

Jordan

1. Government requirements

Registration requirements

In order to legally carry out work in Jordan, it is a requirement under Jordan's Companies Law that a company must be registered with the Jordanian Ministry of Industry and Trade. Depending on the proposed activities, additional registrations may be required; e.g., with the Jordanian Construction Contractors Association and the Jordanian Engineering Association for companies intending to undertake engineering and construction activities. The three most common forms of registration vehicles for companies intending to carry out commercial activities in Jordan are:

Limited liability company

A limited liability company (LLC) may be established in Jordan with no explicit restrictions on the types of activities that it may undertake. Furthermore, an LLC can conduct a wide range of activities and is generally not limited to the activities it was initially established to undertake, as long as its Articles and Bylaws allow for this. Foreign investors are permitted to hold 100% of the shares of a Jordanian LLC, subject to certain restrictions.

An LLC in Jordan is independent of any other affiliated entity registered within Jordan or outside Jordan, and has its own identity for tax and legal purposes.

Registration can take between two to four weeks if all required documents are readily available in the required state of notarization, legalization and authentication, including the approval of the competent authorities in Jordan.

Branch

A branch can be formed by a foreign entity to perform a specific contract that it has secured to undertake work in the country for a limited period of time. A branch may operate in Jordan permanently if a license by the authorities can be secured.

A branch office in Jordan does not have a separate legal existence. It is an extension of its head office company and carries out business under its name

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Representative office

A representative office in Jordan (locally known as a non-operating foreign branch) may be established in Jordan to study the market and evaluate contractual opportunities. The representative office cannot enter into contracts or conduct business. It may only carry out non-revenue generating activities.

A representative office in Jordan acts as a regional office representing operations conducted outside Jordan at the head office level.

Registration can take between two to four weeks if all required documents are readily available in the required state of notarization, legalization and authentication, including the approval of the competent authorities in Jordan.

Tax registration

All companies registered in Jordan are required to register with the Income and Sales Tax Department for tax filing, reporting, and payment purposes. Upon successful registration, the company will obtain a single Tax Identification Number (TIN) for all types of taxes administered by the Income and Sales Tax Department, including corporate income tax, sales tax, and employee income tax.

Ongoing compliance requirements

Employee income tax

Jordanians and non-Jordanians working in Jordan are subject to tax in Jordan on their income earned in, or derived from, Jordan, regardless of their residency status. The Income and Sales Tax Department requires each employee with taxable income to be registered with the tax authority and to obtain a unique TIN. Under Jordan's Income Tax Law No. 34 of 2014 (as amended) the employer is responsible for deducting the employee income tax from its employees' salaries and wages, filing the periodic returns, and remitting the deductions to the Income and Sales Tax Department. The periodic returns include the monthly withholding declaration (AR/2 form) and the annual summary schedule. The employee, on the other hand, is responsible for submitting to the Income and Sales Tax Department his or her annual employee income tax return (AR/3 form).

The monthly employee income tax return must be filed and payment must be made to the Income and Sales Tax Department within 30 days from the month of the deduction.

The annual employee tax return (AR/3 form) filing and payment is due by 30th April of each year

The employee income tax is levied according to the following scale:

From JOD	To JOD	Rate %
-	5,000.00	5
5,000.00	10,000.00	10
10,000.00	15,000.00	10
15,000.00	20,000.00	20
20,000.00	1 million	25
Above 1 million	-	30

Additionally, a national contribution tax of 1% is imposed on the taxable income of natural persons exceeding JOD200,000.

The payment of the employee income tax liability has to be made electronically (if the payment exceeds a certain threshold) in Jordanian dinars to the benefit of the Income and Sales Tax Department.

2. Pension requirements

Registration requirements

Social security

All companies registered in Jordan are required to register their employees (Jordanians and non-Jordanians) with the Social Security Corporation for social security filing, reporting, and payment purposes. Upon successful registration, each employee of the company will be issued a social security number.

Ongoing compliance requirements

Social security

According to Social Security Law No.1 of 2014, employees (Jordanians and non-Jordanians) should pay into social security. The current rates of social security are 14.25% for employers and 7.5% for employees.

It is the responsibility of the employer to withhold the social security contributions from the employees' income for each month of the fiscal year and file a monthly contributions form to the social security authority. An annual social security filing must also be made by the employer

The payment of the social security has to be made electronically in Jordanian dinars to the benefit of the Social Security Corporation.

The monthly social security form and payment must be made to the Social Security Corporation by the 15th day of the month which follows the month of the deduction.

3. Employment obligations

Jordan's labor regulations are governed by Labour Law No. 8 of 1996 (the "Labour Law"). The provisions of this law apply to all workers (Jordanians and non-Jordanians).

The contract of employment largely determines the terms and conditions of employment. When drafting an employment contract, an employer must comply with the requirements set out in the Labour Law, guaranteeing certain employee rights and benefits. The Labour Law includes a number of requirements to which an employer must adhere when dealing with its employees.

Furthermore, under Jordan's Labour Law, several types of leave are permitted including:

Annual leave

Employees are entitled to annual leave with full pay of 14 days, unless a longer period was agreed. The annual leave shall be 21 days if the employee remains in the service of the employer for five successive years. Public holidays, religious feasts and weekly holidays shall not be calculated as part of the annual leave unless they took place during the annual leave. If the employee's period of service has not reached a year, then he or she shall be entitled to pro rata paid leave for the period which he or she has worked.

Sick leave

Sick leave is 14 days per year based on a valid medical report.

Maternity leave

Maternity leave is 10 weeks.

4. Maternity leave is 10 weeks.

According to the Labour Law, an employer is required to maintain payroll records for all of its employees working in Jordan.

5. Banking requirements related to payroll

All companies in Jordan are required to open a bank account with a bank authorized in Jordan in order to make their payments due to the government authorities.

The payment of the employee income tax liability and social security contribution have to be made electronically in Jordanian dinars to the benefit of the relevant government authority.