia, Turkey, United Arab Emirates, United Kingdom, the United States and Yemen.

## **Customs Law**

Reaching more than JD 1billion in 2006, taxes on imports are a primary source of domestic revenue in Jordan. This explains the early establishment of the customs department in Jordan which took place in 1922. All imported goods are subject to a custom's 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 raw materials imported will be used in export production, containing at least a forty (40) percent Jordanian value-added contribution.

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 sometimes excessive signature clearances on paperwork of 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.

The Jordanian Customs Department, in cooperation with the USAID-Funded AMIR Program, was working for more than a year and half on a program for the purpose of upgrading Customs services. This program will strengthen the national economy by providing an enhanced 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 upon joint responsibility and mutual cooperation. The Program further aims at enhancing the trust in the Jordanian investment environment by facilitating the procedures for the movement of goods across borders, especially with regard to Jordanian exports.

## Intellectual Property Law

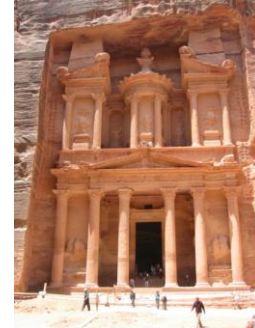
Intellectual property rights (IPR) protection can be considered as a powerful tool for economic growth in many sectors. In Jordan, for example, recent intellectual property reforms have greatly benefited the country's economy in general and its pharmaceutical sector in particular. Jordan's pharmaceutical sector has gained new export markets and has started to engage in innovative research and development as a result. New health sectors, such as contract clinical research, have emerged, and health-sector employment has grown significantly.

Jordan joined the World Trade Organization (WTO) in 2000, becoming its 136th member. In 2001, it entered into the U.S.-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 trademarks. Jordan has also acceded to the World





Intellectual Property Organization (WIPO) treaties on copyrights (WCT) and performances and phonograms (WPPT).

<b>IP LAWS IN JORDAN</b>	
Patent Law No. 32 of 1999 and its amendments.	The Law of Unfair Competition and Trade Secrets No. 15 of 2000
Trademarks law No. 33 of 1952 and its amendments.	The Geographical Indications Law No. 8 of 2000.
The Protection of layout designs of Integrated Circuits No. 10 of 2000	Copyright Law No 22 of 1992 and its Amendments
The Industrial Designs and Models Law No. 14 of 2000	The Protection of New varieties of Plants Law No. 24 of 2000
Goods Marks Law No. 19 of 1953	Trade Names Law No. 22 of 2003

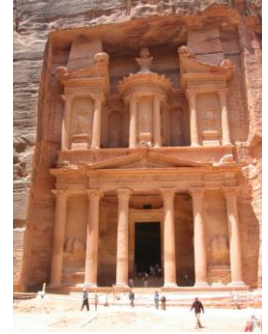
There has been considerable debate about the importance of intellectual property (IP) laws in encouraging investment, in particular foreign direct investment. Understanding the relationship between IP and investment requires a comprehensive analysis, but for our purposes a brief evaluation of the correlative capacity of the two factors is sufficient.

Having a proper IP system would enhance the overall business environment in Jordan; it would allow Jordan a more comprehensive approach to bettering its business environment. Part of this approach is recognizing that there are some types of investments that are more sensitive to the various levels 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 facing certain industrial investment. 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 all examples of business activities that are materially 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 a business in a given country.

In establishing a sound investment environment that 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 that 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 to be bothered with the level of IP protection as it is 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 forensic issue is whether developing countries should adopt standards of IP protection consistent with their level of economic and technological development and to 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 would be 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 upon 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 which 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 being the Competition Law No.33 of 2004. The Competition Directorate within the MIT is responsible for the implementation of the 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 organization 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 are becoming increasingly aware of the importance of the environment to the overall business climate. Although environmental concerns might not directly affect all economic activities, it still remains important to bear in mind concerns regarding the appropriateness of certain investments with regard to environmental policy and applicable standards.

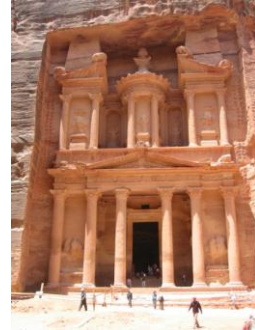
The environmental dimension should be considered carefully when designing a sustainable economic development strategy. One should not ignore the facts that affect Jordan in this regard. For example, the agricultural area in Jordan is almost 3.1 million dunums, representing 4% of the total area of the Kingdom with forests covering no more than 760 thousand dunums. This combined with scarce water resources sourced mainly from rainfall where the quality of water can be 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 the total consumption is for potable use, 79% for irrigation and 15% for industrial purposes. Investment strategies must take into account these 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 optimal situation regarding the best practices in terms of attracting more investments while protecting the environment.

Currently there is a set of laws and regulations that govern environmental issues. Environment Protection Law No. 52 of 2006 is the primary legislation that addresses environmental issues in Jordan. There are other regulations that address specific areas such as water protection, air protection, nature protection and environmental impact. This legislative framework is essential to preserve Jordan's environment and might affect the investment process in many cases. This suggests that policy makers should pay close attention to the relationship between investment and environmental law and policy.

# Investor Protection



## Dispute Settlement

Jordan enjoys an advanced legal system that has been undergoing substantial revision and modernization in recent years. Many of the old laws have been either amended or replaced to allow the country to follow other advanced countries in providing the best legal protection for both the kingdom and its citizens.

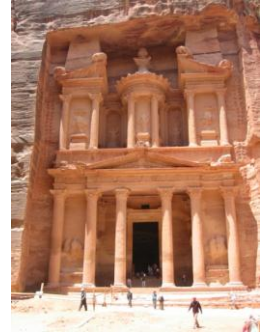
In Jordan there are different ways to settle a dispute. The main means of dispute settlement involves referring the dispute to the Jordanian courts. However, it is still possible to get justice by referring disputes to other Alternative Dispute Resolution (ADR) mechanisms; the major ADRs in Jordan being arbitration and mediation.

At the international level, Jordan has acceded to numerous bilateral and multilateral investment treaties, many of which provide for structured dispute settlement methods, such as the Treaty on the Settlement of Investment Disputes in the Arab Countries which provides for the settlement of disputes through conciliation and arbitration, and the Treaty between Jordan and the Government of the United States of America on the Mutual Encouragement and Protection of Investment. Also, there is the Washington Convention on the Settlement of Investment Disputes.

Jordan has also signed several Promotion and Reciprocal Protection of Investment agreements that are in force between Jordan and the following countries:

Germany, France, UK, Italy, Romania, Turkey, Malaysia, Tunisia, Yemen, Algeria, USA, Poland, Croatia, Spain, Bahrain, Sudan, Austria, Kuwait, Syria, China, Bulgaria, Ukraine, Lithuania, Belarus, and Singapore.

This section will shed some light on the options available to solve disputes in Jordan by examining the institutions and ADR mechanisms that facilitate dispute settlement, namely: the judiciary, arbitration, mediation and other mechanisms.



Courts in Jordan			
	Special Courts	Civil Courts	Religious Courts
Supreme Level	Higher Court of Justice	Court of Cassation	
Appeal Level	<ul style="list-style-type: none"> <li>- Customs Court of Appeal</li> <li>- Court of Income Tax Appeal</li> <li>- Court of State Security</li> </ul>	Court of Appeal	Religious Court of Appeal Appeal Councils for Communities Tribunals
First Level	<ul style="list-style-type: none"> <li>- Customs Court of First Instance</li> <li>- Land and Water Settlement Court</li> <li>- Municipals' Courts</li> </ul>	Court of First Instance Magistrates' Court	Religious Courts Communities Tribunals

## The Judiciary

### **Civil Courts** **Religious Courts** **Special Courts**

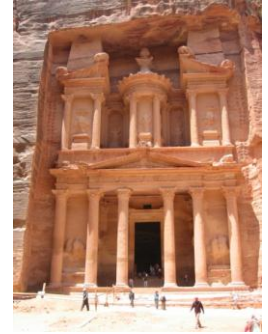
The Jordanian constitution specifically states that the role and functions of the judiciary must be completely independent of influence from the executive and legislative branches; the courts are subjected to no other authority than that of the law. Judges are appointed by the Higher Judiciary Council upon a recommendation of the Minister of Justice but require endorsement by a royal decree. They are normally graduates of recognized universities who have served as clerks and officers of the court. The Ministry of Justice, with approval of the King, assigns judges to serve in courts, and has the ability to transfer, promote and dismiss them.

There are three types of courts in Jordan: the civil, religious and special courts, made up of one or more judges, but no juries.

## Civil Courts

The civil judiciary is a two level system with a supreme court. The first level consists of the magistrates' courts and the courts of first instance while the second level is the court of appeal. The court of cassation (the supreme court of the kingdom) sits in review of these two levels.

The jurisdiction of the magistrates' courts consists of hearing civil and criminal cases regarding issues involving small fines with a maximum prison term of two years. The courts of first instance have general jurisdiction over all criminal and civil matters not granted to other courts' jurisdiction, and also hear appeals for some judgments of the magistrates' courts. The next judicial tier, the court of appeal, is presided over by a tribunal of three judges.



It hears appeals of the decisions of the magistrates' courts, and decides appeals from decisions of the courts of first instance.

The court of cassation, the highest judiciary, is presided over by a judge appointed by the King and who serves as the country's Chief Justice. The court holds its sessions with five judges to hear appeals from the court of appeal. In some cases the court sits in full panel of nine or even fifteen judges to decide on important cases or in certain legal circumstances.

## Religious Courts

The religious courts are divided into the Sharia (Islamic law) courts for Muslims, the tribunals of religious communities for non-Muslims and the ecclesiastical courts for the minority Christian communities. These courts have jurisdiction over cases of personal status such as marriage, divorce and communal endowment. Rulings of religious courts may be appealed at the religious court of appeal in Amman.

Individuals not of the same religion who do not agree to the jurisdiction of a religious court are allowed to bring their case to a specialized civil court. If there is a conflict of jurisdiction between two religious courts, or between a religious and civil court, the president of the court of cassation forms a three-judge tribunal to decide jurisdiction or to hear the case. One judge sits in each Sharia court and rules on cases according to Islamic law, and sometimes based on the civil status law if divorce, for example, is involved.

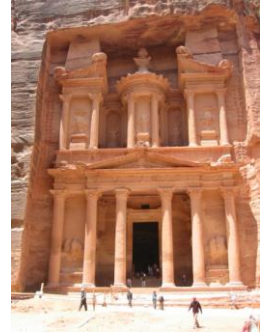
Each Christian court is made up of three judges, usually members of the clergy, who base their rulings on different aspects of canon law interpreted by the Greek Orthodox, Roman Catholic and Anglican traditions. Islamic law is applied in inheritance cases.

## Special Courts

The term specialized court is used to describe any court, other than civil and religious, that has been granted a jurisdiction to rule in specified issues. These mainly involve the state security court, which hears cases related to drug trafficking, illegal smuggling, economic crimes, and security related cases. The state security court, which replaced the military courts of the martial law period in Jordan between 1956 and 1990, comprises two military judges and one civilian judge who try both military personnel and civilians. Its verdicts are not final and may be appealed at the court of cassation.

Special courts also include the Customs Court, Income Tax Court of Appeal and the High Court of Justice. The jurisdiction of the High Court of Justice is public administration. This includes hearing petitions, issuing injunctions involving public servants charged with wrongdoing, election issues, as well as many other issues specified by the law establishing the High Court of Justice. The Customs Court consists of the Customs Court of the First Instance and the Customs Court of Appeal. It has jurisdiction over civil and Criminal Cases related to customs and smuggling. The Income tax Court of Appeal has jurisdiction to look into the appeals made by individuals and companies against the income tax imposed by the income tax department.

It should be noted that there are other types of specialized courts and that there is a debate between lawyers regarding the importance of having specialized courts. Specialized courts can play a major role in both legal and economic development and their establishment can be of great value though it should be studied carefully. The table below delineates the different types of courts in Jordan along with their level in the judicial hierarchy.



## Arbitration

### Ad hoc and Institutional Arbitration International Arbitration

Arbitration has been traditionally known and accepted as a major means of settling disputes since the establishment of modern Jordan. The first formal statute to regulate arbitration was the Arbitration Law of 1953 and its amendments, which was annulled by **the current Arbitration Law of 2001**. The Law of 2001 is mainly based on the United Nations Commission on International Trade Law (UNCITRAL) Model Law of 1985 on International Commercial Arbitration.

## Ad hoc and Institutional Arbitration

Parties either agree in advance to the specific issues or certain types of dispute that will be arbitrated, or after a dispute arises, they enter into an *ad hoc* agreement to arbitrate. In *ad hoc* agreements in Jordan, the parties in a business contract might negotiate a whole set of custom-made arbitration rules establishing procedures to fit their needs and address all eventualities. Or the parties might suffice with a simple arbitration clause to be included in their contract with a simple reference to statutory procedures such as the Jordanian Arbitration Law, or adopt rules crafted specifically for *ad hoc* arbitral proceedings such as the UNCITRAL rules.

## International Arbitration

Jordan has acceded to important bilateral and multilateral conventions and treaties concerning arbitration and enforcement amongst which are the Riyadh Arabic Treaty on Judicial Collaboration, the Amman Arabic Treaty on Commercial Arbitration, the Settlement of Investment Disputes in the Arab Countries Treaty, and the Arabic Treaty on Commercial Arbitration. The Arabic Treaty on Commercial Arbitration stipulates that an Arabic Center for Commercial Arbitration shall be established, although this has yet to materialize.

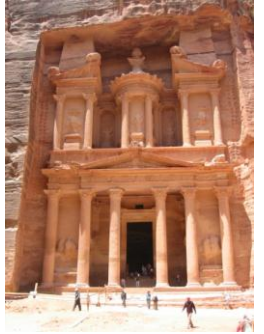
Jordan is also a party to numerous other bilateral agreements and treaties concerning ADR mechanisms, especially regarding arbitration.

## Mediation

Mediation may range from minimal intervention, merely facilitating information flow between the parties, to an extensive role feeding in providing advice and information from outside, evaluating options, proposing solutions and pressing towards favored outcomes. In Jordan, the first use of mediation on a relatively wide scale occurred in the establishment of mediation procedures set by the Law of Mediation for the Settlement of Civil Disputes of 2003, recently replaced by the Law of 2006.

According to the **Mediation Law of 2006**, the Administration of Mediation in the court consists of a number of Magistrate and First Instance Court judges who are nominated by the Chairman of the First Instance Court. In addition to the Mediation Judges, the Head of the Judicial Council may nominate Private Mediators consisting of retired judges, lawyers and professionals of long experience, known for their impartiality and integrity.

- The legislative framework in Jordan encourages disputants to resort to mediation as an ADR method; such encouragement can be observed in the new Law of Mediation which stipulates the following:
- The Administrator of the Lawsuits Judge, after meeting with the parties or their lawyers, has the authority to pass on any filed case to the Mediation Judge or to a Private Mediator upon the



request of the disputants or their approval. In all circumstances, the judge shall consider the agreement of both parties on the nomination of the Mediator, as much as possible.

- The Parties in a dispute, pursuant to the acceptance of the Administrator of the Lawsuits Judge or the Magistrate Judge, have the right to resolve their dispute by mediation by referring their dispute to any person they deem appropriate. In this case, the Mediator shall determine his fees in coordination with the disputants. In case the dispute is settled amicably, the plaintiff shall retrieve the previously paid legal fees.

If the Mediator was successful in reaching a complete or a partial settlement, he should present a report to the Administrator of the Lawsuits Judge or the Magistrate Judge enclosing the settlement signed by the disputants, the Judge in his part has to endorse the settlement, and the settlement agreement is then considered a final judgment. At the end of the mediation process, whether the mediation resulted in resolving the dispute or not, the Mediator shall return to each party any documents he received from that party.

Furthermore, the proceedings of the Mediation shall be deemed confidential. Any information used in the course of Mediation, shall not be used by the disputants before any court or before any other authority.

## Alternative Dispute Resolution (ADR) Mechanisms

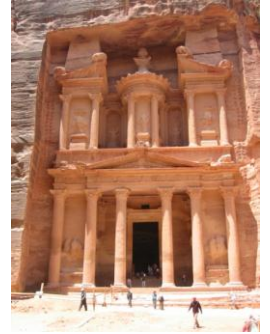
In case of *labor conflicts* and according to the Jordanian Labor Law, the Minister of Labor may appoint one or more Ministry officials to serve as conciliation officers and to carry out mediation for the settlement of collective labor disputes for the sector that the Minister specifies and for the duration that he deems appropriate.

If, for any reason, the conciliation officer, and later on, the Minister, were not able to achieve a settlement between the parties, the Minister shall refer the dispute to a Conciliation Board that he shall set up, consisting of a chairman who shall be appointed by the Minister, and who shall have no connection with the dispute or with trade unions or employers' associations and two or more members representing employers and workers in equal numbers, each party appointing its own representatives on the board.

If the conciliation board fails to bring about a settlement to the dispute, the Minister shall refer the dispute to a labor tribunal that shall be set up consisting of three judges commissioned by the Judicial Council for that purpose, upon the request of the Minister. This tribunal's decisions are binding and final to the parties of the dispute and cannot be challenged before any judicial or administrative authority.



# International Agreements



## **International Trade Agreements**

### **Arab Market Access**

### **European Market Access**

### **US Market Access**

### **Asian Market Access**

### **Bilateral Agreements**

The series of economic reforms Jordan made between 1989 and 2004 enable us to leverage on good will we have long enjoyed with our neighbors in the Middle East and other countries, and enter into a wide range of bilateral and multilateral trade agreements. Our trade agreements give us access to more than one billion customers.

In accordance with the Kingdom's expressed policy on increased trade liberalization and export-led growth, a series of international agreements have been negotiated and implemented by the government. These agreements can be separated into two types, bilateral and multilateral, and are examined in the subsections that follow.

## International Trade Agreements

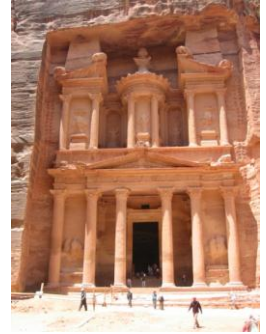
Jordan is currently party to a variety of multilateral treaties and agreements, both within the MENA region and outside its borders. A selection of these agreements follows in this section:

Jordan is a member of the World Trade Organization (WTO) since the year 2000.

## Arab Market Access

The Greater Arab Free Trade Agreement, 1998 declared within the Social and Economic Council of the Arab League as an executive program to activate the Trade Facilitation and Development Agreement in its membership of 17 Arab Countries. These include: Jordan; UAE; Bahrain, Saudi Arabia, Oman, Qatar, Morocco, Syria, Iraq, Palestine, Kuwait, Tunisia, Libya, Sudan, and Yemen.

The Arab Mediterranean Free Trade Agreement (Agadir Agreement) 2004 came into force in 2009.



## Access to European Markets

The Jordan-EU Association Agreement signed in 1997 and entered into force on 2002: Aims at creating a free trade area between EU and Jordan, establishing a comprehensive framework for political, economic, trade and investment, social and financial cooperation.

Furthermore, the Agreement allows entry of Jordanian industrial exports into EU-member countries free of customs duties and other charges, having equivalent effect from the date the Agreement entered into force. EU industrial exports are allowed entry into Jordan free of customs duties and charges as well, having equivalent effect over a transitional period of 12 years starting from date the Agreement entered into force, excepting a list of specific products.

In addition to the elimination of tariffs and reduction of non-tariff barriers, the Agreement contains comprehensive provisions on the conduct of trade in agricultural and industrial products, right of establishment and services, payments and movement of capital, competition, intellectual property rights, financial co-operation, economic co-operation in the field of industry, standards, transportation, telecommunications, energy, science and technology, environment and tourism, statistics, and the fight against illegal drugs.

Moreover, within the context of the Agreement, the EU has pledged to set up a Special Fund to assist in improving the export capacity and competitiveness of Jordanian industries.

## US Market Access

The Jordan-US Free Trade Agreement (FTA) was signed in 2000: Covers trade in goods and services, protection of intellectual property rights, the environment, labor and e-commerce, and trade through the gradual reduction of custom duties and charges having equivalent effect over a transitional period of ten (10) years. This agreement was the fourth Free Trade Agreement that the United States had negotiated, after Canada, Mexico and Israel, and the first with an Arab country.

The Qualifying Industrial Zone (QIZ) Agreement was signed in 1996. These zones provide duty and quota free access to the U.S. market for products manufactured in Jordan. Currently, there are thirteen Qualified Industrial Zones in Jordan; three of which are government owned while the rest are owned by the private sector.

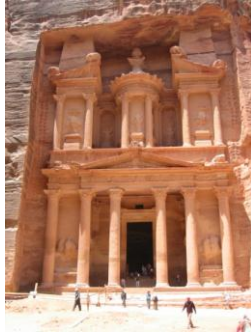
## Asian Market Access

The Jordan-Singapore FTA was signed in 2004: Aims at promoting economic relations and developing partnerships between Jordan and Singapore considering the distinguished experiences that Singapore enjoys in economic development, technology, and improving investment climate.

## Bilateral Agreements

Jordan has signed bilateral Investment Agreements with 38 countries in an effort to promote economic cooperation and activate the flow of private capital and the transfer of technology, further stimulating economic development. Such agreements create and maintain a stable framework for investment which is essential for maximizing the utilization of economic resources and improving overall living standards. Such agreements provide the following basic guarantees:

- The bettering of national and most favored nation treatment, subject to certain limitations.
- Expropriation only in accordance with international law and upon payment of adequate compensation.

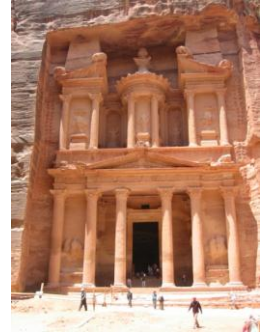


- The right to transfer all funds related to an investment without delay and using the market rate of exchange.
- Prohibition of performance specifications such as local content requirements or export quotas.
- The right of investors to submit investment disputes with the hosting country's government for international arbitration.
- The right to engage senior management personnel regardless of nationality.

<b>Bilateral Agreements signed by Jordan and other Countries</b>				
<b>Country</b>	<b>Date of Signature</b>	<b>Date of entry into force</b>	<b>Country</b>	<b>Date of Signature</b>
Germany	15/7/1974	10/10/1977	Spain	20/10/1999
France	23/2/1978	18/10/1979	Bahrain	8/2/2000
Great Britain	10/10/1979	24/4/1980	Sudan	30/3/2000
Romania	2/7/1992	16/3/1999	Austria	23/1/2001
Malaysia	2/10/1994	3/3/1995	Kuwait	21/5/2001
Tunisia	27/4/1995	23/11/1995	Syria	8/10/2001
Yemen	18/6/1995	28/1/1998	China	15/11/2001
Egypt	8/5/1996	11/4/1998	Bulgaria	7/8/2002
Italy	21/7/1996	9/11/1999	Lithuania	13/10/2002
Algeria	1/8/1996	5/6/1997	Lebanon	31/10/2002
Indonesia	12/11/1996	9/2/1999	Belarus	16/12/2002
Congo	23/6/2004	23/6/2004	Singapore	16/5/2004
United States of America	2/7/1997	12/6/2003	Korea	24/7/2004
Czech Republic	20/9/1997	25/4/2001	Thailand	15/12/2005
Poland	4/10/1997	14/10/1999	Greece	21/12/2005
Netherlands	17/11/1997	1/8/1998	Ukraine	30/11/2005
Morocco	16/6/1998	7/2/2000	Bosnia & Herzegovina	2/7/2006
Croatia	10/10/1999	27/4/2000	Republic of Finland	1/11/2006

Similar agreements have been initiated with Libya, Latvia, Malta, Belgium, Yugoslavia, Qatar, Oman, the United Arab Emirates, Slovakia, South Africa, and India.

**Promotion and Reciprocal Protection of Investments agreements were signed and are in force between Jordan and the following countries:** Germany France, UK, Italy, Romania, Turkey, Malaysia, Tunisia, Yemen, Algeria, USA, Poland, Croatia, Spain, Bahrain, Sudan, Austria, Kuwait, Syria, China, Bulgaria, Ukraine, Lithuania, Belarus, and Singapore.



# Infrastructure

## Infrastructure

**Energy**  
**Transportation**  
**Airports**  
**Roads and Highways**  
**Railway**  
**Maritime**  
**Telecommunications**

Our infrastructure is set up for the easy and sustainable movement of people, goods and ideas. Jordan's modern infrastructure helps businesses navigate the world more quickly and comfortably, and move their products and services into markets with ease.

- 55 directly served destinations and 700 served by alliance airlines.
- Expanding airport to serve 9 million passengers per year.
- Multi-million dollar investment toward upgrading the cargo terminal at Queen Alia Airport.
- Deep-water harbor of Aqaba, port offers facilities for general cargo, containerized cargo and specialized cargo.
- International standards Aqaba Container terminal managed by APM terminals.
- Master railway development plan to develop an extensive rail network.
- Deregulated telecommunication market since 2005.
- Mobile penetration rate of 78%.
- 100% Access to Internet.
- Massive growth of broadband and wireless networks.
- Tech-savvy population.
- High ranks in environment, readiness and usage of technology, 47/127 according to Global Information Technology Report 2007-2008.

## Energy

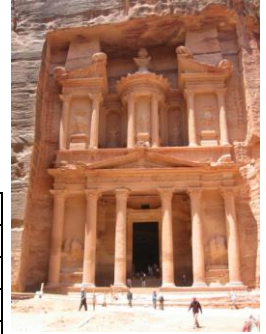
Jordan's energy sector is growing and developing rapidly. Government direction is geared towards reducing energy dependence by increasing sources of renewable energy and offsetting efficiencies in energy demand. Various plans are in progress to remedy this situation. The Government of Jordan is therefore actively seeking development of energy sources including the use of the country's uranium oil shale deposits, solar and wind power.

The Kingdom is committed to further integration into the petroleum economies of the region which holds a range of benefits for the Kingdom, including more access to petroleum supplies, reduced costs for such supplies, and an increase in employment and GDP.

## Transportation

Transportation infrastructure in terms of road, rail and air links is well developed. Various plans to enhance recent improvements are at an advanced stage.

The transportation sector accounts for more than 10% of Jordan's GDP. It is growing at an annual rate of 6%. The government developed a national transportation strategy to upgrade the country's infrastructure, and enable Jordan to capitalize on its natural geographical advantages.



Transportation 2007	
Railway	620 km
Highway (2005)	80,000 km <sup>2</sup>
Seaway Capacity	21 m tons
Total Airports (8)	Civil Airports include: Queen Alia International Airport, Makra Airport, Aqaba King Hussein International Airport
Runway Length(s)	Majority having runways longer than 2400 meters
Aircraft Passengers (2007)	4.1 m.
<i>Source: Ministry of Transport, Ministry of Public Works and Housing, Civil Aviation Authority</i>	

## Airports

**Queen Alia International Airport (QAIA):** Is currently undergoing a USD550 million rebuild project that commenced in 2008. A build-operate-transfer contract was awarded to an international consortium led by “Aéroports de Paris” management. After the completion of the project, the capacity of the airport will expand from 3 million passengers to 9 million, with cargo handling capacity also greatly increased.

**King Hussein International Airport (Aqaba):** The National Air Services of Kuwait won a tender to equip, operate the airport for 15 years. USD15 million has been invested in upgrades. The cargo terminal serves as a sea-air linkage into Iraq and the rest of the region. KHIA has an Open Sky policy.

Royal Jordanian (RJ) Airlines serves **55 direct destinations** and **700** others are served through alliance airlines. It has modern aircrafts. Also, RJ became a member in the One World Alliance in April, 2007. RJ was privatized in 2007. RJ recently made a multi-million USD investment in the upgrade of the cargo terminal at QAIA.

## Roads and Highways

Jordan has excellent road connections all over the country, connecting Jordan with all its neighboring countries. It has around 80,000 km<sup>2</sup> of paved roads and highways.

Since 2002, the Ministry of Public Works and Housing started implementation of its 25 year plan which aims to complete an extensive road network around the Kingdom. This includes building ring roads around major cities and development areas such as Amman, Salt and Irbid. Investments on road improvement and development are expected to reach more than USD1.8 billion within the coming 25 years.

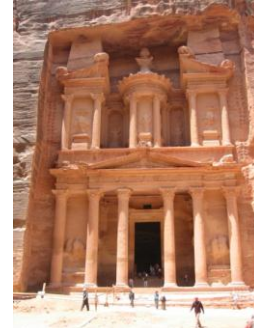
## Railway

The Jordanian government prepared a railway master plan to build an entirely new standard-gauge railway network.

The existing railway network in Jordan consists of 620 km of narrow-gauge tracks, operated by:

- Jordan Hejaz Railway: 217 km of operational lines, and 111 km of abandoned lines. It runs 2 passenger trains per week between Amman and Damascus, and freight trains upon request.
- Aqaba Railway Corporation: 293 km of operational lines, transporting around (2.5 – 3) mn tons of phosphate from the mines to Aqaba Port.

A Light Railway BOT project has been awarded to a Kuwaiti-Spanish consortium in 2008 which will connect Amman to Zarqa, a distance of around 26 km. The project is estimated to cost USD330 million. The electric-powered double track railway will be operational in 2011. The line will provide for an effective daily passenger transportation service between Amman and Zarqa catering to 90,000 passengers' daily commuters.



## Maritime

**Jordan has a single sea outlet on the Gulf of Aqaba (Red Sea).** Currently, the port is divided into 3 major areas under the government-owned Ports Corporation, which aims to complete a port transformation project, making the Gulf of Aqaba into a world-class business hub. The planned USD3 billion investment that includes relocating the main port; the development of the area for commercial use, and the construction of general cargo terminal in the southern zone is expected to be finished by 2020.

## Telecommunications

Jordan's telecommunications infrastructure is modern, with a very competitive mobile and internet landscape. Jordan has one of the **most open telecommunications markets** in the Middle East and is independent of restrictive regulation.

The fixed-line market was liberalized on 1 January 2005, opening the market up to full competition. Since 1996, internet penetration has increased annually.

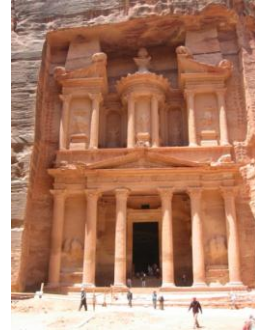
According to the Networked Readiness Index 2006–2007 rankings (WEF Report), Jordan placed 5th in comparison with other Arab Countries.

Telecommunication Capacity 2007	
Number of Mobile subscribers	4.34 m. (78% penetration)
Number of Fixed Line Subscribers	614,000
Number of Internet Users	796,900 Sept (07) 14.8% according to ITU
Number of Postal Services Offices	356
<i>Source: Telecommunications Regulatory Network 2006; International Communications Union (ITU); Department of Statistics 2007</i>	

Between 2000-2005, the user base grew by more than 300%. The deepening pool of users will increase the number of regular users, thereby increasing the customer base for goods and services either sourced or delivered online.



# Conclusion



Several reasons motivate investors to invest in Jordan, to include but not limited to the following:

## 1) Security and Political Stability

Decades of political stability and security ranking Jordan as one of the top 10 countries in security worldwide.

Jordan has good relations with all its neighbors. It has maintained continuous stability, moderation and security in a region prone to potential volatility. Jordan is a fourth generation monarchy with consistent and continuous foreign and internal policies, a democratically elected Parliament and a visionary leader dedicated to progressive reforms of political, economical, fiscal, legal and social significance

## 2) Unique and Strategic Location

Strategic Location and Central Market Access to One Billion Consumers.

Jordan is well situated as a regional entry point, being well connected to neighboring countries and global markets through modern transportation and communication networks. Jordan's location allows for diversification and expansion into increasingly affluent markets. Trade agreements give Jordan access to a market of more than one billion consumers.

## 3) Sound Macro Economy

Growing and Robust Economy.

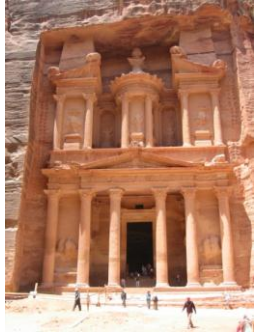
Jordan's macro-economic fundamentals are sound and leading indicators point to continuing growth and development over the next several years. Careful planning and policy reforms, a strong economy, and the creation of ideal conditions ripe for business investment have led to a surge in foreign investment in Jordan.

## 4) Modern Infrastructure and Globally Connected Country

Our infrastructure is set up for people, goods and ideas. Jordan's modern infrastructure helps businesses navigate the world more quickly and comfortably, and move their products and services into markets with ease.

## 5) Qualified and Talented Workforce

*From executives to skilled laborers, Jordan educates for the 21st century.* Whether you are looking to outsource or locate labor in-country, Jordan's human capital will help your money work better for you. Our training investments in the high-tech, manufacturing and service sectors add value to the economy, while labor costs remain the most competitive in the Middle East.



## 6) Favorable Business Environment

Jordan is a free market oriented economy, with outward-oriented economic policies and a private sector led approach to business development. Jordan experienced an ongoing privatization of major state-owned enterprises and implemented significant advances in structural and legal reform.

## 7) Jordan Offers the Good Life

Investing and doing business in Jordan is simple and straightforward. But we know that life is more than simply work. Jordan offers a diverse, tolerant, and family friendly environment with all the conveniences of the 21st century.

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