

The Development Zones in Jordan.

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In an attempt to boost the local Jordanian economy, the government announced its plans to create development zones around the country. The Development Zones Law No. 2 for the year 2008 (the “law”) creates six Development Zones, strategically laid out across the kingdom, aiming to aid local investors by creating a competitive business environment as well as providing them with new investment incentives and tax redemptions.

According to Article 3 of the law, “the development zones aim at enhancing economic capacity in the Kingdom, attracting the investments and creating an advanced investment environment for economic activities.” This is achieved through the execution of the strategic objectives outlined by the law. Some of these objectives include the establishment of public-public and public-private partnerships, creating world-class regulatory and economic development organizations with strong institutional capabilities as well as the creation of the Development Zones Commission (the “Commission”).

The Commission, created by Article 6 of the law, plans to accomplish its specific tasks by creating a dependable regulatory system for both the investors and the government. These tasks include, but are not limited, to the following:

1. “Drawing up the general policy of the Development Zones and submitting it to the Council of Ministers for the approval of the same and the endorsement of the plans and programs necessary to implement it.
2. Regulating the investment environment in the Development Zones and regulating and monitoring the Economic activities therein...”
3. “...Protecting the environment, water resources, natural resources and biological diversity in a manner consistent with the Environment Law in effect and the Regulations and Instructions issued thereupon and in coordination with the concerned parties.
4. Regulating the customs procedures which will be applied by the Ministry of Finance / Customs within the Development Zones under a special Regulation issued for this purpose.”

Additionally, the development zones are intentionally situated in regions with a high potential for access to significant and unique local and global markets. These areas are situated in Mafraq (60 km north of the capital, Amman), Maa’n, Irbid, the Dead Sea, Jabal Ajloun and Dabouq. While the King Hussein Bin Talal Development Area (the “KHBTD”) in Marfaq and the Ma’an development areas focus on the industry, residential, skill development, community services and commercial sectors; other development zones such as the Dead Sea and Jabal Ajloun development zones focus more on tourism development as well as the hospitality and retail sectors. This is because while Marfaq and Ma’an are situated in a geographical nexus of highway networks connecting Jordan to three of its neighboring countries, the Dead Sea and Jabal Ajloun development zones are situated in magnificent landscapes ranging from the historical Dead Sea coast to the pine forest and olive groves of the north of Jordan. Meanwhile, the Irbid and Dabouq development zones focus on the health care, services, media, safety, education as well as research and development sectors.

According to the law, the development zones offer a number of incentives and exemptions to the investors. These include:

1. A flat 5% corporate income tax rate as shown in Article 22 (d).
2. An exemption from sales tax, custom duties, social services and dividends tax as shown in Articles 23 (g) and 25 (a).

3. 100% foreign ownership.
4. No limit on the number of foreign employees brought in. In addition, they provide accelerated immigration and transit processes as well as business, and family residency visas.
All the other tax and fee related incentives are included in the law or any other applicable Jordanian laws.

Another advantage that benefits investors when working in the development zones is the Development Zone Commission One Stop Shop (the "DZC OSS"). The DZC OSS was created for the comfort and convenience of the investors while maintaining their rights as well as the rights of the public and the government. The DCZ OSS's main purpose is to eliminate the investor's need to circulate application to multiple agencies and public and private departments by providing an efficient and time-saving process. They also do this by offering a number of governmental investment related services such as the registration of enterprises as well as employment related services such as employee visas and residencies.

By creating the Development Zones, the government has realized the kingdom's potential for attracting local and international investments and has worked to create reasons for them to come here. It has simplified the process of registering an investment and sped the process of hiring employees and issuing them with residencies and visas up. In addition to attracting local and international investments, the development of these zones will eventually enhance the economy and facilitate a competitive environment with a dependable infrastructure that is built on the values of simplicity, efficiency, leadership, teamwork, transparency, integrity as well as good governance and focus on the community.