



The Hashemite Kingdom of Jordan
Investment Commission

المملكة الأردنية الهاشمية
هيئة الإستثمار

التميمي و مشاركون
AL TAMIMI & CO.



Doing Business in
Jordan



The Hashemite Kingdom of Jordan
Investment Commission

المملكة الأردنية الهاشمية
هيئة الإستثمار

Doing Business in Jordan

التميمي و مستشاركوه
AL TAMIMI & CO.

Published by Al Tamimi & Company

Jordan
Amman

6th Circle, Emmar Towers
11th Floor, Tower A
PO Box 18055
Zip 11195
T: +962 (0)6 577 7415
F: +962 (0)6 577 7425
E: infojordan@tamimi.com

Head office
DIFC

6th Floor, Building 4 East
Dubai International Financial Centre
PO Box 9275
Dubai, UAE
T: +971 (0) 4 364 1641
F: +971 (0) 4 364 1777
E: info@tamimi.com

Key Contacts:

Husam Hourani
Managing Partner
h.hourani@tamimi.com

Khaled Saqqaf
Partner
Head of Jordan & Iraq Offices
k.saqqaf@tamimi.com

Angela Maglieri
Regional Head of Marketing & Business Development
a.maglieri@tamimi.com

© Al Tamimi & Company. All rights reserved 2015.

The contents of this book are not intended to be a substitute for specific legal advice on any individual matters. No part of this publication may be reproduced, distributed, or transmitted in any form or by any means, including photocopying, recording, or other electronic or mechanical methods, without the prior written permission of the publisher, except for individual use and other non-commercial uses permitted by copyright law. The permission to recopy by an individual does not allow for incorporation of the material in part or in whole of any work or publication, whether in hard copy, electronic or any other form, unless specific mention is made to the source, "Doing Business in Dubai, published by Al Tamimi & Company," and written permission is granted by the firm. For more information, please contact us.

www.tamimi.com



Contents

About Jordan Investment Commission.....	10
About Al Tamimi & Company.....	11
Foreword.....	12
Message.....	14
Why Jordan?.....	16
Setting up in Jordan.....	20
Specific Investment Opportunities.....	29
Labour Law framework in Jordan.....	39
Jordan in Numbers.....	45



His Majesty King Abdullah II Ibn Al Hussein
King of Hashemite Kingdom of Jordan





His Royal Highness Crown Prince
Al Hussein bin Abdullah II



About Jordan Investment Commission

The Jordan Investment Commission (JIC) is an independent governmental authority, established in accordance with the Jordanian Investment Law no. (30) for the year 2014. It is effectively a legal successor to the Jordan Investment Board, the Development and Free Zones Commission and the Export Promotion Directorate of the Jordan Enterprise Development Corporation. The Commission was founded for the purpose of unifying the various investment authorities and relevant legislation, with the purpose of enhancing its performance level, reducing duplication and overlapping roles, functions and powers of the aforementioned authorities, as well as minimising bureaucracy in connection with investment procedures.

The Commission aims to:

“establish a leading authority that attracts and embraces foreign investments and enables local investments in order to achieve economic prosperity in Jordan.”

This is achieved through the Commission’s work in supporting the investment environment in the Hashemite Kingdom of Jordan by simplifying and facilitating the establishment of investment projects in Jordan and the process for obtaining vocational and other licenses via the establishment of the Investment Window. The Investment Window comprises of representatives from various governmental bodies, effectively providing a “one-stop shop” for the registration and licensing of investment projects.

The Commission further aims to improve the legislative framework and regulations related to investments, and enhance the incentives granted to investors.

www.jic.gov.jo

About Al Tamimi & Company

Al Tamimi & Company is the largest law firm in the Middle East with 16 offices across 9 countries. The firm has unrivalled experience, having operated in the region for over 25 years. Our lawyers combine international experience and qualifications with expert regional knowledge and understanding.

We are a full-service firm, specialising in advising and supporting major international corporations, banks and financial institutions, government organisations and local, regional and international companies. Our main areas of expertise include arbitration & litigation, banking & finance, corporate & commercial, intellectual property, real estate, construction & infrastructure, and technology, media & telecommunications. Our lawyers provide quality legal advice and support to clients across all of our practice areas.

Our business and regional footprint continues to grow, and we seek to expand further in line with our commitment to meet the needs of clients doing business across the Middle East.

www.tamimi.com

Foreword

The Hashemite Kingdom of Jordan is committed to the promotion of investments for the purposes of achieving comprehensive and sustainable economic development, access to global markets, increased competition, availability of high value-added job opportunities, and funding of development projects.

In furtherance of said direction, Jordan provides a comprehensive range of incentives and facilitations to potential investors, including an optimum climate for investments. The Jordanian Government has, across its successive terms, undertaken numerous serious measures to review and enhance the economic and financial legal framework governing the investment process in order to take advantage of the available opportunities to increase economic growth and promote economic development in the various governorates of the Kingdom.

Today, Jordan stands on the threshold of the new phase of legislative frameworks for investments through its recent enactment of the Jordanian Investment Law no. (30) for the year 2014. The Investment Law demonstrates a qualitative leap in the development of the investment environment in the Kingdom. Having removed the various obstacles surrounding investments in Jordan, the Investment Law provides for the unification of the authorities concerned with investments via the establishment of a single reference point for investments, being the Jordan Investment Commission. The new legislation also grants additional authorities to the Investment Window to further simplify the procedures of setting up investment projects - an undertaking which allows the Commission to keep afloat with best practices and adhere to the highest international standards related to the simplification of investment procedures.

Finally, I would like to express my deepest gratitude and appreciation to His Majesty King Abdallah II Bin Al Hussein of Jordan for his continuous support in promoting the investment regime in Jordan including the work of the Investment Commission.

Dr. Montaser Oklah

Chairman of the Jordan Investment Commission



Petra

One of the Seven Wonders

Established possibly as early as 312 BC as the capital city of the Nabataeans, it is a symbol of Jordan, as well as Jordan's most-visited tourist attraction.

Message

Our guide to 'Doing Business in Jordan' aims to provide companies and individuals with the vital information they need when considering current and potential operations in the Hashemite Kingdom of Jordan. This guide seeks to answer some of the most important questions that investors face regarding their business structure based on the specific activities they wish to undertake. We have also provided an insight into the key employment issues for companies and employers alike.

As one of the regional business hubs, Jordan has experienced exponential growth in recent years and consistently strives to reinforce its position as a commercial, cultural and economic leader in the MENA region and beyond. Our 'Doing Business' series of books have become increasingly popular in both helping new businesses set up and current business stay up to date on legal policies and changes in legislation.

We trust that you will find the information presented valuable and provides greater understanding of the business and legal aspects of operations in Jordan.

We look forward to the opportunity to work with you to ensure your success when doing business in Jordan.

Al Tamimi & Company

التميمي و شركاه
ALTAMIMI & CO.

Doing Business in the Middle East? So are we...

As the **largest law firm in the Middle East**, Al Tamimi & Company knows more than just the law. We pride ourselves on understanding the business environment in which we operate, benefiting the clients we work with.

We have the knowledge, expertise and cultural awareness to ensure that our clients are at the forefront of doing business in the Middle East.

16 Offices | 9 Countries | 325 Lawyers

www.tamimi.com





Why Jordan?





Why Jordan?

Doing business in Jordan presents many opportunities for new and existing businesses, including:

- Its strategic location and secure political, economic and judicial environment under a well established governmental system.
- Acting as a “gateway” to Iraq and other MENA countries.
- Stability in economic policy and control of the macroeconomic tools.
- A stable currency with Jordanian Dinar (JOD) pegged to United States Dollar (USD), at a rate of 0.709 JOD: 1 USD.
- Modern Investment Laws, through the constant development of the Investment environment by simplifying the procedures related to investments. Said advanced position has been evidenced under numerous International Economic Reports. E.g. please refer to www.worldbank.org/en/country/jordan

- Access to Global Markets, with access to over one billion potential consumers. This has been achieved by Jordan acceding to various international and bilateral free trade agreements, including:
 - » US- Jordan Free Trade Agreement
 - » Duty free access to EU markets
 - » Access to 17 Arab countries through the GAFTA
 - » Bilateral agreements and favorable protocols with over 20 countries
 - » Member of the Multilateral Investment Guarantee Agency (MIGA)
 - » Member of the World Trade Organisation
- Developed infrastructure of airports, ports and roads networks in addition to seeking to create a rail network linking the Kingdom with neighboring countries.
- Major trucking lines ensuring the movement of goods and raw materials to and from the port of Aqaba, in addition to established gateways via neighboring countries.
- Paving the way for the Private Sector to become a “key driver” of economic activities and the development process. In the last few decades, Jordan has been experiencing an ongoing privatisation of major state-owned enterprises and has implemented significant advances in structural and legal reform.
- Efficient and qualified human resources. The Jordanian labour force is considered to be one of the most qualified, competitive and productive in the region.
- Developed Financial and Banking Sectors.
- Equal treatment of local and foreign investors, subject to certain restricted or limited activities.
- Free repatriation of capital, profits and salaries.



An aerial night photograph of Amman, Jordan. The city is densely packed with multi-story buildings, many of which are illuminated with warm yellow lights. In the foreground, the large, semi-circular Roman Amphitheatre is visible, its stone tiers glowing under the city lights. To the left of the amphitheatre, a large, brightly lit square or plaza is visible. The background shows the city continuing up a hillside, with a few tall communication towers visible against the twilight sky. The overall scene captures the vibrant urban life and historical heritage of the city.

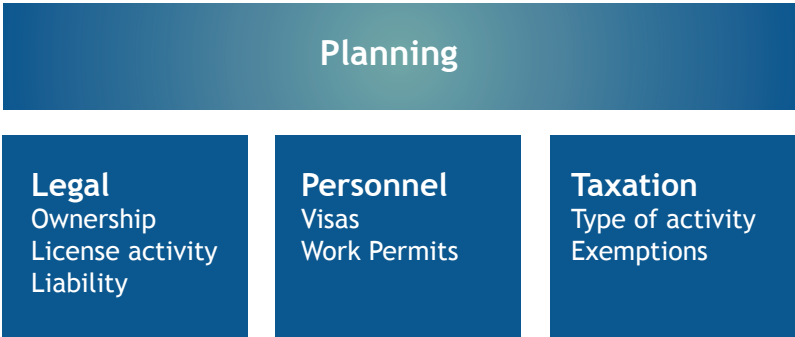
Setting up in Jordan

Setting up in Jordan

a. Investment Considerations

Prior to considering the legal framework governing investments in Jordan, a prudent investor starting up a new business, and particularly one in a foreign country, is advised to properly consider a plethora of matters (financial, tax, environmental, social, labour, etc.) which may impact his potential investment.

From a legal standpoint, there are three main considerations which investors should be aware of before entering into any enterprise:



1. Legal

Ownership / Liability: Are there any restrictions on foreign ownership? If so, the possibility of applying for exemptions or structuring the business in such a manner as to overcome the same? Is there any corporate structures which best accommodate your requirements as shareholders? Any liability incurred by you as shareholders for debts of the company, beyond any amount outstanding on your shares?

License Activity: Depending on the type of activity to be performed in Jordan, the relevant sector's approval or license may be required.

For instance, construction companies in Jordan must be licensed and classified by the Ministry of Public Works, as well as be registered with the Jordanian Construction Contractors Association.

In addition to the relevant sector's approval/license, companies in Jordan are generally required to:

- Register with the Income & Sales Tax Department;
- Register their employees with the Social Security Corporation;
- Appoint an external auditor of the Company, and file audited financials with the Companies Control Department no later than 30th of April of each financial year;
- Register with the Chamber of Commerce / Chamber of Industry;
- Obtain a Municipality (Vocational) License; and
- Subject to the corporate form and/or capital of the company, retain a local lawyer.

2. Personnel

The Jordanian Labour Law grants employees (local and foreign) substantial minimum rights, including in connection with work hours, annual and sick leave entitlements, compensation for unfair dismissal and remuneration entitlements, further details on page 37.

In addition, each enterprise employing one or more employee(s) must register its employees with the Social Security Corporation, and pay the respective contributions (respective contribution paid by the employer, and employee contribution deducted from the employee salary).

Immigration Considerations: Under Jordanian laws, priority in employment is generally granted to local employees. It is, however, possible to employ non-Jordanians where the work requires expertise which are not readily available or not sufficient in the Jordanian workforce. The corporate structure of the enterprise as well as its purported business are likely to impact the extent to which said enterprise may be entitled to employ foreign personnel.

Each foreign employee must be sponsored by an employer duly registered in Jordan, obtain a work permit, be a resident of Jordan (including having a residency card) and undergo security and health clearance.

The approval of the Ministry of Labour is required for the purposes of obtaining a work permit for the foreign employee, and wherein, a committee is formed to evaluate each case on its merits.



3. Taxation

Investors should be aware of any taxes applicable to their investment; including in particular, whether the investor or investment is eligible for any tax exemptions or benefits.

In making said determination, the following factors are worthy to note:

- Whether the services are to be provided within or outside Jordan, or into any Free Zone or Development Zone?
 - Whether the intended activity is industrial in nature?
 - If the intended activity falls within the ambit of the Investment Law?
 - Possibility of applying for any exemptions?
-

b. Foreign Investment Considerations

The Investment Law provides for equal treatment to be granted to foreign and local investors alike, unless otherwise provided for under applicable laws. This means that there are no additional restrictions on foreign investment other than those stated in the applicable regulations, and unless expressly prohibited, foreign investors may hold up to 100% of any intended investment in Jordan.

Regulation No.5 of 2000 in connection with regulating non-Jordanian Investments provides an exhaustive list of activities which may only be undertaken by Jordanians, including passenger and freight road transportation services, quarries for certain stones, security services, and certain clearance services.

In addition, the said Regulation further stipulates that certain activities and services require a local partner (50-51%), including most retail activities, engineering and construction services, certain maritime and transport activities, certain brokerage and money exchange services, among others.

Minimum Capital Requirements: The minimum investment of each foreign investor in any local company in Jordan is JOD50,000, with the exception of investments in shares of public shareholding companies. Minimum capital requirements for foreigners override any lower minimum capital requirements provided for any particular corporate form.

Applying for an Exemption: Depending on the nature and size of a foreign investor's contribution or portfolio, it may be possible to apply to the Council of Ministers for an exemption from the foreign ownership restrictions detailed above.

DZ and FZ: The share capital and foreign ownership restrictions detailed above, do not apply to investments in companies duly incorporated in the Development Zones or Free Zones. In fact investors benefit from certain incentives such as. 5% income tax on all activities within development zones, 7% sales tax on sales within the zone, no sales tax and no import duties on goods and services purchased for use by the investor for their projects.

Other Considerations: Restricted or limited activities may be subject to review or amendment by the Investment Commission and other related authorities in light of the recent introduction of the Investment Law of 2014.

c. Corporate Forms

This guide provides an overview of the more common corporate structures, available to investors in Jordan, as follows:

1. Limited Liability Company (LLC)

- A limited liability company is composed of 2 or more shareholders, unless the Controller consents to the incorporation of a LLC comprised of 1 shareholder.
- The minimum share capital requirements of an LLC is JOD1 if all the shareholders are Jordanian.

- Public subscription for raising capital is not permitted.
 - The LLC is a separate legal entity from its shareholders, and wherein the liability of the shareholders is limited to their respective share capital contribution (including any unpaid portion thereof).
 - Rights granted to each shareholder shall be in accordance with their respective shareholding percentage of the LLC.
 - The LLC is managed by a General Manager or a Management Committee.
-

2. Private Shareholding Company (PSC)

- A private shareholding company is composed of 2 or more shareholders, unless the Controller consents to the incorporation of a PSC comprised of 1 shareholder.
 - The minimum share capital requirements of a PSC is JOD50,000, if all the shareholders are Jordanian.
 - A PSC may issue shares, corporate bonds, and other securities.
 - The PSC is a separate legal entity from its shareholders, and wherein the liability of the shareholders is limited to their respective share capital contribution (including any unpaid portion thereof).
 - The PSC offers flexibility to shareholders, in that in accordance with the certified Memorandum and Articles of Association of a PSC, a PSC may provide for various types and categories of shares which might differ in terms of their nominal value, voting force, method of profit and loss distribution among shareholders, as well as their rights, priorities, restrictions, and advantages.
 - The PSC is managed by a Board of Directors.
-

3. Foreign Company – Operating

- An operating branch of a foreign company may be incorporated for the execution of certain works (e.g. construction) in Jordan, under a contract with a Jordanian employer. There are no restrictions as to the type of employer, public or private.

- The foreign operating company is limited to the purpose and period of the said contract.
 - The foreign operating company is not a distinct legal entity, does not grant limited liability to its Parent Company, and is not subject to any minimum capital requirements.
 - A Jordanian representative/manager must be appointed to act as a liaison with governmental and regulatory authorities.
-

4. Foreign Company – Non-operating

- A non-operating branch of a foreign company may be incorporated to act as a regional or representation office in Jordan for operations it concludes outside of Jordan.
 - The foreign non-operating company is prohibited from carrying out any business or commercial activities in Jordan, including operations of commercial agencies and intermediaries.
 - The foreign non-operating company is not a distinct legal entity, does not grant limited liability to its Parent Company, and is not subject to any minimum capital requirements.
 - A Jordanian representative/manager must be appointed to act as a liaison with governmental and regulatory authorities.
 - The foreign non-operating company is on account of it not performing works in Jordan, granted various tax exemptions and privileges.
-

5. Exempt Company (Offshore Company)

- Various corporate forms available for the incorporation of an Exempt Company.
- Exempt Company is a company registered as a Jordanian (local) company, and that is prohibited from carrying out any operations in Jordan.
- The Exempt Company is on account of it not performing works in Jordan, granted various tax exemptions and privileges.



Specific Investment Opportunities

Specific Investment Opportunities

a. Development Zones

To further foster economic development, particularly in less developed or industrialised areas, the Jordanian government has dedicated certain geographic areas as free zones, development zones and special economic zones respectively. These areas are overseen by development companies that regulate the investments in these specified areas. The development companies, under the supervision of the Jordan Investment Commission, oversee the following:

- Preparation of framework schemes and economic feasibility studies;
- Provision of lands through lease or sale;
- Providing infrastructure services;
- Provision of sites and facilities for management services, in addition to municipality services;
- Establishing Private-Public Partnerships; and
- Providing a developed business environment for the duration of the project.

A Snapshot of Key Investments in the Development Zones

Jordan Development Area
(Ajloun, Dead Sea)

Tourism, Eco-Tourism and Hotel Services

King Hussein Bin Talal Development Area- Al Mafraq

Industrial Sector, Logistics Sector,
Housing and Trade Services

Irbid Development Area

Information Technology and Health Care Services

King Hussein Business Park, Amman

Specialised Services, Medical and Health Care Services,
Education, Media and Entertainment Services

Ma'an Development Area

Light, Medium and Heavy Industries, Ceramics,
Plastics and Electronic Equipment

Industrial Investment Opportunities in the Development Zones

Industrial cities provide developed lands and industrial buildings for sale or lease to investors at competitive prices in Jordan, with access to affordable public utilities including electricity, water, and infrastructure services.

Industrial cities enjoy the same customs and tax incentives and exemptions as the Development Areas.

Industrial Cities in the Kingdom

Existing Industrial Cities

Abdallah II Bin Al Hussein Industrial City/Amman

Al Hasan Industrial City/Irbid

Al Hussein Bin Abdallah II Industrial City/ Al Karak Governorate

Al Aqaba International Industrial City

Al Muwaqqar Industrial City

Future Projects

Al Mafrq Industrial City/ Al Mafrq

Al Zarqa'a Industrial City

Madaba Industrial City

Al Salt Industrial City

b. Free Zones

Shown below are the established Free Zones in Jordan and the main activities licensed therein:

Free Zone/ Al Zarqa'a

Industrial, Trade, Services, Tourism

Free Zone/Sahab

Industrial, Trade, Services, Tourism

Free Zone/ Queen Alia Airport

Industrial, Trade, Services, Tourism

Free Zone/ Al Karak

Industrial, Trade, Services, Tourism

Free Zone/ Al Karama

Industrial, Trade, Services, Tourism

Free Zone/ Al Muwaqqar

Industrial, Trade, Services, Tourism

In addition, there are currently 37 private and licensed free zones that perform various economic activities including:

- Media;
 - Trade activities;
 - Warehousing;
 - Industrial, agricultural and services activities.
-

c. Sector-Specific Investments

Energy and Renewable Energy Sector

Jordan is distinguished by a number of features which make it ideal for investments within this sector. These include the fact that Jordan’s oil shale stake comprises around 2% of the world’s stock overall, as well as being in a location characterized by (3000 hours / year) of sunlight and wind speeds of up to (7 m / s) in some areas.

Investment opportunities in the energy and renewable energy sectors may take the form of:

Solar Cell Manufacturing	Generation of Electricity from Solar Energy
Wind Turbines and Solar Reflectors	Generation of Electricity from Wind Energy
Participation in Turnkey Projects	Generation of Electricity from Geothermal Energy
Water Desalination Projects	The Exploitation of Oil Shale

Tourism Sector

Jordan's tourism sector is considered a fast growing one, and it includes numerous economic and social sectors. The tourism sector contributed to 12.2% of the country's GDP in 2014.

Jordan takes advantage of its strategic geographical location in the region as well as its security stability, moderate climate, and plethora of historical sights to boost its tourism industry. For those efforts, Jordan is recognised as a safe destination for tourists.

Jordan is home to worldwide attractions such as, Petra (one of the Seven Wonders of the World), Dead Sea (the lowest point on Earth, with its waters known to provide various health benefits) and the Holy Baptism Site of Jesus Christ.

Investment opportunities in the tourism sector may take the form of:

**Touristic Hotels of 3, 4
and 5 Stars Classification**

Convention and Exhibition
Centers

**Entertainment Cities and
Parks**

Restaurants of 3, 4 and 5 Stars
Classification

Medical and Tourist Resorts

Telecommunications and Information Technology Sector

Jordan has succeeded in creating and developing a highly competitive Telecommunications and Information Technology sector, and which is considered to be one of the leading sectors in the MENA region.

The Telecommunications and Information Technology sector constitutes the third largest contributor to the GDP in Jordan, at a rate of 14%, with the number of the companies operating in this sector reaching over 400 companies, employing approximately 16,000 people.

A number of incentives and measures have been undertaken to further facilitate and provide incentives to the development of this sector.

Investment opportunities in the Telecommunications and IT sector may take the form of:

Games and Animation Design Studios	E-learning for Arabic Content
Investment Funds Targeting Emerging IT Companies in Jordan	Software
Call Centers for Customers	IT Solutions in the Financial Sector
Outsourcing Services: Call Centers, Financial, Administrative and Information	

Healthcare Sector

Jordan is one of the leading countries for medical tourism. Jordan has been ranked first in the Middle East by the experts of the World Bank, and fifth globally as a destination for medical tourism.

Jordan provides excellent medical services locally, but also to the Middle East and North Africa markets at competitive rates, due in part to availability of outstanding doctors and medical staff.

Investment opportunities in the Healthcare sector, may take the form of:

**Medical Centers /
Hospitals with 5 Star
Classification**

Medical Education, including
Universities and Colleges

**Specialised Medical
Centers**

Medical and Therapeutic Spas



The Industrial Sector

The Industrial Sector is considered to be one of the most promising sectors in the Kingdom, on account of the numerous industrial and development cities that are dedicated to the support of both large industries and SMEs. This sector contributed to 22% of the national GDP in the year 2014.

Industries that have gained momentum in Jordan in recent years include:

- **Extraction industries:** which include the extraction of calcium carbonate (used in the cement industry), building stones (such as: Travertine), ornamental stones (such as marble and granite), silicates which are used in the glass industry, in addition to oil shale and basalt, phosphate and many other mineral rocks.
- **Metal manufacturing industries:** which include fertilizers, chemical acids, cements, ceramics, plastic materials, rock wool, silica and bricks.
- **Pharmaceutical sector:** Jordanian pharmaceutical products are exported to more than 60 countries around the world. Jordan is known to comply with and effectively implement international Intellectual Property Laws, as well as relevant health laws and laws relating to clinical trials, and to effectively implement the same.

A wide-angle photograph of a coastal scene. On the left, the turquoise sea meets a rocky shore. The foreground is dominated by a large, textured rock formation with intricate patterns. The sky is a deep blue with scattered white clouds. The overall mood is serene and natural.

Labour Law Framework in Jordan

Labour Law Framework in Jordan

Employment relations in Jordan are primarily covered by the Jordanian Labour Law No. (8) for the year 1996, as amended. The Labour Law sets out a minimum standard of employment conditions, and wherein, employers may provide for more favorable employment conditions, but may not detract from the minimum rights granted to employees by virtue of the Labour Law.

The Labour Law applies equally to foreign and local workers in Jordan.

Employment Contracts

Employment contracts may be for a limited or unlimited term. The rights and entitlements granted to employees differ depending on the type of contract of employment, particularly in relation to entitlements upon termination of the employment relationship.

Minimum Salary / Wage

The minimum wage in Jordan is set by a committee appointed by the Council of Ministers for this purpose, in accordance with the Jordanian Labour Law. The minimum wage is currently set at JOD 190 /-per month; though, this is subject to change in accordance with the above procedure.

Several provisions of the Labour Law protect the wage, including a requirement to pay wages within a period not exceeding seven days from the date they fall due, as well as a prohibition on employers to deduct any part of the wage other than in the cases permitted by Law.

Social Security Contributions

Each employer employing one or more employee(s) must register its employees with the Social Security Corporation, and pay the respective contributions (including Employer Contributions and Employee Contributions deducted from the employee's salary).

Probation Period

The employer may recruit an employee under probation to verify his qualifications and capabilities to carry out the required work, provided that the probation period shall not exceed three months. The employer is obliged to pay wages to the employee during this period, and wherein said wage shall not be less than the minimum wage.

Working Hours

Total working hours shall not exceed 8 hours/- per day; it being possible to provide for different arrangements and shifts in accordance with the Labour Law, provided that the total working hours per week shall not exceed 48 hours.

Employees are entitled to a weekly, paid respite day.

Employees are further entitled to compensation for any overtime work and for any work performed during the respite day and public or religious holidays, at a premium to their normal wage.

Annual Leave Entitlements

Each employee shall be entitled to an annual leave with full pay, amounting to 14 working days /- per each year of service. Employees

who have completed five consecutive years of service with the same employer, shall be entitled to 21 working days of annual leave/- per each year of service thereafter.

Employees are entitled to further leave entitlements in certain circumstances, including for instance, in connection with Maternity Leave and Hajj Leave.

Sick Leave

Each employee shall be entitled 14 days /-per year sick leave with full pay, based on a report from a physician approved by the employer. The employee shall be entitled to an additional 14 days /-per year sick leave with full pay, if he was an in-hospital patient or based on a report of a medical committee approved by the employer.

Health Insurance

The Labour Law does not oblige the employer to provide the employee with health insurance. The employer may do so in accordance with their own discretion, and it shall be considered as an extra benefit. However, once the employer provides the employee with a health insurance, it becomes an acquired right and as such, it cannot be withdrawn.

Termination by Notice under Unlimited Term Contracts

Either party may terminate an unlimited term contract, by serving the other party at least 1 month prior written notice of their intention to terminate the contract. This notice can only be withdrawn with the approval of both parties.

The employment contract shall remain effective throughout the notice's term and this term shall be counted within the service term.

The said provision notwithstanding, termination by an employer via one month notice is likely to be regarded as unfair dismissal, with the result that, the employee shall be entitled to claim compensation for said

unfair dismissal, unless the grounds for termination falls under those provided under Article 28 of the Labour Law (see “Termination for Employees Default” below).

Termination For Default of Employee’s Default

There are limited grounds under which an employer may validly terminate an employee’s services without providing prior notice. These grounds are exhaustively stipulated under Article 28 of the Labour Law.

Importantly, Jordanian court precedent clearly establishes that where an employer terminates the employment of his employee for reasons other than those provided under Article 28, even with 1 month prior notice, the same is likely to constitute unfair dismissal; with the result that, the employee shall be entitled to claim compensation for said unfair dismissal.

Termination by Employee

Pursuant to Article 29 of the Labour Law, an employee shall have the right to leave work without notice and still maintain his legal rights and entitlements, in any of the following cases:

- He is employed to perform work that is significantly different from the agreed upon work;
- Employing him in a manner that entails changing his permanent place of residence unless the contract has stipulated the permissibility of this;
- Transferring him to another work of a lower degree, than that which has been agreed upon;
- Reducing his wage;
- If a medical report issued by a medical authority has proven that continuing to work will threaten his health;
- If the employer or his representative assaulted him during work physically or by degradation;

- If the employer has defaulted in executing any of the provisions of the Labour Law or any regulation issued by virtue there under, provided that the employer had received notification from a competent authority at the Ministry of Labour in this regard.
-

Compensation for Unfair Dismissal

Compensation for unfair dismissal, in connection with an unlimited term contract is calculated as follows:

½ a month for each year of service, provided that the compensation shall not amount to less than the equivalent of two months' pay.

Whereas, in the case of an employer terminating a limited term contract prior to its term (other than in the cases stipulated under Article 28 of the Labour Law), the employee shall be entitled to any wages and all rights and benefits stipulated in the employment contract, up to the expiry of the remaining period of the contract.

Should the employee terminate the limited term contract in cases other than those stipulated in Article (29) of the Labour Law (see above), the employer shall have the right to claim any damages arising from that termination which shall be specified by the competent court, provided that the amount of compensation shall not exceed the ½ month wage for each month of the remaining period of the contract.

End of Service Remuneration

Where an employee is not registered with the Social Security Corporation, he is entitled to end of service remuneration, calculated at a rate of 1 month per each year of service, at the termination of his employment contract for any reason whatsoever.



JORDAN

Government

Jordan is a fourth generation monarchy, under the patronage of HM King Abdallah II, supported by a democratically elected Parliament.

Population

Approximately 6.7 million in 2014.

Religion

Islam.

Currency

The official currency of Jordan is the Jordanian Dinar (JOD).

Language

The official language is Arabic, although English is widely used in business circles.

Not only an Investment Front!

- Amenities of modern life are readily available.
- High standard of public and private education provided in Arabic, English and French.
- International standard health services available at competitive rates.
- Traditional festivals, cultural entertainment events and a wealth of archeological sites.
- Fine dining and local retreats.





The Hashemite Kingdom of Jordan
Investment Commission

المملكة الأردنية الهاشمية
هيئة الإستثمار

التميمي و مشاركون
ALTAMIMI & CO.