



Doing Business in Jordan 2025

A Tax and Legal Guide



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Welcome to this guide

01

Your journey begins, location, presence, objectives and operations.

Jordan is a constitutional monarchy in Western Asia that gained independence in 1946. It has 12 governorates with Amman as the capital. The official language is Arabic and the currency is the Jordanian dinar (“JOD”).

The country joined the World Trade Organization in 2000 and the European Free Trade Association in 2001. Jordan's economy is small with limited natural resources, but it has seen growth since 2003 with a projected gross domestic product (“GDP”) growth of 2.8% in 2023. The manufacturing and service sectors make up the majority of GDP.

Jordan's economy is dependent on exports, primarily of chemical products, clothing and apparel. The country is also dependent on tourism and foreign investment. The currency is pegged to the USD, and the Central Bank of Jordan is committed to maintaining the peg.

The government established multiple Special Economic Zones (“SEZ”) such as the Aqaba Special Economic Zone (“ASEZ”) and King Hussein Business Park, Zarqa Free Zone as an initiative to increase investment in Jordan, providing certain tax incentives, streamlined processes, and investor-friendly policies. Other special zones have been established by the government to enhance the Jordanian economy such as the development zones and free zones which are considered attractive points to foreign investors who are looking to take Jordan as an export hub given its strategic location in the region.

This guide is intended to provide an introduction to the taxation and legal aspects of doing business in Jordan, particularly from the perspective of the items an inbound investor will have in mind.

We hope you find the guide useful.

Jochem Rossel - Middle East Tax and Legal Services Leader

Wael Saadi - Jordan Tax Market Leader

Yazan Barghouti - Jordan Legal Partner

Introduction

02

The Hashemite Kingdom of Jordan is strategically located in the Middle East. Neighboured by Syria to the north, Iraq to the northeast, Saudi Arabia to the east and south and the Red Sea to the south.

Under the enacted Companies Law in Jordan, businesses must have legal presence in Jordan to conduct business. The following are the types of companies that differ in terms of share capital, liability, and management:

1

General Partnership

2

Limited Partnership

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Limited Liability Company

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Venture Capital Company

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Public Shareholding

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Private Shareholding Companies

Establishing presence in Jordan

Types of companies - Brief

1.1

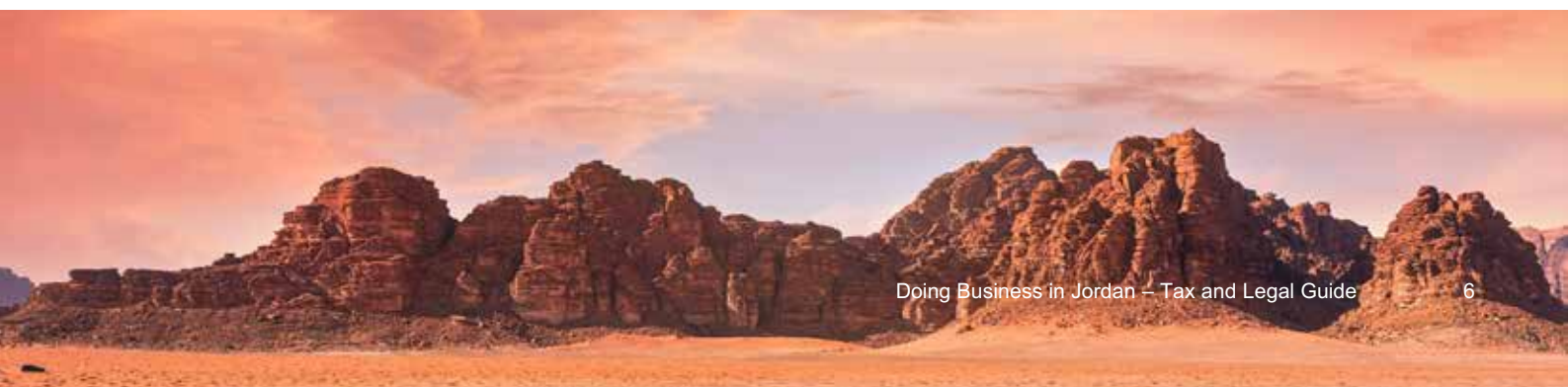
General partnership

A General partnership consists of at least two persons and not more than 20 who are jointly and severally liable for the partnership's debts. Only the names of the actual partners may be included in the name of the Company. 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 Companies 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 six (6) months of the partner's withdrawal will result in the partnership's dissolution by virtue of law.

1.2

Limited Partnership

A Limited Partnership is formed of the two following categories of partners whose names should be listed in the Partnership Agreement: (i) the General Partners who shall manage the Partnership and its operations, and are also jointly and severally liable for all the partnership's debts and liabilities (in their personal capacity); and (ii) The Limited Partners who shall contribute to the capital of the partnership without having the right to manage the Company or its operations, and whose liability is limited to their share in the capital of the Company.



1.3

Limited Liability Company

The Limited Liability Company comprises two persons/ shareholders or more. However, the Controller may agree to the registration of a Limited Liability Company composed of one person. The Limited Liability Company can be managed either by a general manager or a management committee consisting of two-seven members.

The shareholders liability is limited to their shareholding in the share capital of the company. The share capital of the company is divided into indivisible equal shares with the value of not less than JOD 1. In addition, there is no minimum capital contribution for each foreign shareholder paving the way for foreign investors to invest in any amount they see fit, subject to minimum share capital requirements applicable to all investors (irrespective of their nationality) in certain industries.

1.4

Venture Capital Company

A Venture Capital Company is incorporated for the purposes of investing in companies with high risk/high growth potential in exchange for obtaining returns on exit. It is prohibited to invest in public shareholding companies and listed companies. Any investment shall not exceed 20% of its share capital in any company and the Company must not to own more than 51% of the investee company's share capital within the first 12 months from the date of investment. In general, most special provisions, which are usually not stated in its articles, are governed in a shareholders agreement.

There are two types of shareholders:



General Partners:

Either natural or legal persons who have unlimited liability for the Company's debts and obligations in their personal capacities. The shareholding of a General Partner must not be less than JOD 1,000



Limited Partners:

Either natural or legal persons who have limited liability for the Company's debts and obligations (limited to their shareholding). The shareholding of a Limited Partner must not be less than JOD 50,000

The share capital can be paid as a lump sum or in installments provided that the share capital is paid in full within 3 years from the date the concerned shareholder entered into the Company.

1.5

Public Shareholding Company

A Public Shareholding Company shall consist of a number of founders not less than two who subscribe for shares that can be listed on the Stock Exchange and may be negotiated and transferred in accordance with the provisions of the law. The Minister may, upon a justifiable recommendation by the Controller, approve that the Public Shareholding Company be established by one person, or that the Company ownership devolves to one person in the event s/he purchases all its shares. The authorised capital of the Public Shareholding Company and the subscribed part shall be fixed in Jordanian Dinars and shall be divided into nominal shares at a par-value of 1 JOD each, provided that the authorised capital shall not be less than JOD 500,000 and the subscribed capital shall not be less than JOD 100,000 or twenty percent (20%) of the authorised capital, whichever is greater. The un-subscribed capital shall be paid within three (3) years of the date of the Company founding (or the increase of the capital, as the case may be). The Public Shareholding Company is managed by a board of directors comprising 2-13 members.

1.6

Private Shareholding Company

The Private Shareholding Company consists of two or more persons, whose liability is limited to their shareholding. Upon a justified recommendation of the Controller, the Minister may agree to register a private shareholding company consisting of one person. The amount of subscribed capital in this type of company shall not be less than JOD 50,000. The main advantage of the Private Shareholding Company relates to the leeway given in terms of crafting the articles including the ability to have classes of shares. The Private Shareholding Company is managed by a board of directors comprising two members at least.



Other Legal Structures (Foreign Companies)

2.1

Operating Foreign Company

Operating Foreign Company is an entity registered outside the Kingdom, with its headquarters located in another country and is considered to have non-Jordanian nationality.

Such entities are divided into two types:

- Companies operating for a limited period

i.e.

awarded tenders in the Kingdom for a limited period



- Companies operating permanently in the Kingdom pursuant to a license granted by the relevant official authorities.

2.2

Non-operating Foreign Company

Non-operating Foreign Company is an entity with a regional or representative office in the Kingdom for the operations conducted outside the Kingdom. It is registered for the purpose of managing the headquarters' operations and coordinating them.

Free Zones in Jordan

Jordan free zones have been established to promote export-oriented industries and transit trade. Commodities and goods of various origins are deposited in the free zone areas for the purpose of storage and manufacturing, without having to pay the usual excise fees and other taxes given the fact that such zones are considered to be areas incorporated outside of Jordan. The free zones offer the necessary facilities, services and infrastructure such as electricity, water and modern telecommunication networks, in addition to modern networks of internal roads, yards and storage facilities. The free zones offer branches of banks, insurance companies, and clearance firms within their premises to facilitate the necessary services for investors.



The companies that are registered and exercising an economic activity inside the free zones enjoy (amongst other tax incentives) the following main tax exemptions:

01. Exemption from income tax on the profits generated from the following activities:

A

Exportation services to outside the Kingdom

B

Transit Trade

C

The sale of or transferring the ownership of goods within the borders of free zones

D

Providing and rendering services inside the free zone.

02. Exemption from income tax on the salaries and allowances paid to non-Jordanians who are working in the projects established in the free zones.

03. Exempting imported goods or exported therefrom to parties other than domestic market from import fees, custom duties and all taxes and fees accrued thereon except services fees.



In 2018, Jordan had introduced a new income tax law, which entered into effect from 1 January 2019. The new Law includes several amendments to individual and corporate income tax (“CIT”) rates, withholding tax (“WHT”) rates and National Contribution (“NC”), and various administrative changes.

01. Basis of taxation

According to the enacted income tax law, any income derived in or from Jordan, regardless of the place of payment, shall be subject to income tax. Absent any particular tax exemptions, there are various sources that would be considered taxable.

02. Corporate Residence

An entity will be deemed to be resident in Jordan if it has been established and registered in accordance with the provisions of the Jordanian legislation in force and:

1. has an office or branch practicing management and supervision of its work in Jordan.
2. whose management head office or actual office is located in Jordan.
3. which the government or any official or public institutions own more than 50% of its capital.

03. Permanent Establishment (PE)

The concept of PE has been recently introduced in the transfer pricing regulations. The definition of PE in Jordan is slightly similar to the OECD definition / example.

04. Corporate Income Taxes

The corporate tax rates in Jordan are applied based on the industry/business activities from which the taxpayer generates income. According to the new income tax law, the corporate tax rates are as follows, starting from 1 January 2019:

- 35% for banks
- 24% for telecommunication, insurance and reinsurance, financial intermediation companies (including exchange and finance leasing companies), companies that generate and distribute electricity, and companies that undertake mining raw material activities
- 20% for other companies.

Jordanian resident corporations are not subject to corporate income tax on their worldwide income unless the income is derived from Jordanian sources, specifically related to Jordanian deposits and funds. For foreign branches of Jordanian resident corporations, the entire net income of the branch is taxed at a fixed rate of 10%.

05. National Contribution

The 2019 amendment to the Income Tax Law introduced the National Contribution (NC) tax, which is allocated to the repayment and settlement of Jordan's public debt. This tax is applied to taxable income at rates ranging from 1% to 7%, depending on the specific sector or industry.

06. Income Determination

Any income incurred in or from Jordan, regardless of the place of payment, shall be subject to tax. This includes, but is not limited to, income from:

Professional services or activities.

Interest, commissions, discounts, currency differences, deposit profits, and profits from banks and other legal resident persons.

Royalties.

Selling goods produced in Jordan, whether sold in Jordan or exported.

Selling or leasing of movable properties located in Jordan.

Insurance premiums due according to insurance and reinsurance agreements for risk in Jordan.

All forms of telecommunication services, including international telecommunications.

Transportation between Jordan and any foreign country.

Service compensation gained by a non-resident person from Jordan for a service provided to any person if the activity or the work related to this compensation was carried out or the output of this service was used in Jordan.

Any contract in Jordan, such as construction contracting, commercial agencies profits, and any other similar entities, whether their source is inside or outside Jordan.

Any other source, which has not been exempted according to the provisions of the law.

07. Exempt Sources of Income

Per the enacted income tax law, the following shall be exempted from tax (including but not limited to):

- income of public and official institutions and municipalities, excluding its income from any, leasing, key money, investment activities or annual surplus that the cabinet decides, upon the recommendation of the Minister, to be subject to tax.
- income generated by non-operating foreign companies, such as the regional office and the representative office, and which is received for its business abroad.
- income of charity awqaf (public endowment) and income from the Orphans Development Fund.
- income of unions, professional commissions, cooperation societies, and other societies legally registered and licensed from non-profit activities.
- income of any religious, charity, cultural, educational, sports, or health institutions with a public character, not aiming to achieve profit, as per the related regulation.
- dividends distributed by a resident to another resident are exempt from corporate tax. Note that this exemption does extend for dividends derived for banks, financial companies, main telecommunication companies, companies who undertake mining raw materials activities, and insurance and reinsurance companies, and juristic persons who undertake financial lease activities.
- income generated by venture capital firms and registered under the Companies Act.

08. Tax returns filing

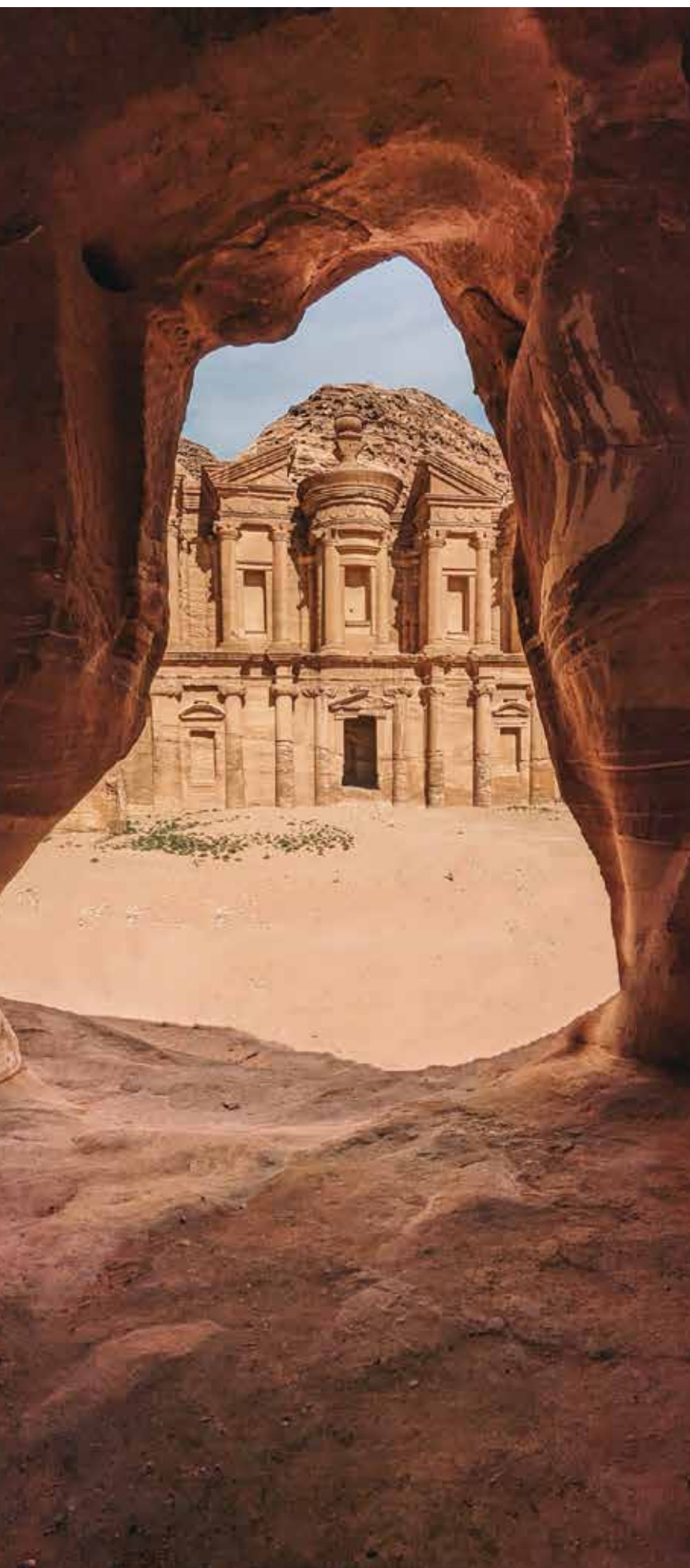
Taxpayers are obligated to file the CIT tax return before the end of the fourth month following the end of the tax period, including details related to income, expenses, exemptions, and tax due. Tax returns are submitted via the tax authority online portal.

09. Tax audit process

The tax audit is likely to take place within four years from the date of filing/amending the return.

10. Statute of limitations

The statute of limitations in Jordan from corporate tax and sales tax perspective is four years, and up to eight years in cases of suspected tax evasion.



11. Individual Taxation

Under the applicable income tax law, the personal income tax is imposed progressively by rates ranging from 5% - 30%. A resident natural person in Jordan is deemed to be tax resident in Jordan to the extent the person actually resides in Jordan for at least 183 days during the year, whether consecutive or interrupted, or a Jordanian employee working for the government or any of the official or public institutions inside or outside Jordan.

12. Social security contributions

Social security contributions are imposed on the employer and the employee by rates of 14.25% and 7.5% respectively on monthly salaries and certain allowances.

13. Controlled foreign companies (CFCs)

There are no detailed CFC rules in Jordan. However, we note that net income generated from foreign investments made from Jordanian sourced income is subject to 10% flat income tax rate.

14. Foreign tax credit

There are no specific regulations concerning foreign tax credit in Jordan.

Other Taxes and Duties

01. Sales tax

A general sales tax similar in operation to a value-added tax (VAT) is imposed at the rate of 16% on the following transactions:



Sales of goods or services, or both.



Importing any service or goods from outside Jordan or from the free zone areas and markets inside Jordan.

Special tax rates are applied on certain items.

A zero rate is applied to the export sales of goods and services outside Jordan, to the free zone areas and markets, to the Aqaba Special Economic Zone (ASEZ), and to development areas.

A zero rate is also applied to sales inside Jordan of certain food items, books, magazines, manure, farm tractors, other agricultural tools, and salt. It also applies to good / services made to religious institutions and armed forces but not limited to them.

Certain goods are exempt from sales tax which include but are not limited to eggs, bread, water packed in less than 5 liters, trees and plants, fruits, vegetable oils, honey, tea, sugar, gold, money, potash, emergency and fire vehicles, electricity, and pharmaceutical products.



02. Customs duties

Certain goods imported to Jordan are subject to customs duties. Customs duties vary depending on the type and the origin of imported goods, as prescribed by the Customs Tariff. The Customs Tariff is based on the Harmonized Commodity Description and Coding System (HS Nomenclature).

03. Excise tax

Excise tax is called special tax in Jordan and it is imposed on certain goods, including tobacco products, wines, spirits, cars, beer and fuel.

04. Property taxes

There is a property tax in Jordan that is paid annually, and the tax rate is determined by the municipality depending on the location and size of the property and in the case of buildings, depending on annual rental value.

05. Transfer property taxes

Transfer of property is currently subject to tax at a rate of 6%.

06. Stamp duty

The contracts signed in Jordan are generally subject to 0.3% stamp duty fee of the contract value. Also, for the contracts signed with the governmental bodies and Public Shareholding Companies, a stamp duty fee of 0.6% shall be imposed on the contract value.





Key Considerations

As part of Jordan's digital transformation journey, Jordan has been making a great effort towards simplifying the tax return filing process. The process of actually submitting a tax return is a matter that can be completed in a few minutes online through the tax authority's portal. All additional documentation, requirements that may be required during a tax audit would be requested separately by the auditor beforehand. Exemptions are also granted for a variety of conditions that could be met to decrease the total tax due.

07. Invoicing

The Hashemite Kingdom of Jordan ("Jordan") published Regulation No.34 for the year 2019 in its Official Gazette on 3 April 2019 ("the regulation"). The regulation introduced formal invoicing requirements in accordance with the provisions of Article 23 of the Income Tax Law No. 38 of 2014 (the Income Tax Law) and came into effect 60 days after the date of publication in the Official Gazette. In principle, the most prominent matter that the regulation provided is that all taxpayers (with the exception of certain industries that did not meet the applicable threshold per annum) should meet the tax invoices requirement.

The requirements are as follows:

- Serial number that uniquely identifies the invoice and Date of the invoice
- Seller's full name and address
- Seller's tax identification number
- Description of the type of goods or services supplied, their quantity and value as well as the gross amount of the invoice
- Purchaser's full name when a deferred or installment sale is made.

08. E-invoicing

E-invoicing, often known as electronic invoicing, is the process of sending and receiving invoices digitally. It attempts to streamline and automate the invoicing process, lowering paper waste and increasing business transaction efficiency. Many nations are implementing e-invoicing to increase accuracy, shorten payment periods, and make tax compliance easier. On 6 December 2022, the Hashemite Kingdom of Jordan ("Jordan"), the Minister of Digital Economy and Entrepreneurship, the Minister of Finance, and the General Manager of the Tax Authority announced in a news conference the implementation of the e-invoicing regime. According to the release, Jordanian Tax Authority (JTA) implemented the E-Invoicing in two stages: Registration phase and integration phase.

09. Registration phase

All taxpayers should register and get a username and password by no later than 30 January 2023.

10. Integration phase

Whilst there are still no comprehensive regulations or executive instructions on this matter, we would expect the integration phase to go live in the first quarter of 2023. The integration phase entails various factors. We have listed below the most prominent ones for reference:

Linking the billing systems of taxpayers with that of JTA system

Issuing E-Invoices based on a specific format including a number of elements in the E-Invoice associated files (XML files)

JTA has not yet issued a formal complete and comprehensive regulations or executive instructive with respect to e-invoicing. Further, there is still no deadline date for the integration phase, however we expect it to be issued shortly.





Key Considerations

Taxpayers are recommended to register and get username and password in the e-invoicing portal. Also, it is recommended that all taxpayers assess their revenue streams for the year 2022 to ensure readiness for the integration phase of E-Invoicing and to implement the required changes.

We expect the integration phase will entail a comprehensive review of ERP systems to ensure a smooth integration with the JTA system. Taxpayers are recommended to conduct a gap analysis and take the required actions at the earliest.

Pillar Two

Background

On 1 July 2021 and 8 October 2021, the Organisation for Economic Cooperation and Development (OECD) Inclusive Framework (IF) issued a 'Statement' focused on addressing the remaining key challenges of base erosion and profit shifting (BEPS) arising from the digitalisation of the global economy.

The Statement proposed a 'Two Pillar' Solution, comprising (i) Pillar One which aims to ensure a fairer distribution of taxing rights is established with respect to the profits of large multinational enterprises (MNEs); and (ii) Pillar Two which implements a new global minimum Effective Tax Rate (ETR) of 15% for MNEs.

Pillar Two

Pillar Two aims to ensure an appropriate level of tax is paid by MNEs through a series of measures aimed at modernising the international tax system for modern businesses. The Subject to Tax Rule (STTR) and the Global Anti-Base Erosion (GloBE) are the two components of Pillar Two.

STTR

The STTR is a treaty-based rule that applicable to intra-group payments from source countries that are subject to low nominal tax rates in the country of the payee. The STTR focuses on where a source country has given up taxing rights on certain outbound intra-group payments, and it should be able to recover some of those rights where the income in question is taxed in the state of the payee at a nominal rate below 9%. The STTR applies to interest, royalties and a defined set of other payments made between 'connected persons', including services.

The OECD IF members have committed to adopt the STTR when requested by other IF members that are developing countries, as well as developed countries. In October 2023, the OECD IF issued a multilateral instrument ("MLI") that brings into effect the STTR by allowing for multiple bilateral tax treaties to be amended at the same time. Signature of the MLI is underway and applicability of the STTR expected to be commence in the near future.

GloBE

The GloBE Rules are designed to ensure that in-scope MNE Groups are subject to a minimum level of tax on the income arising in each jurisdiction where they operate.

Over 140 countries have committed to implementing the GloBE measures, and for the rules to have effect, individual jurisdictions must implement them into domestic law.

The GloBE Rules require implementation into domestic law by individual countries before they become effective. The rules came into effect on 1 January 2024, and over 30 countries have introduced tax rules that put into force a 15% effective tax rate on in scope entities, as well as over 100 being expected to also introduce rules that will come into effect in 2024 or 2025.

In brief, the GloBE Rules have been designed with an objective of accommodating a diverse range of tax systems, including different tax consolidation rules, income allocation and entity classification rules, as well as rules for specific business structures such as joint ventures and minority interests. The GloBE Rules contemplate three different mechanisms for assessing tax on a MNE's income, and MNEs will have to comply with the filing requirements for each applicable rule.

The first opportunity to collect the top up tax is the so called Qualified Domestic Minimum Top-up Tax (QDMTT) which

gives the choice for the low tax jurisdiction itself to collect the tax (relating to this country). Second in line is the so-called Income Inclusion Rule (IIR), which generally imposes tax on the parent entities within the MNE group to the extent that the foreign subsidiaries of the Group are taxed at a rate less than 15% (after the application of the QDMTT in their respective countries, if any).

These two mechanisms are accompanied by a 'backstop' rule, known as the Undertaxed Profits Rule (UTPR) which permits the collection of any remaining Top-up Tax (after QDMTT and IIR are applied) globally by any country where the MNE is active, meaning where there are people and/or tangible assets on the ground. Under certain conditions, the QDMTT could be elevated to a safe harbour that switches off the IIR and UTPR in other jurisdictions.

Status of Pillar Two in Jordan

As a member of the OECD Inclusive Framework, Jordan has committed to implement Pillar Two. However, no official announcement has yet been made on how and when Jordan will be implementing Pillar Two.

What to expect?

Whilst Jordan levies corporate income tax at rates ranging between 18% and 35%, there is currently no visibility as to how the Pillar Two rules are expected to interact with the domestic tax rules in Jordan and further details should be expected in the near future once Jordan makes an official announcement on its implementation plan.

However, even if the rules will not be implemented in Jordan in 2024, Jordan headquartered MNEs with consolidated subsidiaries in at least one implementing jurisdiction, may still be required to undertake the GloBE calculations for all the jurisdictions and may have specific compliance requirements. Further guidance is expected from the OECD with respect to filing obligations / location of submission of the GloBE Information Return (GIR), in cases where the ultimate parent entity jurisdiction such as Jordan does not implement the rules in 2024.

As per the existing Pillar Two administrative guidance, where a MNE is headquartered in a location that has not implemented the rules, GIR filing would be made in a different location, i.e., the location of a 'designated filing entity', where the MNE has operations and the respective location has implemented the rules earlier than the MNE's headquarter location.

Additional legal considerations

Other Special Zones in Jordan

1. Development Zones

Similarly, Development Zones aim at increasing investment into the Kingdom, empowering the private sector to lead in the zones' development and management, stimulating economic growth and enhancing local living standards. The regulatory framework manifested in the Investment Environment Law introduces a legal foundation that facilitates the creation of economic growth within certain zones, and ensures a business-friendly and investment attracting environment.

Below are some of tax breaks which are granted under the new Investment Environment Law:

Reduced flat corporate income tax rate of 5% or 10% (depending whether the activity would meet the local origins rule / 30% added local value) .

Exemption from sales tax on purchases related to the business.

Exemption from Custom duties.

2. Aqaba Special Economic Zone 'ASEZ'

Investors can also benefit from establishing its operations inside ASEZ where it is considered a major duty-free economic development node for tourism, recreational services, professional services, multi-modal transportation, and value-added industries in the Middle East. Aqaba offers global business opportunities in a competitive location with a high-quality lifestyle.

Below is some of the tax exemptions / incentives are offered by ASEZA for companies registered in accordance with its law and rules:

Reduced Flat 5% corporate income tax on the net profit generated from undertaking the economic activities inside the zone or any income accrued from undertaking the activities outside the Kingdom.

Custom Duty-free import.

Streamlined labor and immigration procedures through a one-stop-shop.

Process and Time for Establishment

Companies are registered at the Companies Control Department at the Ministry of Industry, Trade and Supply in Jordan. Any subsequent changes or modifications relating to the nature or ownership of the business must also be registered and updated with the Companies Control Department. The time frame to do so is all based on the type of the company, nature of the business that is being undertaken.

The estimated time to complete the registration of an entity in Jordan should take 1 - 2 days following receipt of all approvals and provided all documents are available and reviewed by the Companies Control Department.





Key Considerations

Jordan offers a conducive and efficient ecosystem for starting a business, making it a prime destination to establish a business, with (i) different types of companies available, (ii) possibility of establishing the companies as offshore entities with certain benefits, (iii) ability to register classes of shares with different voting rights and powers, and (iv) streamlined customs clearance procedures, amongst other benefits.

Key Tax Indicators in Jordan

Tax Indicators	Resident	Non-Resident *
Fiscal year end	Calendar year. However, a special year end can be used provided permission is granted in advance by the Jordanian Tax Authorities.	Not applicable
Companies		
Income Tax	<p>According to the new income tax law, the corporate tax rates are as follows, starting from 1 January 2015:</p> <ul style="list-style-type: none"> • 35% (previously 30%) for banks. • 24% for telecommunication, insurance and reinsurance, financial intermediation companies (including exchange and finance leasing companies), companies that generate and distribute electricity, and companies that undertake mining raw material activities • 18% for the industrial sector in FY22 • 20% for other companies. <p>In addition to national contribution tax at a rate ranging from 1% - 7%.</p>	<p>Taxable income generated by a non-resident person in Jordan are broadly subject to the following:</p> <ul style="list-style-type: none"> • 10% on the gross cross border service amount (final tax) • national contribution tax at a rate ranging between 1% - 7%.
Tax on Capital Gains	Capital gains realised inside Jordan are generally exempt from income tax, except for depreciable assets and shares and interest of certain types of entities.	Sale of shares are generally subject to non-resident capital gains tax and national contribution with the exception of certain types of companies.
General Sales Tax	GST is similar in operation to VAT. Standard GST rate is 16%. Certain goods and services are subject to a reduced rate.	Not applicable
Value-Added Tax	Not applicable	Not applicable
Individuals		
Personal Income Tax	Personal income tax is imposed progressively by rates ranging from 5% - 30% after taking into account the applicable deductions.	No non-resident personal income tax, but Jordan sourced income may attract a withholding tax
Social Security	Social security contributions are imposed on the employer and the employee by rates of 14.25% and 7.5% respectively on monthly salaries and certain allowances.	Social security contributions are imposed on the employer and the employee by rates of 14.25% and 7.5% respectively on monthly salaries and certain allowances.
Withholding Tax		
Dividends	0%	0%

Tax Indicators	Resident	Non-Resident *
Interest	5%/7% on bank deposits and bonds	<ul style="list-style-type: none"> • 10%WHT and NC by a rate ranging between 1-7% • 5%/7% on bank deposits and bonds
Royalties	0%	10%WHT and NC by a rate ranging between 1-7%
Management Service Fees	0%	10% WHT and NC by a rate ranging between 1-7%
Customs	Customs duties vary depending on the type and the origin of imported goods, as prescribed by the Customs Tariff. The Customs Tariff is based on the Harmonised Commodity Description and Coding System (HS Nomenclature).	
Thin Capitalisation	Interest paid on related-party debt exceeding a 3:1 debt-to-equity ratio is non-deductible for tax purposes.	
Transfer Pricing ("TP")	Submission of documents such as TP disclosure form, affidavit, local and master file, in addition to the country-by-country notification and reports (where applicable) to ensure compliance with tax regulations.	
Double Tax Treaties in Force	Algeria, Azerbaijan, Bahrain, Bulgaria, Bosnia and Herzegovina, Canada, Croatia, Czech Republic, Egypt, France, India, Indonesia, Italy, Iran, Kingdom of Saudi Arabia, Kuwait, Lebanon, Malaysia, Malta, Morocco, Netherlands, Pakistan, Palestine, Poland, Qatar, Romania, Singapore, South Korea, Sudan, Syria, Tajikistan, Tunisia, Turkey, United Arab Emirates, Ukraine, Uzbekistan, the United Kingdom, and Yemen.	



About PwC Middle East

08

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Contact

09

**Jochem Rossel**

Middle East Tax & Legal Services Leader

Email: jochem.rossel@pwc.com

Wael H Saadi

Tax Partner

Email: wael.h.saadi@pwc.com

Yazan Barghouti

Legal Partner

Email: yazan.barghouti@pwc.com

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