



## Investment Incentives and Tax Exemptions in Jordan

### **First: Incentives and advantages outside the Development Areas and the Free Zones**

Production inputs necessary for exercising economic-industrial or vocational activities that are exempted from the custom duties and are subject to the general sales tax in accordance with the provisions of the General Sales Tax Law in force if such activities are imported or locally purchased, provided that Income & Sales Tax Department should refund such tax paid for such activities within thirty (30) days from date of submission of a written refund request thereof. If Income & Sales Tax Department fails to refund such tax within such period, then it shall pay (9%) interest on an annual basis.

Production requirements and fixed assets, and production requirements and the dual-use fixed assets necessary for exercise of economic-industrial or vocational activities that are exempted from the custom duties, where the general percentage provided in the General Sales Tax Law to be reduced to (zero) if such sales are imported or locally purchased, provided that the beneficiary is registered at Income & Sales Tax Department.

The services that are subject to the general sales tax in accordance with the provisions of the General Sales Tax Law in force if such services are imported or locally purchased, provided that Income & Sales Tax Department should refund such tax paid for such services within thirty (30) days from date of submission of a written refund request thereof. If Income & Sales Tax Department fails to refund such tax within such period, then it shall pay (9%) interest on annual basis.

The goods required for the following economic activities that are exempted from the custom duties and are subject to the general sales tax by (zero) if such goods are imported or locally purchased, namely: a) Agriculture and livestock. b) Hospitals and specialized medical centers. c) Hotels and tourist facilities. d) Entertainment and tourist recreation cities. e) Communication centers. f) Scientific research centers and scientific laboratories. g) Artistic and media production. h) Conference and exhibition centers. i) Transport and/or distribution and/or extraction of water, gas and oil derivatives using pipelines. j) Air transport, sea transport and railways.

The income tax payable in the less developed regions in the Kingdom shall be reduced as to the economic-industrial & vocational activities and the economic activities to a percentage not less than (30%), and the provisions in connection thereof shall be determined pursuant to a regulation to be issued for this purpose; which determines:

- The regions that enjoy income tax deduction and category of each region according to their economic development level.
- The economic activities that are excluded from benefiting from income tax

deduction.

- The deduction ratio that the economic activity enjoys according to the region in which the activity is exercised.
- Foundations, standards and conditions of enjoyment of income tax deduction.
- Duration of enjoyment of income tax deduction.
- Foundations, standards and procedures of extension of duration of income tax deduction.

## **Second: Incentives and advantages inside the Development Areas and the Free Zones**

The income tax shall be (5%) of the taxable income of the Registered Establishment realized from its economic activity inside the Development Area. The income tax shall be (5%) of the taxable income of the Registered Establishment realized from its economic activity in the industrial sector

The Registered Establishment shall benefit from any operative tax exemptions in the Kingdom concerning the exports of goods and services to outside of the Kingdom.

shall not apply to the income realized by banks and telecommunications companies that have individual licenses, as well as the financial brokerage companies, and financial companies including the companies that exercise exchange, financing or financial leasing business, and consultation & financial and tax audit companies, transport companies (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.

The general tax provided for in the General Sales Tax Law shall be reduced to (zero) as to the goods and services purchased or imported by the Registered Establishment for the purposes of exercise of their economic activity inside the Development Areas.

The goods providers registered under the General Sales Tax Law in the Kingdom may demand refunding the general sales tax that has been previously paid for the goods sold to the Registered Establishments existing in the Development Area

The goods and services originated in the Development Area and are sold to the remaining regions of the Kingdom shall be subject to the general sales tax

(7%) sales tax shall be collected from value of sale of services to be determined pursuant to the regulation issued for this purpose when being sold for consumption in the Development Area

Sales of goods that are subject to the special tax including vehicles, tobacco, and its products, alcohol and beer shall be subject to the sales tax and custom duties collected in the Kingdom when being sold for consumption in the Development Area.

The Registered Establishments that exercise an economic activity in the Development Area;

the materials, equipment, machines, supplies, and construction materials in connection with building, constructing, preparing and furnishing all types of projects established by such Registered Establishments in the Development Area, including the spare parts required for their permanent maintenance, and the goods imported to the Development Area for the exercise of the economic activity or exported by such economic activity to outside of Kingdom, shall be exempted from the custom duties, except for exports fees, service fees, and the wages payable in accordance with the legislation in force

The goods produced or manufactured in the Development Areas that meet conditions of the Jordanian origin shall not be subject to the custom duties and other fees and taxes when being placed for consumption in the local market

### **Third: Incentives and advantages inside the Free Zones**

The Registered Establishment that exercises an economic activity in the Free Zone shall be:

Exempted from income tax on the profits realized from the following activities:

- Exporting goods services to outside of Jordan.
- Transit trade.
- Selling and transferring goods inside boundaries of the Free Zones.
- Providing and supplying services inside the Free Zone.

Exempted from income tax on salaries and allowances of non-Jordanian employees working in the projects executed in the Free Zone.

Exempted from custom duties and all taxes and fees on the goods exported from the Free Zone to markets other than the local market, and on the goods imported to the Free Zone including materials, equipment, machines, supplies, and construction materials in connection with building, constructing, preparing and furnishing all types of projects established by such Establishments in the Fee Zone including the spare parts required for their permanent maintenance. The exemption shall not include the service fees.

Granted exemptions from the licensing fees, buildings and lands taxes, and revenues of paving, organization and improvement concerning the buildings and constructions established in the Free Zone.

Be permitted to transfer the foreign currencies and their profits from the Free Zone in accordance with provisions of the legislation in force.

Be permitted to move the machines, equipment, materials, goods, and supplies required to establish, operate or expand any project and the profits realized thereof to outside of the Kingdom in accordance with provisions of the legislation in force.

**Sources: Jordan Investment Commission**