



GLOBAL
EMPLOYER
GUIDE

JORDAN





Basic Country Facts

Full name

- The Hashemite Kingdom of Jordan

Capital

- Amman

Main Languages

- Modern Standard Arabic
- Jordanian Arabic
- English

Population

- 9.956 million

Monetary unit

- Jordanian dinar

Internet domain

- .jo

International dialing code

- +962

Currency

- Jordanian dinar



STATUTORY LABOR REQUIREMENTS

Probation Period

- Labor law gives both parties the right to agree on a probation period, which should not exceed three months (ninety days)

Annual Leave

- Every worker is entitled to annual leave with full pay for a period of fourteen days for every year of employment.
- This leave is extended to twenty-one days where the worker has been in the employment of the same employer for five consecutive years.

Public Holidays

- New Year's Day (1st January)
- Labor Day (1st May)
- Eid al-Fitr
- Jordan Independence Day (25th May)
- Eid al-Adha
- Islamic New Year
- Prophet's Birthday
- Christmas Day (25th December)

Maternity Leave

- Women workers are entitled to maternity leave with full pay for ten weeks including rest before and after delivery.
- Leave after delivery shall be no less than six weeks long and employment before the expiry of such a period shall be prohibited.
- After expiry of the maternity leave period every woman worker is entitled, within one year of delivery, to take time off with pay for the purpose of nursing her newborn baby, provided that total time off does not exceed one hour a day.



Paternity Leave

- The amended law grants new fathers three days leave from work with full pay after the birth of a child, whereas the Labor Law previously made no provision for paternity leave.

Sick Leave

- Every worker is entitled to fourteen days a year of sick leave with full pay on the basis of a report by the medical practitioner approved by the establishment.
- Sick leave may be extended to a further fourteen days with full pay if the worker is hospitalized and with half pay if the worker is not hospitalized but provides a report from a medical commission approved by the establishment.

Work Hours

- According to labor law it is not allowed to force the employee to work more than eight hours daily or more than forty-eight hours weekly.

Overtime

- A worker may be employed, with his consent, in excess of normal working hours, provided that he is paid overtime at a minimum rate of 125% of his regular remuneration.
- If a worker works on his weekly rest day or on religious or official holidays, he shall be paid overtime at a minimum rate of 150% of his regular remuneration.

Notice Period

- One of the two parties to the contract of employment of indefinite duration shall give the other party written notice at least one month in advance.
- If notice is given by the employer, he may release the worker from work for the duration of the notice period, or he may not do so except for the last seven days of that period.
- In any case, the worker shall be entitled to his remuneration for the notice period.

Severance

- Employees working for unlimited period and not subject to the provisions of the Social Security Law, and whose service is terminated for any reason may acquire the end of service remuneration in a rate of a month wage for each year of his/her actual service

13th Month

- 13th month pay is not mandatory

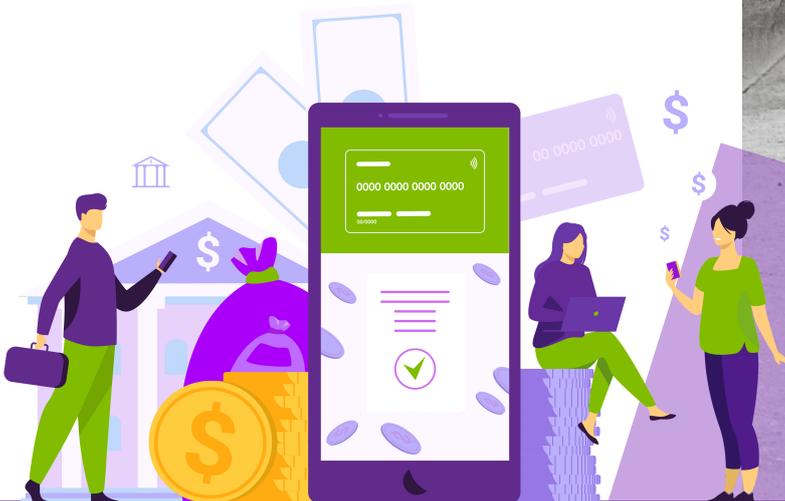
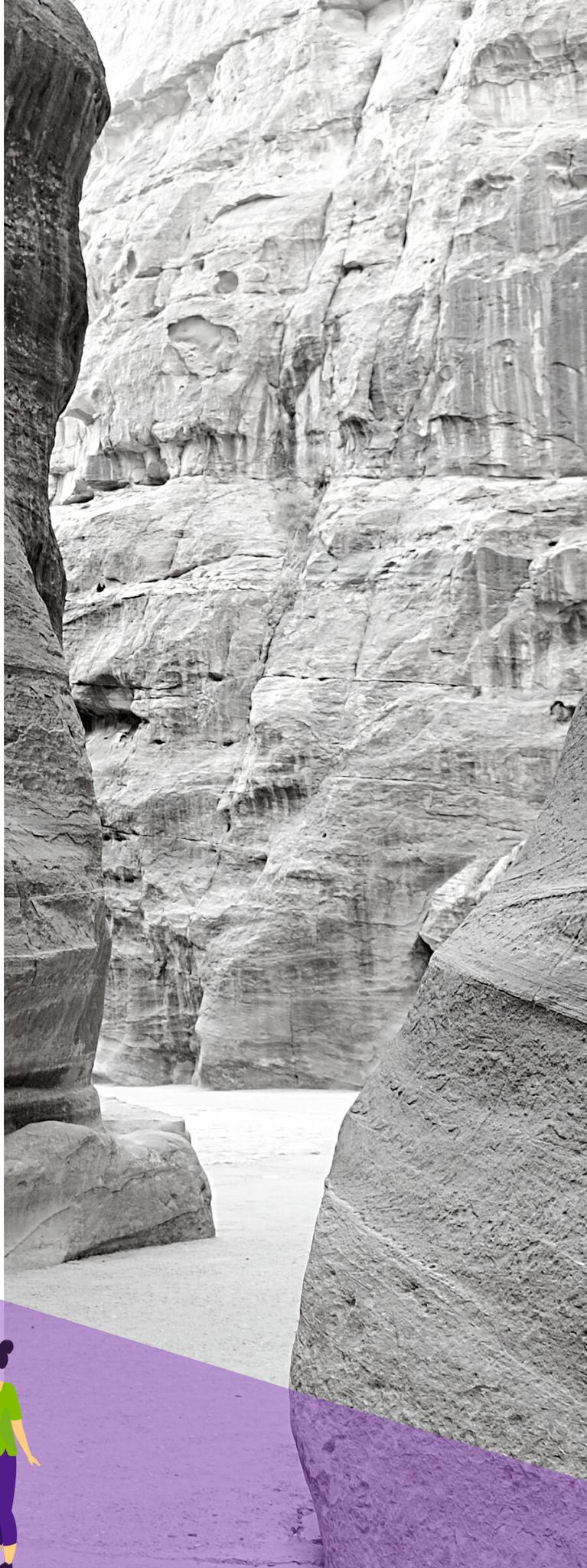


Income Tax

- Any income incurred in or from Jordan, for any person, regardless of the place of payment, shall be subject to tax in Jordan.
- Personal income tax (PIT) rates are applied progressively as follows:

Taxable income (JOD)	PIT rate (%)
The first 5,000	5
The second 5,000	10
The third 5,000	15
The forth 5,000	20
Over 20,000 and up to 1,000,000	25
The remaining balance	30

- Any amount exceeding JOD 200,000 of the annual taxable income for individuals will be subject to 1% as national contribution tax.



Social Security

- Social security contributions are levied at a rate of 21.75% on gross salary except overtime.
- The employer's share is 14.25%, and the employee's share is 7.5%.
- The social security system provides retirement and death benefits as well as certain benefits for work-related injuries.

Contribution	Employer	Employee
Social Security	14.25%	7.5%

Deductible Expenses

Personal Deductions

- An individual may deduct any amount paid during the tax period as a donation to any of the governmental departments, public or official institutions, or municipalities from gross income in the period in which the payment occurred.
- Any person may deduct subscriptions and donations paid in Jordan, without any personal benefit, for religious, charitable, humanitarian, scientific, environmental, cultural, sport, and professional purposes if the Council of Ministers approves its character.
- The deductible amount, according to the provisions of this paragraph, shall not exceed 25% of the taxable income after deducting what is provided for in paragraph 1 above and before making this deduction.

Personal Exemptions

- To determine taxable income, the following exemptions are deducted from the gross income of a resident individual:
 - JOD 10,000 for the year 2019 and JOD 9,000 for the year 2020 and the following years for the taxpayer.
 - JOD 10,000 for the year 2019 and JOD 9,000 for the year 2020 and the following years for the resident dependents, regardless of their number.
- Moreover, a further exemption is granted against the expenses incurred for medical treatment, education, rent, interest on housing, and murabaha on housing as follows:
 - JOD 1,000 for the taxpayer from 2020 and the following years.
 - JOD 1,000 for the spouse of the taxpayer from 2020 and the following years.
 - JOD 1,000 for each child and with a ceiling of JOD 3,000.
- A Jordanian non-resident person can benefit from the exemption of the dependents residing in Jordan if the non-resident person is responsible for their support.
- In cases of submitting joint or separate declarations, the exemption amount granted to a single family shall not exceed JOD 23,000.



Deductible Expenses

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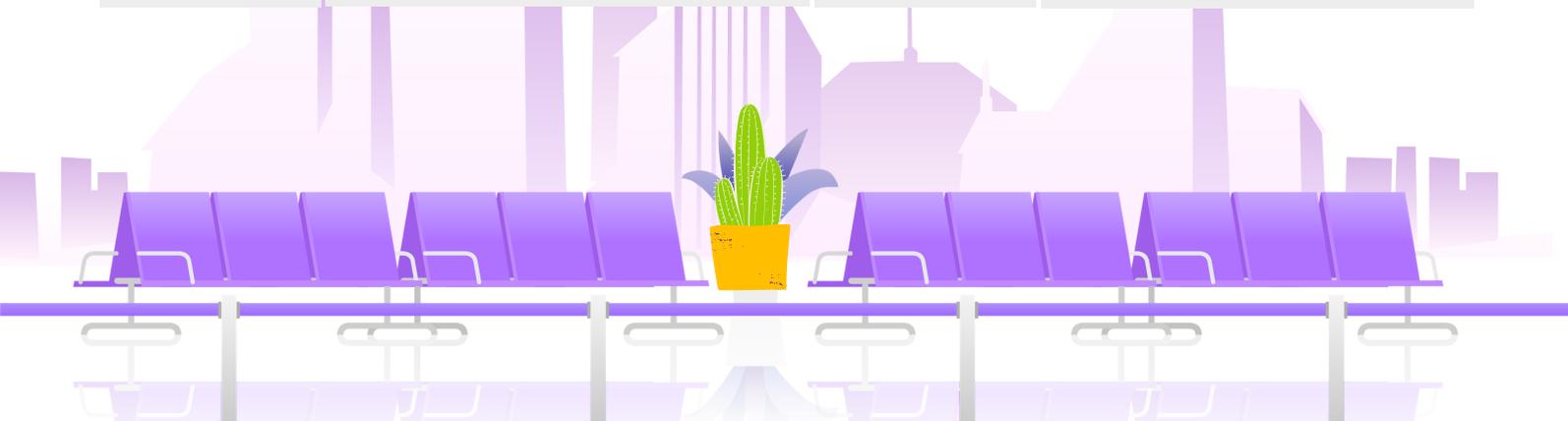




Immigration

- Individuals of all nationalities must apply for work and residency permits if they want to work in Jordan, with a priority given to Arab nationals.
- Work and residency permits are issued with the approval of the Ministry of Labor and the Ministry of Interior.
- An applicant may not begin working in Jordan before obtaining work and residency permits.
- Work and residency permits may not be transferred from one employer to another; therefore, if an employee changes employers, the previous work and residency permits must be canceled, and the employee must apply for new work and residency permits.
- The work and residency permits are valid for one year and may be renewed on an annual basis.
- As a prerequisite to obtain work and residency permits, the Ministry of Labor requires the employer to submit a bank letter of guarantee to the order of the Ministry of Labor for each expatriate employee seeking work and residency permits in Jordan.
- Under the Jordanian Labor Law, certain occupations are exclusively reserved to Jordanians and may not be filled by non-Jordanians, such as those in the fields of medicine, engineering, accounting and administration, as well as clerical work, such as data entry and secretarial work, warehousing, hairdressing, teaching, and mechanical and car repair type of work.

Type of Visa/ Permits	Documentation	Validity	Eligibility
Work Permit	<ul style="list-style-type: none"> • Employment form • Two copies of the work contract • Presentation of a valid vocational license of the establishment with a copy attached. • A copy of the worker's passport provided that it shall be valid. • A valid medical checkup certificate from one of the health centers that is approved by the Ministry of Health • A photo of the worker 	1 year (can be renewed)	<ul style="list-style-type: none"> • Individuals of all nationalities must apply for work and residency permits if they want to work in Jordan, with a priority given to Arab nationals.
Residence Permit	<ul style="list-style-type: none"> • Completed Application Form • Valid Passport • Photos of applicant • Proof of employment/ sufficient funds/ capital investment 	1 year (can be renewed)	<ul style="list-style-type: none"> • A person holding an employment contract with a company or registered business or with an employer established in the Kingdom, provided that his activities are not in competition with those of Jordanians and that a certificate to that effect is issued by the Ministry of Labor and Social Affairs or by another competent authority; • A person who, throughout his residence has a secure and lawful source of income, either domestic or from abroad, which shall be established by means of a certified official document; • A person who has come to the Kingdom to invest capital in commercial or industrial ventures approved by the Ministry for the National Economy



Value Added Tax (VAT)

- 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.

VAT	
Standard Rate	16%



Withholding Tax

Dividends

- There generally is no withholding tax on dividends paid to nonresidents.
- Dividends paid to residents are not subject to withholding tax except for dividends paid to banks, primary telecommunication, basic material mining, insurance, reinsurance, brokerage or financial companies, or legal persons engages in financial leasing activities
- These dividend payments are subject to withholding at the corporate income tax rate for the sector

- Banks and financial institutions in Jordan are required to withhold 7% on interest from deposits, commissions, and profits participations of Islamic banks in the investment of such deposits (5% for payments to individuals)

Royalties

- The rate of withholding tax on royalties paid to a nonresident company or individual is 10%
- The rate may be reduced under a tax treaty

Interest

- The rate of withholding tax on interest paid to a nonresident company or individual is 10%
- The rate may be reduced under a tax treaty

Fees for technical Services

- The rate of withholding tax on fees for technical services paid to nonresident is 10%
- The rate may be reduced under a tax treaty

Type of Payment	Residents		Nonresidents	
	Company	Individual	Company	Individual
Dividends	0%/ Corporate Income Tax Rate	0%	0%	0%
Interest	Corporate Income Tax Rate	Individual Income Tax Rate	10%	10%
Royalties	Corporate Income Tax Rate	Individual Income Tax Rate	10%	10%
Technical Service Fee	Corporate Income Tax Rate	Individual Income Tax Rate	10%	10%



Termination

- According to Section 21 of the Labor Code, a contract of employment shall be considered terminated if:
 - both parties agree to terminate it;
 - the duration of the contract has expired or the work itself has been completed;
 - the worker dies or is no longer capable of working due to a disease or disability certified by the medical authority.
- The death of an employer shall not bring about the termination of the contract of employment unless the contract took into consideration the personality of the employer.
- Jordanian Labor Code makes distinction between ordinary termination (with notice) and extraordinary termination (without notice).
- One of the two parties to the contract of employment of indefinite duration shall give the other party written notice at least one month in advance.
- If notice is given by the employer, he may release the worker from work for the duration of the notice period, or he may not do so except for the last seven days of that period.
- In any case, the worker shall be entitled to his remuneration for the notice period.
- Employees working for unlimited period and not subject to the provisions of the Social Security Law, and whose service is terminated for any reason may acquire the end of service remuneration in a rate of a month wage for each year of his/her actual service

Statutory Benefits

- These are mandatory benefits as postulated by law
- These include probationary period, annual leave, public holidays, maternity leave, paternity leave, severance pay and notice period.
- Statutory benefits also include social security benefits

Statutory Benefits

Probationary Period

Annual Leave

Public Holidays

Maternity Leave

Paternity Leave

Notice Period

Severance Pay

Social Security Benefits



Payments and Invoicing

- The tax year in Jordan is the calendar year.
- However, a taxpayer who closes one's accounts on a date other than the end of the calendar year may calculate one's tax according to the fiscal year, provided that prior approval is obtained from the Director General of the Income and Sales Tax Department.
- Taxpayers are obligated to file tax returns before the end of the fourth month following the end of the tax period.
- Married taxpayers can file a joint tax declaration.
- Taxpayers are obligated to pay income taxes before the end of the fourth month following the end of the tax period.
- A taxpayer who is carrying out business activities and whose gross income in the previous tax period exceeded JOD 1 million from these activities is required to remit two advance payments on the accrued income tax from these activities using the rates determined for each tax period mentioned in the following schedule.
- The advance payments are calculated according to the income tax in the financial statements presented to the Income and Sales Tax Department for the concerned period.
- In the absence of the financial statements for this period, the income tax included in the immediately preceding tax declaration will be used to calculate the advance payments.
- The first advance payment is due within a period not exceeding 30 days from the last day of the first half of that income tax period.

- The second advance payment is due within a period not exceeding 30 days from the last day of the second half of that income tax period.
- For the tax year 2015 and following periods, the advance payment is 40%.

Ease of Doing Business

- The ease of doing business index is an index created by Simeon Djankov, an economist at the Central and Eastern Europe sector of the World Bank Group.
- Higher rankings (a low numerical value) indicate better, usually simpler, regulations for businesses and stronger protections of property rights.
- According to the World Bank Jordan ranked 75th in the World in 2019 in terms of ease of doing business.



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