

JORDAN
INVESTMENT COMMISSION



الأردن
هيئة الاستثمار

JORDAN INVESTORS' GUIDE

FOREWORD

Dear Investors,

It is my great pleasure to present you with the 2018 edition of the Investors' Guide to Jordan.

This publication is designed to guide current and prospective investors through all stages of the investment process in the Hashemite Kingdom of Jordan. Through this Investors' Guide we would like to showcase Jordan, the country with vast business growth potential and many competitive advantages.

The Investment Law No. 30 was passed and implemented in 2014 to ensure that the Jordanian business environment enjoys an ever-improving legal framework and business conditions. Numerous specialized development zones across Jordan have been established to host multinational businesses with complimentary business partners and communities that benefit from very strong incentives and exemptions.

In Jordan, investors will find the optimal regional hub for their business. Your business will have the potential of serving over a billion customers thanks to the numerous free trade agreements that Jordan maintains with trade partners across the globe. In addition to exponentially growing your market share, Jordan's financial market is one of the most stable in the Middle East and North Africa (MENA) region. Jordan owes its success to its investment in human capital which is regionally renowned as a highly educated, skilled and innovative workforce that enriches your business with a value-driven performance culture.

Established under the direction of His Majesty King Abdullah II, the Jordan Investment Commission (JIC) is at the forefront of serving current and prospect investors in Jordan to ensure a high ease of doing business and strong investor protection regulation. We, at the Jordan Investment Commission, are committed to being your strategic partner with solutions personalized to your needs at any stage of your business growth and or establishment.

Jordan's stability and strategic location have been reinforced with sound economic policies and a vision that ensures that Jordan will become a key market in the MENA region and an active partner in the reconstruction and development of neighboring markets.

Select Jordan.

Yours sincerely,

Muhannad Shehadeh
Minister of State for Investment Affairs

“In Jordan investors will find the optimal regional hub for their business.”



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JORDAN INVESTMENT COMMISSION

This Investors' Guide has been developed by the Jordan Investment Commission (JIC), the primary focal point for investors looking to invest in the Kingdom of Jordan.

The purpose of this Guide is to provide relevant, up-to-date, and accurate information on strategic investment opportunities, the Kingdom's legal framework, procedures necessary for investing and setting up business operations in Jordan, and facts on the country's cost of doing business, taxation system, investment incentives, trade & taxation agreements, and a variety of zones with specific benefits and advantages.

Information on the JIC itself is also provided, along with its key services designed to attract investors, to facilitate the efficiency of their operations, and ensure long-term competitiveness of their investments in Jordan.

This Guide is made up of three major sections:

1. Why Invest in Jordan? which specifies the Kingdom's unique selling points demonstrating elements of the national economy grouped in five pillars and why Jordan is the perfect location for your next corporate investment.

2. Legal Framework, which is embedded in Investment Law No. 30 of 2014 and which stipulates (foreign) investors' privileges, advantages, rights, and guarantees as well as a brief overview of Jordan's transparent and streamlined business licensing and registration procedures.

3. Taxation, which introduces Jordan's cost-competitive fiscal climate and attractive investment and zones regimes.

We thank you for reading, and we're happy you have chosen to learn more about investing in Jordan. We remain at your disposal for any further information, advice, and guidance on investing in Jordan.

"JORDAN WILL BECOME A KEY MARKET IN THE MENA REGION AND AN ACTIVE PARTNER IN THE RECONSTRUCTION AND DEVELOPMENT OF NEIGHBORING MARKETS."



1. Why Invest in Jordan?

- 1.1 Jordan at a Glance
- 1.2 Regional Business Operations Hub
- 1.3 Destination for Leisure & Medical Tourism
- 1.4 Regional Logistics & (Re)construction Hub
- 1.5 Access to Regional & International Markets
- 1.6 Center for Venture Capital & Innovation

1.1 Jordan at a Glance



The Kingdom of Jordan is a stable, business-friendly, modern, and prepared location for your next engineering, manufacturing, information technology, or life sciences activities in the Middle East and North Africa (MENA) region. This dynamic nation provides a sound environment from which companies can find key talent, business assistance, and a willing Government partner who will help enable their growth into the MENA region and beyond.



REGIONAL BUSINESS OPERATIONS HUB

Jordan offers a vibrant, innovative, and globalized business environment with a high ease of doing business at stable, competitive, and predictable costs, positioning Jordan as the region's prime hub for business operations requiring a highly skilled talent pool.



REGIONAL LOGISTICS & (RE)CONSTRUCTION HUB

A strategic location together with safety and stability, an unparalleled connectivity, and competitive logistics platform make Jordan the right place for regional logistics and (re)construction.



CENTER FOR VENTURE CAPITAL & INNOVATION

The combination of an abundance of venture capital, innovative pool of tech-talent, and a sound financial sector turn Jordan into an innovative ecosystem ready for investors and start-ups.



DESTINATION FOR LEISURE & MEDICAL TOURISM

The Kingdom's widely recognized welcoming and hospitable lifestyle in combination with its diverse scenery, appealing landscapes, and comfortable climates, turn Jordan into a popular destination for all kinds of tourism.



ACCESS TO REGIONAL & INTERNATIONAL MARKETS

Jordan's comprehensive network of free trade and bilateral investment agreements features privileged access to over 1.5 billion consumers in the largest markets around the world.

QUICK FACTS

Free Trade Agreements

7

Direct Market Radius

1.5 billion consumers

Development Zones

12 across Jordan

Connectivity

12 seaports, airports, and land ports

Economic Freedom

4th across MENA region (2018)

Total GDP

US\$40.07 billion (2017)

GDP per Capita

US\$4,129.8 (2017)

Annual GDP Growth

2.0% (2017)

No. of Universities

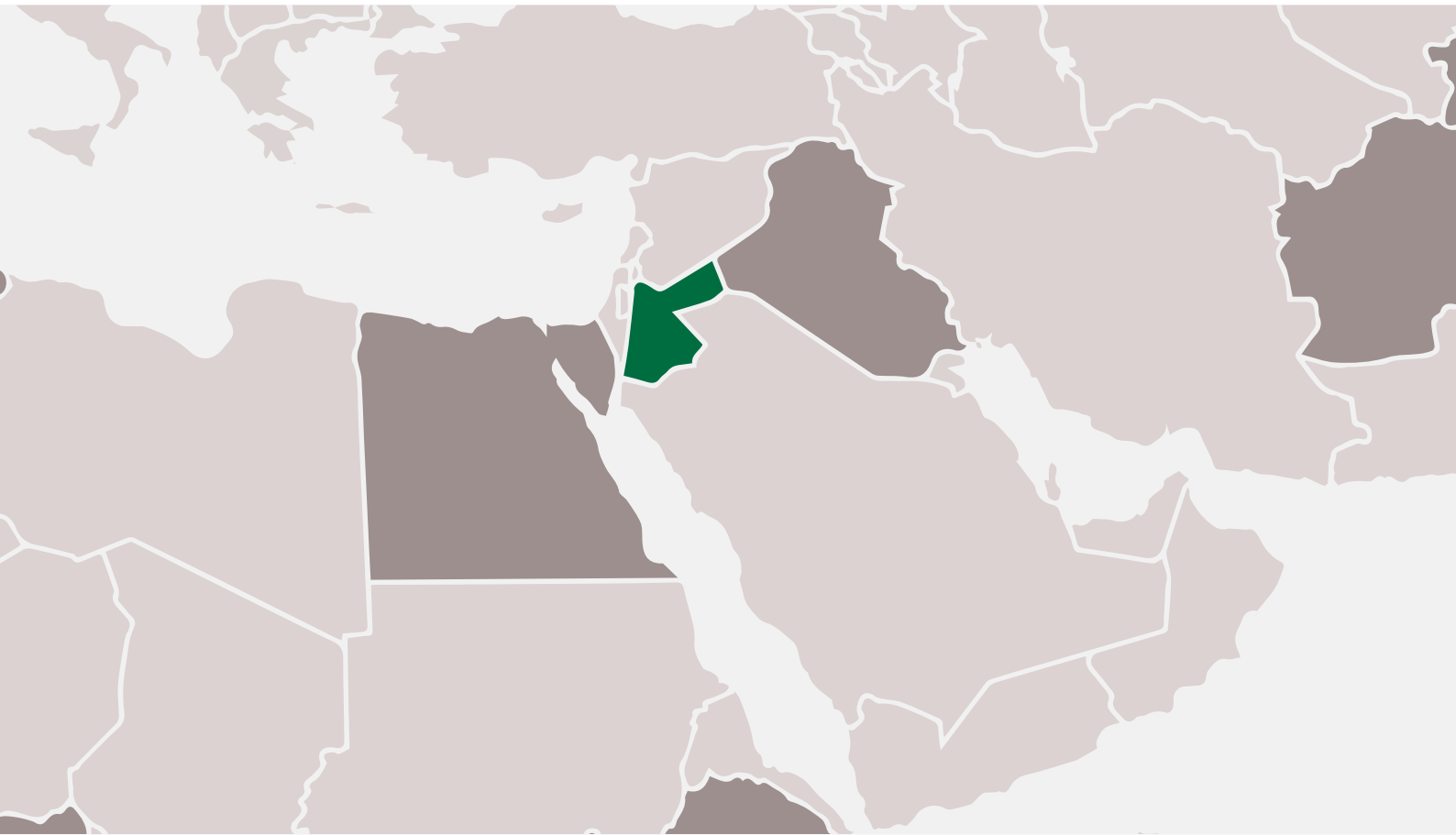
36

No. of Engineers per 10,000 people

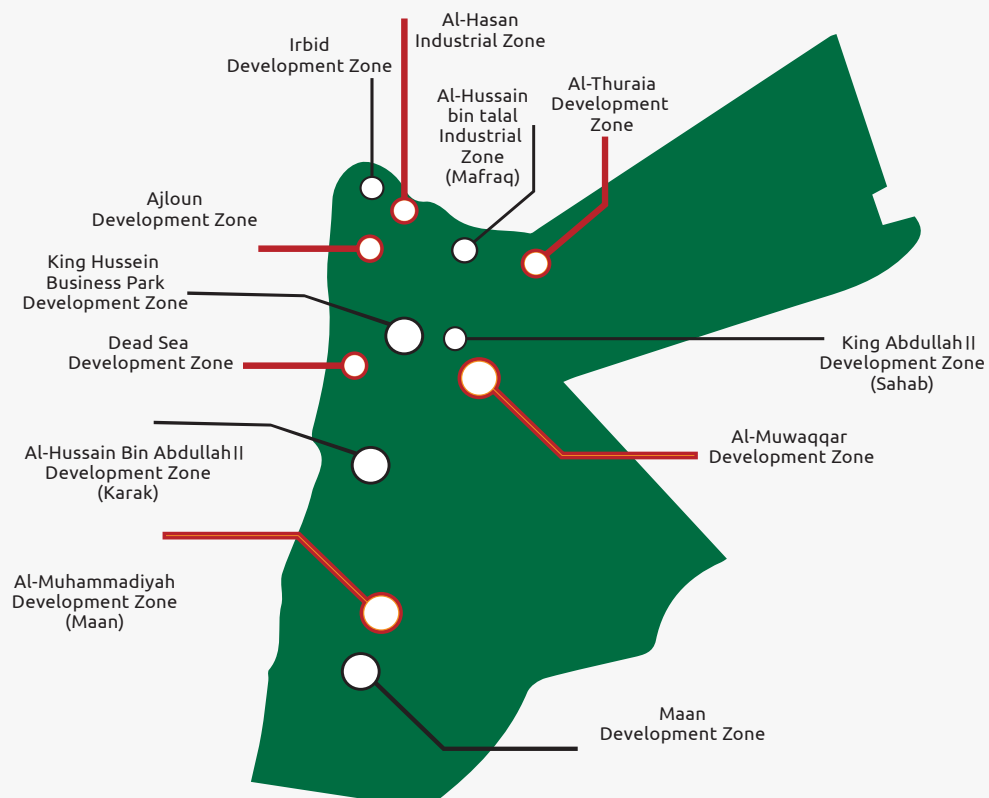
151.0 (2017)

No. of Doctors per 10,000 people

28.6 (2017)



Development Zones in Jordan



1.2 Regional Business Operations Hub



1.2.1 Skilled Human Capital

Jordan's key strength lies in its highly qualified, flexible, and cost-competitive workforce - one of the most essential elements needed for any global firm to establish a presence for its regional operations.

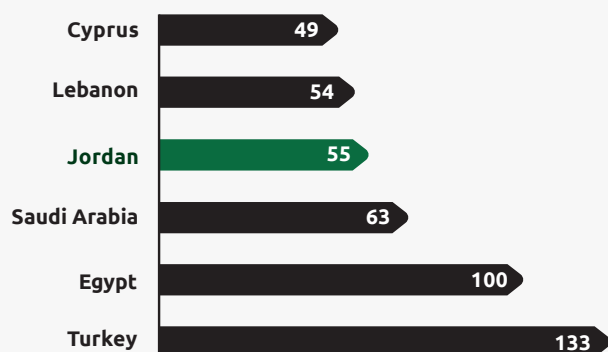
A country with limited natural resources, Jordan recognized the importance of investing in its human resources and becoming more talent-driven. The Kingdom is now ready to reap this benefit, capitalizing on the excellent workforce to accommodate a multitude of technology-based industries.

Jordan's young and dynamic labor force is one of the most skilled, competitive, and productive in the region. The Kingdom's advantages are driven by relatively low redundancy costs, cooperative relations between employees and employers,

flexibility in wage determination, and efficient hiring and firing practices¹, making it easy to attract and retain suitable staff.

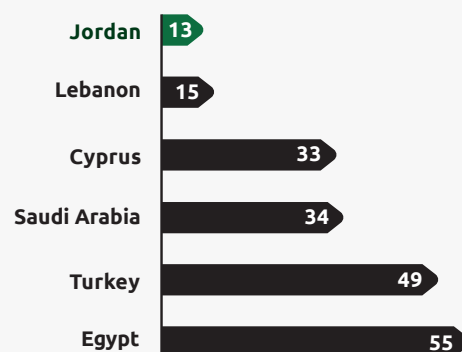
The combination of high public investment in industry-specific education, and institutions that are strongly committed to vocational and on-the-job training, results in a multi-talented and bilingual labor force. This in turn helps to explain the country's high availability of scientists and engineers.

On-the-Job Training



Global Rank
(out of 137 countries)

Availability of Scientists and Engineers



Global Rank
(out of 137 countries)

Source: World Economic Forum, 2017, "Global Competitiveness Report 2017-2018"

¹ World Economic Forum, 2018, "Global Competitiveness Report 2017-2018"

1.2.2 Strategic Location

Jordan is strategically situated in the heart of the Levant in the eastern Mediterranean.

Jordan is strategically situated in the heart of the Levant in the eastern Mediterranean. With seven FTAs and 48 active BITs, no other country in the region is as tightly interconnected as Jordan, positioning the Kingdom as the epicenter for business and commerce at the crossroads of the MENA region, Europe, East Asia, and Sub-Saharan Africa. The Kingdom enjoys strong economic ties with the EU, US, and GCC as well as with international financial institutions, enhancing its position as a privileged strategic location.²

The competitiveness of Jordan's strategic location is also driven by its qualitative and cost-effective logistics platform, which turns Jordan into the ideal regional gateway.

In Jordan, the time and cost related to the logistical process of exporting and importing goods is tremendously low in comparison with its neighboring countries according to the Doing Business Report measurements. The report analyses the time and cost associated with 3 sets of procedures within the overall process of exporting or importing a shipment of goods; documentary compliance, border compliance and domestic transport. Jordan's competitive position is shown in the following table:

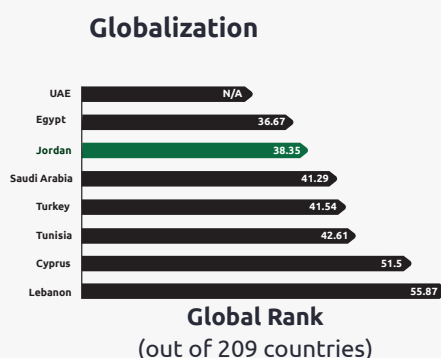
	Export		Import	
	Border Compliance	Documentary Compliance	Border Compliance	Documentary Compliance
	US\$	US\$	US\$	US\$
Jordan	\$131	\$16	\$181	\$30
Cyprus	\$300	\$50	\$335	\$50
Egypt	\$258	\$100	\$554	\$1,000
Lebanon	\$410	\$100	\$695	\$135
Saudi Arabia	\$363	\$105	\$779	\$390
Tunisia	\$469	\$200	\$596	\$144
Turkey	\$376	\$87	\$655	\$142

Source: World Bank, 2018, "Doing Business 2018"

Importing and exporting procedures - such as border and documentary compliance - are among the least bureaucratic and most cost-efficient in the region, allowing any business to directly tap into a couple of the world's largest and fastest growing consumer markets that are literally around the corner.

This strategic location and logistics powerhouse have been recognized internationally as Jordan is ranked as one of the most globalized countries in the entire MENA region. This in turn facilitates direct access to a large Arab speaking consumer market of about 400 million people, including some of the most populous countries, including Egypt, Iraq, and Syria.

The KOF Globalization Index measures the economic, social and political dimensions of globalization. Jordan's ranking is significantly high among other countries in the region, this is explained more in the coming chart.



Source: KOF Swiss Economic Institute, "KOF Globalisation Index"

² World Economic Forum, 2018, "Global Competitiveness Report 2017-2018"

1.2.3 COST EFFICIENCY

Jordan is well-known for its balanced business environment. Discover why the Kingdom of Jordan offers businesses a high ease of doing business at stable, competitive, and predictable costs.

Rank (out of 190)	Jordan	Cyprus	Egypt	Lebanon	Saudi Arabia	Turkey
Starting a Business	105	50	103	143	135	80
Getting Electricity	40	67	89	123	59	55
Registering Property	72	92	119	102	24	46
Paying Taxes	97	44	167	113	76	88
Trading Across Borders	53	45	170	140	161	71

EASE OF DOING BUSINESS

Jordan offers a predictable business environment where quick and transparent procedures for starting a business, getting electricity, registering property, paying taxes, and trading across borders reduce start-up costs and help your business become operational.

Source: World Bank, 2018, "Doing Business 2018"

REAL ESTATE

Jordan's ample and affordable real estate suits any business activity. Rents for industrial³ and office⁴ space are the most reasonably priced across the region, with average annual rents of \$33.60/m² and \$130.40/m² respectively.

INCENTIVES PACKAGE

The Government of Jordan is committed to create a win-win situation by helping businesses get started and expand through generous incentives in a variety of zones, including Free Zones, Development Zones, and the Aqaba Special Economic Zone. Each zone comes with a unique incentives package catering to sector-specific needs, making Jordan the ideal location to set-up, nurture, and grow your business.

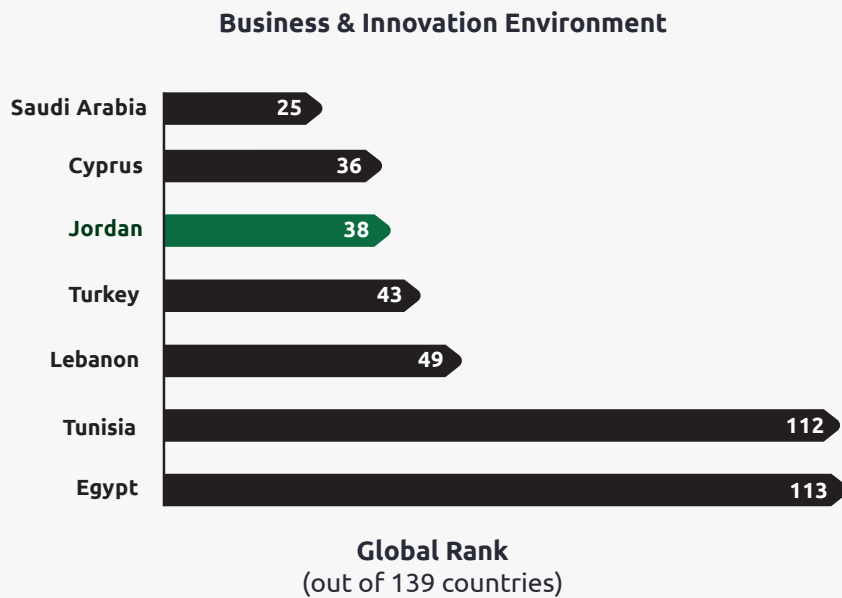
	Free Zones	Development Zones	Aqaba Special Economic Zones
Corporate Income Tax Exemption	X	X	
Corporate Income Tax Reduction		X	X
General Sales Tax Exemption	X	X	X
General Sales Tax Reduction		X	
Capital Gains Tax Exemption			X
Custom Duty Exemption	X	X	X
Land Tax Exemption	X		X
Building Tax Exemption	X		X

3 World Economic Forum, 2018, "Global Competitiveness Report 2017-2018"

4 Source: Asteco, 2018, "Jordan Real Estate Report Q2 2018"

1.2.4 INNOVATION

Jordan offers one of the region's most vibrant environments for innovation, research, and development. This is mainly to the result of the high availability of venture capital and Jordan's globalized, liberal, and forward-thinking society, providing access to state-of-the-art technologies and fresh ideas.



Source: The Global Information Technology Report, 2016

Jordan's innovation ecosystem is driven by a world-class and modern ICT infrastructure with reliable and redundant international telecommunications connectivity. Moreover, Jordan's strong scientific and research community - critical for any efficient innovation ecosystem - is well-developed compared to its regional peers, fostering the creation, transfer, and diffusion of innovative knowledge and technologies.

	University & Industry research collaboration	State of cluster development	Scientific & technical articles
Cyprus	4	2	3
Egypt	6	8	7
Jordan	9	11	10
Lebanon	14	12	13
Saudi Arabia	15	16	17
Tunisia	18	19	20
Turkey	21	54	43

Source: World Intellectual Property Organization, 2018, "Global Innovation Index 2018"

Jordan's innovative trait has transformed the Kingdom into the region's hotbed for creativity, and it is now a frontrunner in creative goods & services and online creativity, which is further supported by various incubators and accelerators, including the Queen Rania Center for Entrepreneurship and Jordan's Technology Incubator.

Rank (out of 128)	Creative Goods & Services	Online Creativity
Cyprus	59	8
Egypt	74	102
Jordan	47	51
Lebanon	76	50
Saudi Arabia	73	82
Tunisia	56	94
Turkey	60	56

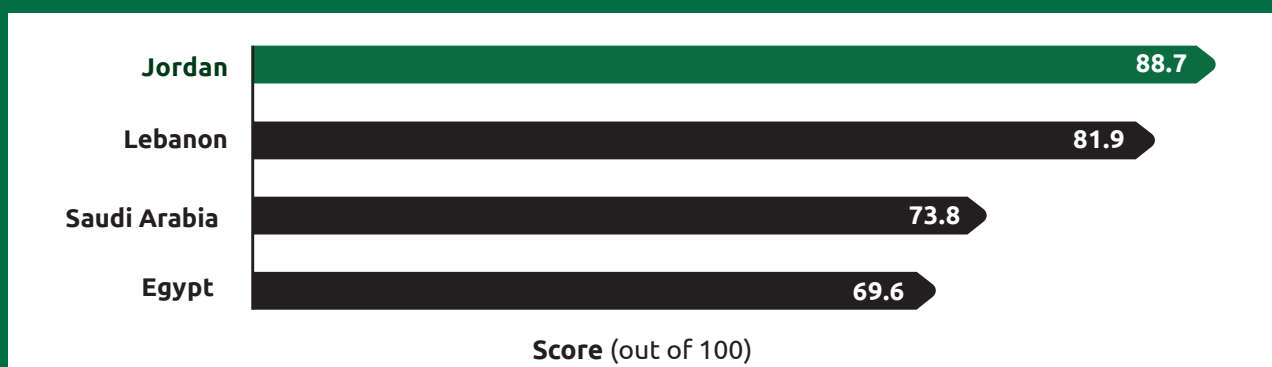
Source: World Intellectual Property Organization, 2018, "Global Innovation Index 2018"

1.2.5 FINANCIAL ECOSYSTEM

Jordan provides a transparent and a sound base of financial services with high levels of access to loans and venture capital. The country's financial ecosystem is based on accredited macroeconomic and legal fundamentals paving the way for sustained economic growth. In fact, the banking and insurance sector is one of Jordan's growth drivers as this sector alone grew 4.3% in the first half of 2017.⁵

The maturity of the financial ecosystem and its integration in the world economy is reflected by Jordan's monetary freedom, which is ranked the highest in the MENA region and 4th highest worldwide.

Monetary Freedom

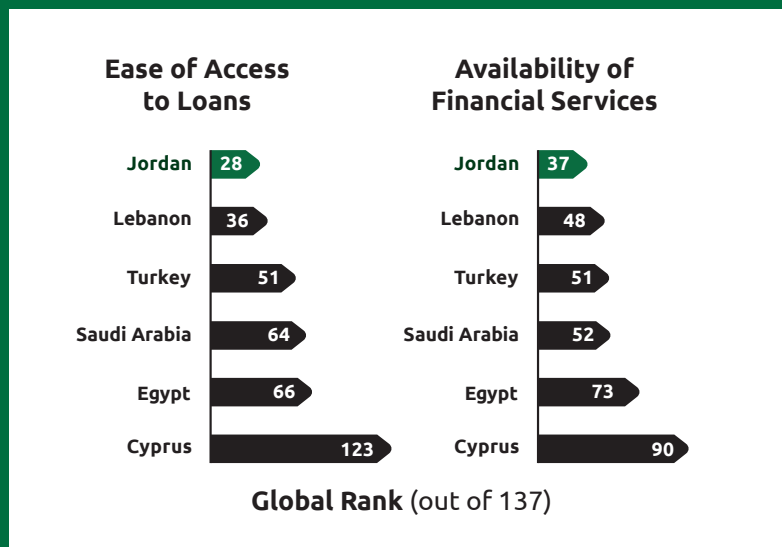


Source: Heritage Foundation, 2018, "2018 Index of Economic Freedom"

⁵ Coface, 2018, "Jordan Country Risk Analysis"

⁶ Euler Hermes, 2017, "Jordan Country Report"

Jordan's diverse financial system offers a network of specialized equity, funding, investment, wealth, asset, and other banking services for any type of business looking to access specific financing opportunities.



Source: World Economic Forum, 2017, "Global Competitiveness Report 2017-2018"

Moreover, Jordan's currency is pegged to the USD (1 JOD = USD 1.411 and USD 1 = 0.709 JOD) making it a stable, predictable, and credible currency, which is further underpinned by a steady increase in the presence of foreign exchange reserves.⁶ The Amman Stock Exchange (ASE) is a modern stock exchange that services the regional market and that enjoys no taxes on capital gains and cash dividends, a free repatriation of investment and income, and no ceiling on foreign equity ownership.

"Jordan provides a transparent and sound base of financial services with high levels of access to loans and venture capital."

1.2.6 LIFESTYLE

Investing and doing business in Jordan is simple and straightforward. But life is more than just work. The ease of doing business is complemented by a vibrant and diverse cultural climate and a good quality of life: Jordan offers a pluralist, tolerant, family-friendly, and internationally open environment with all the conveniences of the 21st century, together with a number of unique leisure

destinations and breathtaking world heritage sites. Such pleasures make Jordan a comfortable and opportunity-filled place making people with diverse lifestyles all feeling at home.

Jordan relies on the creative innovation of its human capital to spur economic growth. Incubators, VC firms and accelerators have been established to nurture and facilitate the making of a vibrant local entrepreneurial scene in Amman.

Rank (out of 136)	Jordan	Cyprus	Egypt	Lebanon	Saudi Arabia	Tunisia
International Openness	63	51	102	100	131	76
Number of World Heritage natural sites	78	86	46	86	86	46
Attractiveness of natural assets	63	46	131	86	129	83
Number of World Heritage cultural sites	53	61	36	47	55	30

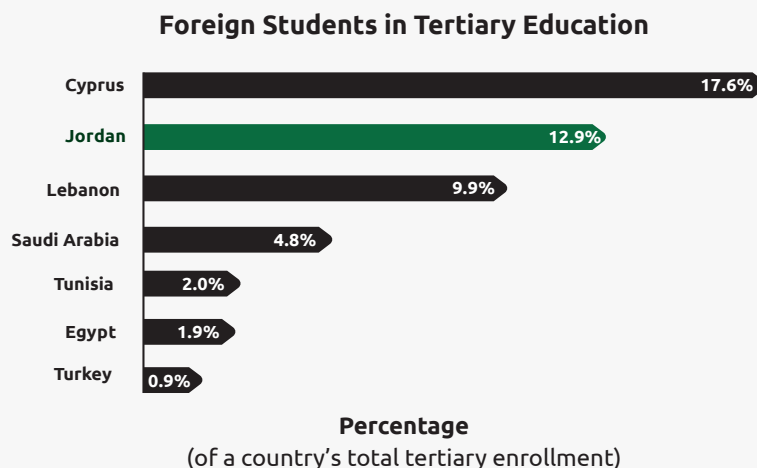
Source: World Economic Forum, 2017, "Travel & Tourism Competitiveness Report 2017"

Jordan's extremely diverse population, liberal culture, and high standard of living have attracted a large expat community,⁷ further demonstrating the attractiveness of Jordan and its pleasant atmosphere.

Jordan's welcoming and hospitable culture is also reflected in the unique treatment of investors. JIC - the single contact point for foreign investors

- welcomes foreign investors into Jordan through a broad range of services.

Jordan's open, tolerant, and globalized society is unique in the region and not only attracts foreign businesses and expats. The number of foreign students in Jordan equals 12.9% of the total tertiary enrollment in Jordan – the 12th highest percentage in the world and 2nd in the region.



Source: World Economic Forum, 2017, "Travel & Tourism Competitiveness Report 2017"

7 Coface, 2018, "Jordan Country Risk Analysis"

1.2.7 INFRASTRUCTURE

Jordan's strategic geographical location is complemented by its unparalleled network of air, sea, and land connectivity, and its state-of-the-art infrastructure. Jordan's main airport is Queen Alia International Airport near Amman, handling most passengers (over 7.9 million in 2017⁸) into the Kingdom with routes to over 70 international destinations.⁹ Two other airports serve downtown Amman and southern Aqaba.

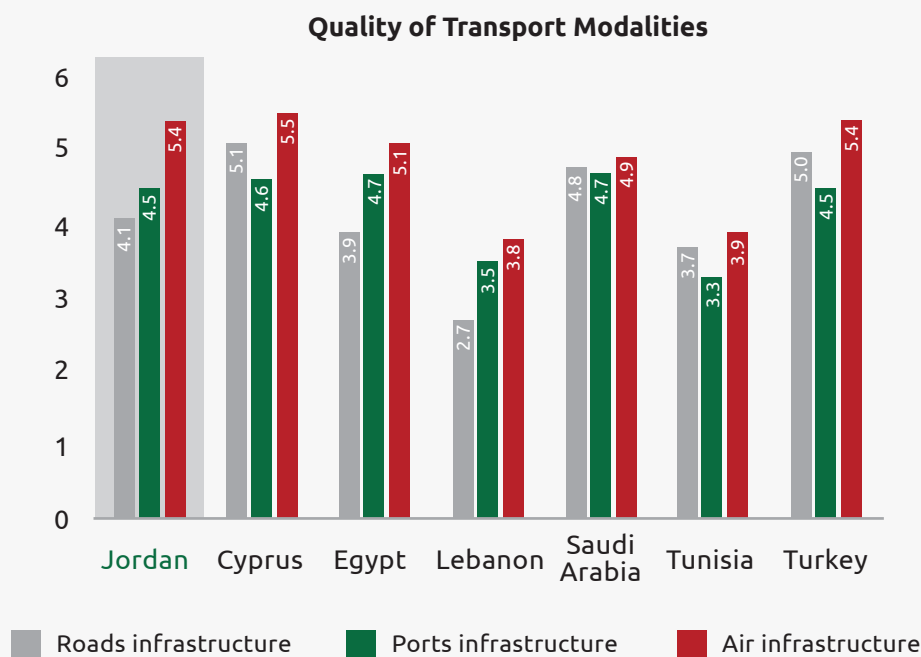
The Kingdom of Jordan's highway network covers more than 2,700 km, connecting all corners of the Kingdom and providing rapid access to every corner of the country.

Jordan offers a competitive multimodal array of logistic options for distributing products and goods throughout the country, the wider MENA region, and the world. These high-quality and complete logistical solutions provide very reasonable total supply chain costs. Indeed, Amman's Queen Alia International Airport won the 2014 Airport Council International Award for the best airport in the region.

Despite its limited coastline on the Gulf of Aqaba, the quality of Jordan's major port in Aqaba is similar to the quality of port infrastructure in Cyprus, Egypt, Saudi Arabia, and Turkey, even though these nations have a much longer tradition with ports development, given their marine orientation.

The Government of Jordan is committed to continuously investing in its logistics platform. The Government's initiative to develop and implement the Jordanian National Railway Project (a 900 km long proposed north-south and east-west railway network) will connect various production centers and cities within the Kingdom, and will complement Jordan's accessibility and logistics solution in the nearby future, transforming the Kingdom into a true logistics powerhouse.

Generally, and despite the much larger size of Egypt, Turkey & Saudi Arabia, Jordan's transportation infrastructure is comparable to them and far exceeds that of relatively similar sized countries. The chart below explains that further"



Source: World Economic Forum, 2018, "Global Competitiveness Report 2017-2018"

⁸ Airport International Group, 2018, "Queen Alia International Airport Welcomes Over 7.9 Million Passengers in 2017"
⁹ Queen Alia International Airport, 2018, "Route Map"

1.2.8 POLITICAL STABILITY & RULE OF LAW

Jordan has a long and recognized legacy of political stability, which builds on the country's strong adherence to the rule of law (ranking second in the MENA region).



Source: World Justice Project, 2018, "Rule of Law Index"

Jordan's stability is built on high levels of Government integrity, judicial effectiveness, and property rights protection.

Risk Score	Government Integrity	Judicial Effectiveness	Property Rights
Jordan	51.9	57.3	57.6
Cyprus	41.3	56.7	71.2
Egypt	32.2	52.5	32.7
Lebanon	20.2	33.6	39.7
Saudi Arabia	49.9	60.2	53.1
Tunisia	36.8	41.7	49.4
Turkey	42.0	54.5	54.7

Source: Heritage Foundation, 2018, "2018 Index of Economic Freedom"

Jordan's stability is tied to its high degree of safety and security, which is similar to countries in Eastern Europe. Indeed, the Kingdom is the 9th safest and securest country within the MENA region¹⁰ while Jordan ranks 22nd globally.¹¹

The Kingdom's stability amidst a rather turbulent region is reflected by country risk ratings that are low and stable.

Score (out of 100)	Short-Term Rating	Medium-Term Rating	Terrorism & Political Violence
Jordan	Medium	B	Medium
Cyprus	Medium	B	Low
Egypt	Medium	C	High
Lebanon	High	D	Severe
Saudi Arabia	Medium	BB	High
Tunisia	High	C	High
Turkey	Sensitive	C	Severe

Sources: EulerHermes, 2017, "Jordan Country Report" and Aon, 2018, "Terrorism & Political Violence Risk Map"

¹⁰ The Legatum Prosperity Index, 2017, "Jordan Country Profile"

¹¹ Gallup, 2018, "2018 Global Law and Order Index"

1.3 Destination for Leisure & Medical Tourism



Jordan is an attractive destination and appeals to many different types of global tourism. The country's diverse scenery, landscapes, climates, and distinct cultural heritage with religious and faith heritage, combined with outdoor and adventure tourism experiences, support Jordan's popularity for tourism. Jordan features a well-developed and welcoming workforce to cater to the needs of international tourists, including hospitality, a friendly culture, and high levels of English proficiency. Tourism to Jordan is expected to grow over the next years due to tourists from the EU and GCC.¹²

Citizens, visitors, and tourists enjoy the quality of life in Jordan with high levels of personal freedom, security, and safety. Jordan is generally perceived safer than most destinations in the MENA region. Jordan's safety perception is similar to that of Cyprus and far ahead of other highly travelled destinations such as Mexico¹³, Egypt, and Turkey.¹⁴

Tourism-orientated Development Zones are located in various parts of Jordan, offering a conducive environment for tourism activities complemented by attractive incentive packages.

“Citizens, visitors, and tourists enjoy the quality of life in Jordan with high levels of personal freedom, security, and safety.”

¹² Coface, 2018, “Jordan Country Risk Analysis”

¹³ Jordan Tourism Board, 2016, “Return to Growth Strategy 2017-2019”

1.4 Regional Logistics & (Re)Construction Hub

Jordan's logistics platform is liberalized, highly accessible, timely, and business-friendly, thereby enabling private operators and investors to tap into the potential of domestic and regional markets. Transport demand, both for passengers and freight, is growing rapidly, resulting in consistent and stable growth figures. It is expected that trade and logistics demand will further benefit from the opening of the border with Iraq.¹⁵

Rapid and cost-effective logistics solutions make Jordan an ideal location to support the reconstruction of Iraq and Syria. Jordan is a safe and secure gateway to both countries, and many international organizations are already locating in Jordan to supply donor aid, goods, products, and services necessary to rebuild Iraq and Syria.

The country's logistics platform benefits from a number of competitive advantages. A strategic location, strong connectivity, and proximity to large regional feeder markets, major air hubs (e.g. Istanbul and Dubai), and high-volume cargo destinations within the GCC are just a few of Jordan's key competitive advantages in the logistics sector.

1.5 Access to Regional & International Markets

Jordan's accessibility is not only strong due to its high connectivity and strategic location. The seven FTAs that Jordan, which is a member of the World Trade Organization (WTO), signed and which are currently in force, provide direct access to nearly 1.5 billion consumers in some of the world's largest and most rapidly expanding consumer markets.

The seven countries or parties are: GAFTA, US, EU, EFTA, Singapore, Canada and the Agadir Agreement.

1.6 Center for Venture Capital & Innovation

Jordan is a young nation where creativity and new ideas are fostered. The Government of Jordan looks to support this start-up culture by hosting various incubators and accelerators, including the Queen Rania Center for Entrepreneurship and Jordan's Technology Incubator.

Electronic transaction law was passed to facilitate and support e-payment and electronic signature applications in addition to others concerning venture capital. Jordan has also used ICT in other sectors such as 3D printing, the internet of things, artificial intelligence & cloud computing.

One example of the Kingdom's position as innovative ecosystem is the high availability of venture capital. Jordan acts as one of the region's magnets of venture capital and equity funds. Start-ups can tap into this vast pool of resources to accelerate expansion (i.e. seed, growth, and beyond).

Venture Capital	Share of GDP (%)
UAE	530
Jordan	400
Lebanon	100
Egypt	45
Bahrain	3.7
Saudi Arabia	0.7
Kuwait	0.05
Oman	0.03

Source: McKinsey Analysis, 2016, "Venture Capital Database Pitch Book"

14 World Economic Forum, 2017, "Travel & Tourism Competitiveness Index 2017"
 15 Coface, 2018, "Jordan Country Risk Analysis"



2. Legal Framework

2.1 Investment Law

2.2 Licensing

2.3 Registration

2.4 Starting your Business

2.1 Investment Law



Jordan's Investment Law No. 30 of 2014 reorganized the previously investment-related entities (i.e. the Jordan Investment Board, Development and Free Zones Commission, and Export Promotion Department) into the JIC. The JIC is now the sole entity exclusively responsible for investment and trade promotion of the Kingdom.

The Jordan Investment Commission (JIC) establishes a more effective institutional framework to attract and retain investment, support export growth and oversee development and free zones in the Kingdom.

The Investment Law furthermore created the Investment Council, which is chaired by the Prime Minister together with equal representation from the public and private sectors. The Law specifies several privileges, protections, and guarantees foreign investors enjoy, including:

- Equal treatment and non-discrimination of domestic and foreign investors.
- Foreigners can invest in almost all sectors of the Jordanian economy (with some exceptions).
- No restrictions on capital transfers and repatriation of profits.
- Foreign residents may open accounts in local and foreign currency and may repatriate capital in convertible currency.
- If investment disputes arise and cannot be resolved within a period of six months, parties may settle the dispute through arbitration in accordance with provisions of the Jordan Arbitration Law or refer the dispute to an international center for settlement of investment.
- A framework for incentives and benefits available for investors and investment projects, based on geographical locations.

2.2 Registration

Jordan's Investment Law also empowers the JIC's Investment Window representatives to register, issue permits and licenses directly. This considerably simplifies the registration and licensing procedures required for investment projects across Jordan. This Window comprises of "Authorized Representatives" from relevant, specified licensing bodies, with authority to register and issue licenses within set time frames and a clear strategy for inter-governmental communication. The JIC's services include, but are not limited to:

- Providing comprehensive information about investing in the Kingdom.
- Providing provisional feasibility studies for potential projects.
- Providing registration, licensing, and other services through an accessible Investment Window.
- Regulating incentives and privileges in accordance with the Investment Law.
- Providing after-care services.
- Supporting exports and promoting them to gain bigger shares in global markets.

2.3 Licensing

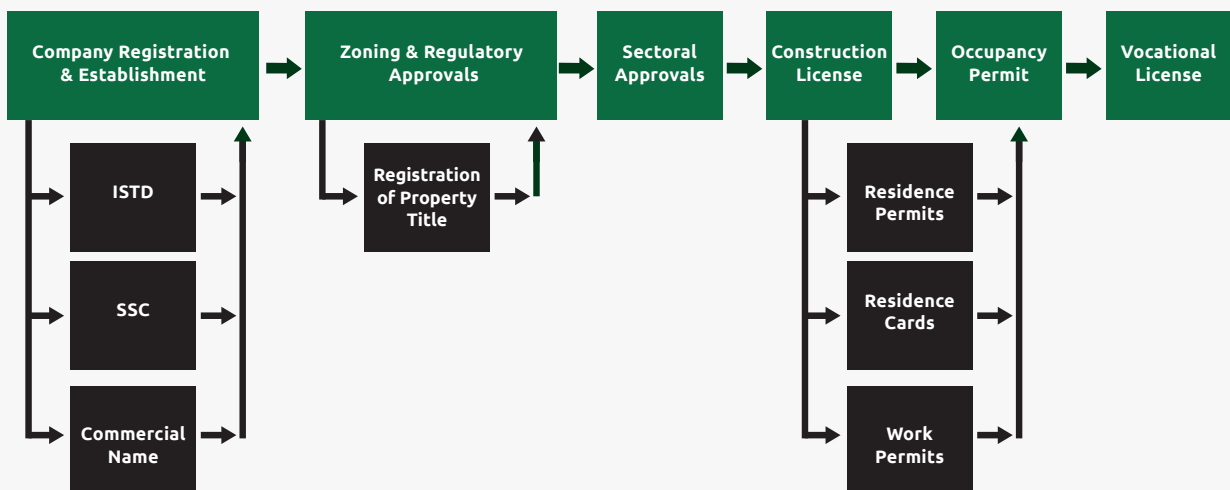
The process required to establish a business in Jordan is straightforward, efficient, and transparent, particularly due to the streamlined procedures and hands-on support provided by the JIC's Investment Window. The Investment Window is in direct contact with (staff from) the mandated authorities, optimizing and harmonizing procedures, thereby enabling investors to make use of the fast-track to get operational in Jordan. Business Licensing requires six steps:

Business Licensing requires six steps:

1. Company Registration & Establishment.
2. Zoning & Regulatory Approvals.
3. Sectoral Approvals.
4. Construction License.
5. Occupancy Permit.
6. Vocational License.

Several of the registration procedures required for practicing economic activities run parallel with the business licensing steps. These include:

1. Registration with the ISTD.
2. Registration with the SSC.
3. Registration of the Commercial Name.
4. Registration of the Property Title.
5. Obtaining Residence Permits.¹⁶
6. Obtaining Residence Cards.
7. Obtaining Work Permits.



The process of obtaining security approvals for residence permits has been recently streamlined into one process, making the overall process even less time-consuming

¹⁶ The process of obtaining security approvals for residence permits has been recently streamlined into one process, making the overall process even less time-consuming

For more details on general application procedures,¹⁷ relevant authorities involved, approvals, fees, special conditions and terms, duration, required documents, additional information, special requirements for specific nationalities and relevant Laws, please refer to <https://jic.gov.jo/portal> to access JIC's Licensing Manual.

1. Company Registration & Establishment

The standard company registration and establishment procedures is as follows:

- Approximately 15 minutes to register a business via the Investment Window.
- Seven (7) working days if the sectoral prior approval is needed.
- 14 working days for the non-Jordanian investor who is required to obtain non-objection from the Ministry of Interior.
- A maximum of seven (7) days to receive the license to operate the business in Jordan.

The following legal entities are available in Jordan:

1. Sole Proprietorship (in Free Zones only)
2. Partnership or Limited Partnership Company
3. Limited Liability Company
4. Private Shareholding Company
5. Public Shareholding Company
6. Foreign Company's Operating Branch
7. Foreign Company's Non-Operating Branch
8. Offshore Company

2. Zoning & Regulatory Approvals

Zoning and regulatory approvals are issued by the concerned authority to classify the plot for suitability of the economic activity intended to be licensed.

3. Sectoral Approvals

Sectoral approvals are required for the manufacturing sector, ICT sector, health sector, tourism sector, and agriculture sector. These are issued by the relevant sector specific authorities to practice the economic activity in accordance with regulatory legislation and requirements of each.

4. Construction License

A construction license is issued for construction of buildings after having the designs and drawings checked by the concerned authorities.

5. Occupancy Permit

An occupancy permit is issued following building inspection to verify conformity with the building license and drawings.

6. Vocational License

A vocational license is issued to practice the economic activity within or beyond municipal boundaries.

2.4 Starting your Business

A number of registration requirements for particular economic activities accompanies the steps of the business licensing procedure described earlier. There are four additional registrations required and are straightforward and transparent with limited registration fees.

1. Registration with the Income and Sales Tax Department

Investors need to register with the Income and Sales Tax Department (ISTD) to obtain an entity tax number to take advantage of the tax benefits contained in the Investment Law and also to abide by the income tax and sales tax. Registration is possible directly following registration of the legal entity.

- **Duration:** One (1) working day to complete a registration application form, which can be filed by the ISTD officer through the JIC's Investment Window.

2. Registration with the Social Security Cooperation

As workers are required to be covered by the Kingdom's social security scheme, employers need to register their legal entity with the Social Security Cooperation (SSC) when it employs one (1) worker or more following the inception of work and payment of workers' salaries.

- **Duration:** One (1) working day to file the application attached with all documents to the SSC at the branch located within the territory to which the project belongs.

3. Registration of the Commercial Name

Investors are required to complete a commercial name registration application.

- **Duration:** A maximum of ten (10) working days to register the commercial name.

4. Registration of the Property Title

An investor is required to complete a purchase and selling form, which should be authorized by the Department of Lands & Survey through JIC's Investment Window.

- **Duration:** A total of ten (10) working days to register the property title in case the approval is under the authority of the Minister of Finance¹⁸ or 21 working days in case the approval is under the authority of the Council of Ministers.¹⁹

Besides these four registrations, three different permits may be required depending on the type and nature of economic activity: residence permit, residence card, and work permit

5. Residence Permits

Investors and workers must apply with the Ministry of Interior through JIC's Investment Window in order to obtain the security approval to grant or renew their residence permit in the Kingdom. This is required for all non-Jordanian investors and workers for an entity that has already been established with the Investment Window.

6. Residence Cards

Investors and workers need to obtain the residence card in the Kingdom for residence in order to participate in the investment project.

7. Work Permits

Work permits are required for any non-Jordanian worker legally residing in the Kingdom to work for an employer (regardless whether located in one of the zones or outside the zones). Required documents should be submitted to the Visas & Residency Directorate through the JIC's Investment Window.

8. Citizenship

Jordanian nationality under an incentives scheme introduced by the Government can be offered to investors who meet certain requirements.

9. Investors Cards

The investor card is issued to investors provided that they fulfil the conditions for receiving the card. The card permits for property ownership, issuance of a driving licence and custom free vehicles in facilitate movement into and out of the kingdom.

¹⁸ Required in cases of areas less than 30 Dunums within the zoning boundaries or less than 50 Dunums beyond zoning boundaries.

¹⁹ Required in cases of areas larger than 30 Dunum within zoning boundaries or larger than 50 Dunum beyond the zoning boundaries



3. Taxation

3.1 Tax System

3.2 Investment Incentives Regime

3.3 Zones Regime

3.1 Tax System



The Income Tax Law No. 34 of 2014 and the General Sales Tax Law No. 29 of 2009 constitute the Kingdom of Jordan's legal taxation framework. These laws are implemented by the ISTD.

Corporate Taxation

Any (foreign) company registered in Jordan is considered a resident and is taxable on income sourced in Jordan. Taxable income is defined as income derived from Jordan or from Jordanian sources through income derived from dividends.²⁰

Jordan's standard CIT rate is 20%, though rates ranging from 14% to 35% apply to different sectors and operating branches. Losses may be carried forward up to five (5) years though require approval from the tax authorities.

Taxes	Rate
Corporate Income Tax	
Banks	35.0%
Primary companies	24.0%
Industrial sector	14.0%
Standard (all other)	Rate
Withholding Tax	
Interest	10% - levied on interest paid to a non-resident
Royalties	10% - levied on royalties paid to a non-resident
Technical services fee	10% - levied on technical service fees paid to a non-resident
Management fee	10% - levied on management fees paid to a non-resident
Capital gains	Exempt ²²
Dividends	Exempt ²³
Branch remittances	None
Other Corporate Taxes	
Capital tax	None
Payroll tax	7-20% - progressive rates withheld by employers
Real property tax	15% - levied on the estimated annual rental value
Employer's social security contribution	14.25% - levied on the employee's salary on a monthly basis ²⁴
Stamp duty	0.3-0.6% - levied on the value of signed contracts
Transfer tax	None

Source: Deloitte, 2018, "International Tax – Jordan Highlights 2018"

Personal Taxation

Both residents and non-resident individuals are taxed on income sourced from employment in Jordan. A progressive tax rate is levied on taxable income, ranging from 7% to 20%. A number of deductions and allowances are available. There is no personal taxation on capital gains, capital duty, capital acquisition, stamp duty, inheritance, estate, net worth, and net wealth.²⁵

Jordan has entered into income tax treaties with 37 countries to avoid double taxation.²⁶

Taxes	Rate
Personal Income Tax	
< 10,000 JOD	7.0%
10,000 – 20,000 JOD	14.0%
> 20,000 JOD	20.0%
Personal Income Tax	
Interest	10% - levied on interest paid to a non-resident
Royalties	10% - levied on royalties paid to a non-resident
Technical services fee	10% - levied on technical service fees paid to a non-resident
Management fee	10% - levied on management fees paid to a non-resident
Other Personal Taxes	
Real property tax	15% - levied on the estimated annual rental value
Employee's social security contribution	7.5% - levied on the employee's salary on a monthly basis ²⁷
Deductions and Allowances	
Single person	12,000 JOD
Family	24,000 JOD
Additional exemption	4,000 JOD – medical treatment, housing loan interest, rent, education expenses, and technical, engineering, and legal services ²⁸

Sales Tax

A general sales tax (GST) is levied on supplies of manufactures, importers, and suppliers of services. The standard rate of this sales tax equals 16%, while a higher rate is levied on luxury items. The remaining sales tax rates are:

- 8.0% on home Internet, building iron, reinforcement steel, and certain types of food.
- 4.0% for specified agricultural products, fruits, meat, vegetables, and live animals.
- Zero-rate for a list of specified products like energy-saving products and pharmaceutical industry inputs.

21 Major telecom companies, electricity distribution and generation companies, mining companies, (re-)insurance companies, brokerage firms, financial institutions, and juristic persons who practice financial leasing.

22 Except for capital gains on assets subject to depreciation, intangible assets, and capital gains recognized by a number of sector-specific companies. Capital gains realized by other companies/sectors from investments within Jordan are exempt from income tax.

23 Specific rules apply regarding "add backs" and distributions

24 The maximum monthly salary subject to social security contributions is 3,084 JOD.

25 Deloitte, 2018, "International Tax – Jordan Highlights 2018"

26 PwC, 2018, "Jordan: Individual - Foreign tax relief and tax treaties"

27 The maximum monthly salary subject to social security contributions is 3,084 JOD.

3.2 Investment Incentives Regime

The Kingdom of Jordan has a comprehensive regime of fiscal, financial, and customs incentives catering to the specific needs and requirements of investors for a variety of sectors and locations.

The investment incentives regime is legally enshrined in Investment Law No. 30 of 2014, the Investment Incentives Regulation No. 33 of 2015, the Sales Tax Law No. 29 of 2009, the Income Tax Law No. 34 of 2014, and the Decision of the Investment Council No. 1/1/2016, dated January 25, 2016. Altogether, this legal framework specifies the eligibility criteria, the awarding process, and appeal procedures.

Investment incentives available for investors are dependent upon the sector in which the investor operates. Several incentives are available for all sectors, and these are complemented in turn by sector-specific incentive packages. Sectors for which the Government of Jordan offers customized incentive packages include Industry & Handicraft, ICT, and Renewable Energy & Energy Efficiency. The latter is specifically stipulated in the Renewable Energy & Energy Efficiency Law No. 13 of 2012

Eligible Sector(s)	Brief Description	Applicable Tax Duty
1. All Sectors		
1.1 CIT Reduction	CIT reduction by 50% for ten years for economic activities established in the designated least developed regions.	CIT
1.2 GST Exemption ²⁹	GST exemption on production inputs for certain economic activities.	GST
	GST exemption on services necessary for certain economic activities.	GST
2. Industry & Handicraft		
1.1 CIT Reduction	Customs duty exemption for the import of certain production inputs for certain industrial activities.	Customs duties on imports
2.1 Customs Duty Exemption	Customs duty exemption on production requirements and fixed assets for certain industrial activities.	Customs duties on imports
	Customs duty exemption on production requirements and the dual-use fixed assets necessary for certain industrial activities.	Customs duties on imports

²⁸ Granted on a case-by-case basis after the ISTD has reviewed the related supporting documents.

²⁹ Except for telecommunications companies that have individual licenses, financial brokerage companies, and financial companies including the companies that practice exchange, financing and financial leasing business, and consultation & financial and tax audit companies, transport companies (air transport, sea transport, railways, and road freight transport), insurance and reinsurance companies, basic mining and extraction industries, generation and distribution of electricity, and transport and/or distribution and/or extraction of water, gas, and oil derivatives using the pipelines.

3. ICT

3.1 Customs Duty Exemption	Customs duty exemption for the import of certain goods by firms in the ICT sector.	Customs duties on imports
3.2 GST Exemption	GST exemption for certain imported or locally purchased goods by firms in the ICT sector.	GST
	GST exemption for certain services offered by firms in the ICT sector.	GST
3.3 CIT Reduction	CIT reduction to 5% for firms in the ICT sector.	CIT
3.4 Zero-Rate GST	Zero-rate GST for certain services provided by firms in the ICT sector.	GST

4. Renewable Energy & Energy Efficiency

4.1 Customs Duty Exemption	Customs duty exemption for the import of certain goods by firms in the ICT sector.	Customs duties on imports
4.2 Zero-Rate GST	Zero-rate GST for renewable energy sources and energy conservation systems and equipment.	GST

5. Other Sectors³⁰

5.1 Customs Duty Exemption	Customs duty exemption on the goods required for certain economic activities.	Customs duties on imports
5.2 GST Exemption	GST exemption on the goods required for certain economic activities.	GST

Industrial and crafts sector investments located in less developed regions of the Kingdom are eligible to a 20-year reduction in CIT (according to Article 5 of the Investment Law). Regulation No. 44 of 2016 stipulates the CIT reduction rates for projects operating in four (4) categories of regions.

Area	CIT Reduction
Category A Al-Aghwar Al Shamaliyyeh District, Deir Alla District, Shuna al-Janubiyya District, Al-Aghwar al- Janubiyya District, Al Rowashed District, Badiah Shamaliyah District, Badiah Gharbiyah District, Al-Azraq, Al Jizah District (excl. Jizah Municipality), Muwaqqar, Aqaba Governorate (excl. Aqaba Special Economic Zone)	100% ³¹
Category B Governorates of Ma'an, Tafilah, Kerak, Ajloun	80%
Category C Governorates of Jerash, Mafrq, Irbid (excl. Greater Irbid Municipality)	60%
Category D Governorates of Madaba, Balqa, Amman (excl. Greater Amman Municipality), Zarqa (excl. Zarqa and Rusaifa Municipalities)	40%

³⁰ Includes agriculture, cattle, hospitals and comprehensive medical centers, hotels, and tourist utilities, communications centers, scientific research centers, labs, media production, conferences and exhibitions centers, transport companies (air transport, sea transport, railways, and road freight transport), basic mining and extraction industries, distribution, and transport and/or distribution and/or extraction of water, gas, and oil derivatives using the pipelines.

3.3 Zones Regime

The JIC oversees a number of zones, distributed across the Kingdom. These zones are designated for various types of businesses and industries, and are equipped to serve the needs of the investor with quality infrastructure in addition to providing support services.

Foreign investors locating in these zones enjoy:

- 100% foreign ownership of the investment allowed in all sectors.
- Facilitated visa and residency permits for investors and workers, and their families including for business persons.
- Repatriation of capital and profits.

In addition to these benefits, each zone is complemented with an incentive package. Customized incentive packages thus exist for these zones.

3.3.1 Free Zones

Jordan has developed six Public Free Zones and 38 Private Free Zones. The JIC is the authority responsible for awarding and implementing incentives in the zones, and investors locating in one of the Kingdom's Free Zones are automatically eligible for incentives.

Eligible Sector(s)	Brief Description	Applicable Tax Duty
1. All Sectors		
1.1 CIT Exemption	CIT exemption in the Free Zones on the profits originating from the export of goods, transit trade, sale or waiver of goods inside the Free Zones, and the provision and supplying of services inside the Free Zone.	CIT
1.2 GST Exemption	GST exemption for services sold inside the Free Zones and for goods consumed or sold inside the Free Zones for business purposes.	GST
1.3 Customs Duty Exemption	Custom duty exemption on the goods imported in the Free Zones, including materials, equipment, machines, supplies, and construction materials in connection with building, construction, preparation and furnishing of projects established in the Free Zones including spare parts for permanent maintenance excluding service fees.	Customs duties on imports
	Customs duty exemption for the goods exported by companies in the Free Zones to other countries	Customs duties on imports
1.4 Land Tax Exemption	Land tax exemption for buildings and constructions established in the Free Zones.	Land tax
1.5 Building Tax Exemption	Building tax exemption for buildings and constructions established in the Free Zones..	Building tax

31 With a minimum of 5% income tax (payable).

3.3.2 Development Zones

A total of 12 Development Zones exist across the Kingdom, each with its specific designation of sectors to suit the competitive advantages enjoyed by each region. These zones are managed by development companies under the supervision of the commission.

The incentives available for investors in the Development Zones are automatically granted by simply registering at JIC.

Eligible Sector(s)	Brief Description	Applicable Tax Duty
1. All Sectors ³²		
1.1 CIT Reduction	CIT reduced to 5% for economic activities and manufacturing activities inside the Development Zones.	CIT
1.2 CIT Exemption	CIT exemption on the income originating from the exports of goods for economic activities inside the Development Zones.	CIT
1.3 GST Exemption	GST exemption for the goods and services purchased or imported by companies inside the Development Zones.	GST
1.4 GST Reduction	Reduced GST of 7% applicable to the goods and services originated inside the Development Zones sold to the rest of Jordan.	GST
1.5 Customs Duty Exemption	Customs duty exemption inside the Development Zones for the import of materials, equipment, machineries and construction materials used for constructing, establishing, equipping and furnishing all types of projects executed by establishments in the Development Zones, including the necessary spare parts for their continuous maintenance, and the imported goods for the Development Zone to practice economic activities or the export of goods out of Jordan.	Customs duties on imports

³² Any industrial, agricultural, touristic, commercial, crafts, or service activity registered in the Development Zone in addition to IT.

ABBREVIATIONS AND ACRONYMS

Abbreviation or Acronym	Definition
ASE	Amman Stock Exchange
ASEZ	Aqaba Special Economic Zone
BIT	Bilateral Investment Treaty
BPO	Business Processing Outsourcing
CIT	Corporate Income Tax
EFTA	European Free Trade Association
EIA	Environmental Impact Assessment
EU	European Union
FTA	Free Trade Agreement
GAFTA	Greater Arab Free Trade Agreement
GCC	Gulf Cooperation Council
GDP	Gross Domestic Product
GST	General Sales Tax
ICT	Information and Communication Technology
ISTD	Income, Sales and Tax Department
JIC	Jordan Investment Commission
JOD	Jordanian Dinar
MENA	Middle East and North Africa
PIT	Personal Income Tax
MENA	Middle East and North Africa
SSC	Social Security Corporation
UAE	United Arab Emirates
UK	United Kingdom
US	United States
USD	United States Dollar
WTO	World Trade Organization



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