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OUTCOME OF PROCEEDINGS

From: General Secretariat of the Council
 To: Code of Conduct Group (Business Taxation)
 Subject: Jordan's Free Zone regime (JO001)
 – Final description and assessment

ROLLBACK REVIEW PROCESS (JANUARY 2019)

At its meeting of 9-11 January 2019 the FHTP agreed that the Free Zone was to be considered as abolished, but Jordan had committed under both the FHTP and COCG criteria (see commitment letter set out under doc. 6972/18 ADD 38). The Code of Conduct Group meeting of 30 January 2019 therefore also reviewed the rollback of this regime:

| | 1a | 1b | 2a | 2b | 3 | 4 | 5 |
|---|-----------|-----------|-----------|-----------|----------|----------|----------|
| Jordan's reformed free zone regime | X | ? | X | ? | X | X | X |

V = harmful

X = not harmful

Explanation

Gateway criterion - Significantly lower level of taxation:

“Within the scope specified in paragraph A, tax measures which provide for a significantly lower effective level of taxation, including zero taxation, than those levels which generally apply in the Member State in question are to be regarded as potentially harmful and therefore covered by this code”

Under the recently adopted amended Income Tax Act (see [Annex 2](#)), tax rates will be aligned with the rates generally applicable outside the zones by 2023 (Article 11 B). General tax rates on profits from industrial activities will gradually be brought down to 5% (Article 11 C). This gradual approach would apply to entities in Free Zones from 1 January 2019.

The amended Income Tax Act supersedes any Investment Act that could be applicable.

As the tax rates for income under the Free Zone regime are now aligned with the general rates those rates cannot be viewed as significantly lower and the Gateway criterion is not passed.

Criterion 1 – Targeting non-residents

“whether advantages are accorded only to non-residents or in respect of transactions carried out with non-residents”

The law makes no distinction between foreign and domestic entities or foreign and domestic profits for the purpose of taxation (Article 8 of the amending law, amending Article 11.G.1) .

Criterion 2 – Ring-fencing:

“whether advantages are ring-fenced from the domestic market, so they do not affect the national tax base”

The law makes no distinction between foreign and domestic entities or foreign and domestic profits for the purpose of taxation.

Criterion 3 - Substance:

“whether advantages are granted even without any real economic activity and substantial economic presence within the Member State offering such tax advantages”

A provision has been added that aims to ensure that activities within the zones and otherwise are of a substantial nature (Article 20 E).

Criterion 4 – Internationally accepted principles:

“whether the rules for profit determination in respect of activities within a multinational group of companies departs from internationally accepted principles, notably the rules agreed upon within the OECD”

A provisions on transactions between related persons of arms-length type has been added (Article 20 D). The new provision is not very detailed but is sufficient.

Criterion 5 - Transparency:

“whether the tax measures lack transparency, including where legal provisions are relaxed at administrative level in a non-transparent way”

The measure is fully set out and published in the relevant legislation and the practice should not involve any administrative discretion.

Overall assessment:

“Without prejudice to the respective spheres of competence of the Member States and the Community, this code of conduct, which covers business taxation, concerns those measures which affect, or may affect, in a significant way the location of business activity in the Community”

In light of the assessment made under all Code criteria, the regime was considered not harmful from a Code of Conduct point of view.

This conclusion was endorsed by the ECOFIN Council on 12 March 2019.

Annex 1: Assessment of the old JO001 regime in 2017 (standstill review)

Annex 2: Law No. (38) for 2018 amending the Income Tax Law

Assessment of the old JO001 regime in 2017 (standstill)

a. Description

Jordan has several free trade zones at Aqaba, Zarka, Dar'a on the Syrian border, Sahab, Al-Karak, Al-Karama and Queen Alia International Airport, which are administered by the Free Zones Corporation.

To obtain a licence to operate in a free zone, a company must:

- be newly established in Jordan;
- use modern technology, local raw materials or components;
- improve labour skills;
- and reduce Jordan's dependence on imports.

Licensed companies may carry on manufacturing, storage, re-packing, mixing or blending activities.

b. Preferential features

According to article 14 of the new Investment Law 30/2014, licensed companies enjoy the following benefits:

- Exemption from corporate income tax on profits for investments in the following:
 - Export of goods and services outside Jordan;
 - Transiting;
 - Sale of goods within the free zone area; and
 - Rendering of services within the free zone area;
- Freedom to repatriate capital invested and profits earned.

c. Possible concerns

Some specific tax benefits (exemption for CIT just for investments in the export of goods outside Jordan, freedom to repatriate capital invested and profits earned) seem targeted to foreign enterprises or to activities with foreign entities/markets which could entail a risk of ring fencing since tax advantages are likely to be granted only to foreign enterprises or in respect of transactions carried out with non-residents.

A regime limited to foreign taxpayers and/or to operations outside the territory of the jurisdiction does not meet criteria 1 & 2 of the Code of Conduct which forbid this type of ring fencing.

Sources of information

IBFD

d. Assessment by the FHTP:

Potentially harmful

Law No. (38) of 2018

We, Faisal Ibn Al-Hussein, Viceroy of His Majesty the King, pursuant to Article (31) of the Constitution and based on the resolution of the Senate and the House of Representatives, hereby ratify the following law and order the same to be promulgated and added to the laws of the State:

Law No. (38) for 2018

Amending the Income Tax Law

Article (1):

This Law shall be cited as the (Law Amending the Income Tax Law for 2018) and shall be read as one with Law No. (34) for 2014, hereinafter referred to as the Original Law, and shall enter into force as of the 1st of January 2019.

Article (2):

Article (2) of the Original Law shall be amended as follows:

First: By adding the word (present) after the phrase (Taxpayer's total) in the definition of (Gross Income) provided for therein.

Second: By adding the definition of (Net Income) after the definition of (Gross Income) provided for therein:

Net Income:

The amount remaining of Gross Income from all taxable sources of income after deducting Allowable Expenses.

Third: By deleting meaning assigned to the definition of (Taxable Income) provided for therein and replacing the same with the following:

Taxable Income:

The amount remaining of Net Income or Total Net Income after deducting the loss carried forward from previous tax periods, personal exemptions and donations, respectively .

Fourth: By adding the definitions of (Related Person) and (Tax Evasion) after the definition of (Resident Legal Person) provided for therein, as follows:

Related Person:

1. A natural person who owns, or any relatives thereof up to the second degree own, a share greater than (50%) in the capital of another legal person.

2. A legal person that owns a share greater than (50%) in the capital of, or a controlling right to make decisions regarding, another legal person
3. A natural person who is related to another natural person, whether as a spouse or relative up to the first degree.

Tax Evasion:

The wilful use of fraudulent methods involving fraud, deceit, falsification, concealment of data, provision of fictitious data, or participation in any of the same, for the purpose of avoiding payment or declaration of tax, in whole or part, or reducing the same as prescribed in this Law.

Fifth: By deleting the meaning assigned to the definition of (Mining Raw Materials) provided for therein and replacing the same with the following:

Mining Raw Materials:

Exploration, extraction, and exploitation of phosphate, potash, uranium and derivatives of the same, and any other natural raw materials specified by resolution of the Council of Minister, with the exception of the manufacture of fertilizers and cement.

Article (3):

Article (3) of the Original Law shall be amended as follows:

First: By deleting the phrase (whether sold in the Kingdom or exported therefrom) in the last part of sub-paragraph (4) of paragraph (A) thereof.

Second: By adding paragraph (D) thereto as follows:

D. The income generated by electronic commerce of goods and services shall be taxable.

Article (4):

Article (4) of the Original Law shall be amended as follows:

First: By deleting the text of sub-paragraphs (1, 2, 5, 6 and 7) of paragraph (A) thereof and replacing the same with the following text :

1. The King.
2. Income generated by official and public institutions and municipalities inside the Kingdom, excluding income from rent and key money, profits from any investment activity or surplus of annual revenue deemed taxable by the Council of Ministers upon the recommendation of the Minister .
1. Capital gains generated inside the Kingdom; with the exception of profits generated from assets covered by the depreciation provisions in this Law, profits generated from the sale of shares in a legal person and profits generated by information technology companies and establishments after the lapse of the period specified in sub-paragraph (7) of this paragraph.

2. Income generated by venture capital companies as defined in and registered under the Companies Law.
3. Capital gains generated from the sale of stock or shares in information technology companies and establishments involved in the creation, processing, and storage of information using electronic means and software; for a period not exceeding fifteen years from the date of registration of the same, or the effective date of this Amending Law, whichever is earlier, extended to any further periods by resolution of the Council of Ministers upon the recommendation of the Minister. Relevant exemption terms and conditions shall be stipulated by virtue of a bylaw issued for this purpose.

Second: By adding sub-paragraph (8) to paragraph (A) thereof as follows

4. Dividends distributed by resident limited liability companies, general and limited partnerships and public and private shareholding companies; with the exception of the distribution of dividends of by banks, main telecommunication companies, raw materials mining companies, insurance and re-insurance companies, financial intermediaries, financial companies, and legal persons carrying out financial leasing activities

Third: By renumbering sub-paragraphs (8, 9, 10 and 11) of paragraph (A) thereof to become sub-paragraphs (9, 10, 11 and 12) respectively.

Fourth: By deleting sub-paragraphs (12 and 13) of paragraph (A) thereof and replacing the same with the following:

13. End of service indemnity payable to an employee up the termination or end of the service thereof for said service under the legislation in force or any collective arrangements made with consent of the Minister as follows :

- A. 100% of any amount due for the employee's services prior to December 31, 2009
- B. 50% of any amount due for the employee's services from January 1, 2010 to December 31, 2014
- C. The first (15,000) fifteen thousand dinars of the amount due for the employee's services as of January 1, 2015.
- D. Amounts in excess of those specified in (B and C) of this sub-paragraph shall be subject to tax at the rate of 9%

14. The first 2,500 dinars of total monthly pension; including disability pension.

Fifth: By renumbering sub-paragraphs (14, 15, 16 and 17) of paragraph (a) thereof to become sub-paragraphs (15, 16, 17 and 18) respectively.

Sixth: By adding sub-paragraphs (19 and 20) thereto as follows:

19. Amounts distributed by social solidarity funds of trade unions to members thereof or, in the event of death, heirs of the same.

20. (2,000) two thousand dinars for every person with a permanent disability.

Seventh: By deleting the phrase (sub-paragraph (17)) in paragraph (F) thereof and replacing the same with the phrase (sub-paragraph (18)).

Article (5):

The text of article (5) of the Original Law shall be deleted and replaced by the following text:

Article (5):

- A. The first (1,000,000) one million dinars of the sales generated by a natural person from an agricultural activity in the Kingdom shall be tax-exempt .
- B. The first (50,000) fifty thousand dinars of the net income generated by a legal person from an agricultural activity in the Kingdom shall be tax-exempt.
- C. For the purposes of this Article, agricultural activity shall mean:
 - 1. The production of crops, grains, vegetables, fruits, plants, flowers and trees.
 - 2. Breeding livestock, fish, poultry and bees; including the production of eggs and honey.

Article (6):

The text of paragraph (B) of article (6) of the Original Law shall be deleted and replaced by the following text:

B. 1. Interest and Murabaha profits paid or payable to non-related persons.

2. Interest and Murabaha profits paid or payable to related persons; provided that the deductible amount does not exceed (3:1) of total debt to paid-in capital or average equity, whichever is greater. Interest or Murabaha profits in excess of the allowable limit in the tax period may not be deducted or carried forward; including interest or Murabaha profits capitalized on assets in accordance with the provisions of this sub-paragraph.

Article (7):

The text of article (9) of the Original Law shall be deleted and replaced by the following text :

Article (9):

A. To arrive at the taxable income, a resident natural person shall deduct the following exemptions:

- 1. Ten thousand dinars for the year 2019 and nine thousand for the year 2020 and thereafter; dinars as personal exemption.
- 2. Ten thousand dinars for dependents, regardless of their number, for 2019 and nine thousand dinars for 2020 and thereafter.
- 3. A natural person and dependents thereof shall be granted exemptions against medical treatment, education, rent and housing loan and Murabaha expenses as follows:

- A. One thousand dinars for the taxpayers as of the year (2020 and thereafter).
- B. One thousand dinars for the spouse of the taxpayer as of the year (2020 and thereafter).
- C. One thousand dinars per child, for a maximum of (three thousand) dinars.

B. 1. In the event joint or separate tax returns are submitted by spouses, or the event of joint or separate assessment decisions therefor, the allowable exemption for the Taxpayer and dependents thereof pursuant to the provisions of paragraph (A) of this article may not exceed (23,000) dinars.

2. No joint tax return may be submitted, or joint assessment decision issued, without the consent of spouses.

C. The Taxpayer or spouse thereof may benefit from the difference in the exemption granted pursuant to the provisions of paragraph (A) of this article; provided that the exemption granted, in any case, does not exceed (23,000) dinars.

D. A non-resident Jordanian natural person may benefit from the exemptions related to dependents residing in the Kingdom; if said dependents are supported by said person .

E. A female taxpayer with dependents may be granted the dependents' exemption provided for in paragraph (A) of this article. In the event or than one Taxpayer with dependents applies for this exemption, the same shall be divided between said taxpayers in proportion with the dependency ratio; subject to submitting supporting invoices or documents; otherwise the exemption shall be equally divided between the taxpayers.

Article (8):

The text of article (11) of the Original Law shall be deleted and replaced by the following text:

Article (11):

- A. Tax shall be levied on the taxable income of a natural person as per the following rates:
 - 1. (5%) five percent on each dinar of the first five thousand dinars.
 - 2. (10%) ten percent on each dinar of the second five thousand dinars.
 - 3. (15%) fifteen percent on each dinar of the third five thousand dinars.
 - 4. (20%) twenty percent on each dinar of the fourth five thousand dinars.
 - 5. (25) twenty-five percent on each dinar thereafter up to one million dinars.
 - 6. (30%) thirty percent on each dinar of the Taxpayer's taxable income in excess of (1,000,000) one million dinars.

B. Tax shall be levied on the Taxable Income of a legal person as per the following rates:

1. (20%) twenty percent for all legal persons except as provided for in sub-paragraphs (2 and 3) of this paragraph.
2. (24%) twenty-four percent on each dinar for main telecommunication companies, electricity distribution and generation companies, raw material mining companies, insurance and re-insurance companies, financial intermediaries, financial companies and legal persons practicing financial leasing activities.
3. (35%) thirty-five percent for banks.

C. The tax due on industrial activity shall, for a period not exceeding five years from the effective date of this Amending Law, be reduced by the following rates:

1. Industrial activities other than pharmaceutical and clothing industries:

| Year | Rate |
|------|------|
| 2019 | %25 |
| 2020 | %20 |
| 2021 | %15 |
| 2022 | %10 |
| 2023 | %5 |

2. Pharmaceutical and clothing industries:

| Year | Rate |
|------|------|
| 2019 | %50 |
| 2020 | %30 |
| 2021 | %20 |
| 2022 | %10 |
| 2023 | %5 |

D. The industrial activities covered by the provisions of sub-paragraph (1) of paragraph (C) of this article and the relevant implementation procedures and conditions shall be prescribed by virtue of a bylaw issued for this purpose.

E. When calculating the taxable income or due tax, the resulting sum shall be rounded down to the nearest dinar.

F. 1. An account called the (National Contribution Account) shall be created in the Department, and the Minister shall allocate the balance of said account in the General Budget for public debt repayment purposes. The revenues of said account shall consist of:

- A. (3%) of the taxable income of banks and electricity distribution and generation companies.
- B. (7%) of the taxable income of raw materials mining companies.
- C. (4%) of the taxable income of financial intermediaries, financial companies and legal persons practicing financial leasing activities.
- D. (2%) of the taxable income of main telecommunication companies and insurance and re-insurance companies.
- E. (1%) of the taxable income of other legal persons.
- F. (1%) of the taxable income in excess of (200,000) two hundred thousand dinars of natural persons.
- G. Donations and gifts.

2. The Department shall impose and collect said contribution in accordance with the provisions of this paragraph subject to the provisions relating to tax; including audit; assessment and collection procedures, appeal stages and late payment fine.

G. The deduction under paragraph (G) of this article shall cease once the public debt reaches the allowable ratio pursuant to the Public Debt Management Law in force.

H. In the event general and limited partnerships registered in the Kingdom and practicing any taxable activity or investment fail to maintain financial records and statements in accordance with the Companies Law and submit the same to the Department, the minimum tax payable thereby shall not be less than five hundred dinars a year.

I. Notwithstanding the provisions of paragraph (B) of article (78) of this Law and articles (11, 14 and 44) of the Investment Law No. (30) for 2014;

- 1. Tax at the rate of (5%) shall be levied on the income of any establishment registered in development zones for manufacturing activities in which the domestic added value is not less than (30%).
- 2. Tax at the rate of (10%) shall be levied on the income of any establishment registered in developmental zones for other projects and activities.
- 3. The Council of Ministers may, upon the recommendation of the Investment Council, reduce said rates, whether for activities and projects registered prior to or after the effective date of this Amending Law as per the economic activity and relevant bases; including the area, labor and added value, subject to a bylaw issued for this purpose .

4. Tax shall be levied on the income generated by any establishment registered in free zones and practicing an industrial activity or sale, assignment or supply of goods and services within said zones at the rate prescribed as per the economic activity or person in paragraphs (A) and (B) of this article.

J. Where a company acquires, in whole or part, a share not less than (10) in the capital of another company, tax levied on the profits of the acquiring company from the acquired company may not exceed (10%) of said profits.

Article (9):

Article (12) of the Original Law shall be amended as follows:

First: By deleting the phrase (customs brokers) in sub-paragraph (1) of paragraph (A) thereof.

Second: By adding the phrase (for a natural person and (7%) for a legal person) after the phrase (at the rate of (5%)) in sub-paragraph (2) of paragraph (A) thereof.

Article (10):

Paragraph (B) of article (14) of the Original Law shall be amended by adding the phrase (in accordance with the implementing regulations issued for his purpose) to the end thereof.

Article (11):

Article (20) of the Original Law shall be amended as follows:

First: By deleting the text of paragraph (D) thereof and replacing the same with the following text:

D. For the purpose of transactions between concerned related persons, the Department shall check to see whether any term or condition provided for in any transaction, agreement or arrangement is different from the terms and conditions that could have been agreed on had the parties to the transaction been independent, and the income and tax for related parties shall be adjusted to reflect any price difference between the amount collected between related persons and the amount collected between independent parties and any additional tax; in accordance with international standards .

Second: By adding paragraph (E) thereto as follows :

E. Notwithstanding the provisions of paragraph (D) of this article, artificial or false transactions that are not carried out for the purposes of the business activity, but rather to reduce due tax or transfer the tax burden contrary to the provisions of this Law, double taxation and tax evasion prevention agreements or international agreements, shall be disregarded and tax shall be assessed as if said transactions do not exist.

Third: By renumbering paragraph (E) thereof to become paragraph (F) .

Article (12):

The text of paragraph (A) of article (21) of the Original Law shall be deleted and replaced by the following text:

A. 1. Set up a committee comprising at least five employees occupying leadership positions in the Department to appoint any employee thereof who holds at least a bachelor's degree, with the consent of the Director General, to audit tax returns, assess tax, calculate any other amounts payable by the Taxpayer and perform any other tasks and duties assigned thereto in accordance with the provisions of this Law .

2. The terms and conditions and required academic disciplines shall be prescribed by virtue of instructions issued by the Director General for this purpose .

Article (13):

Article (23) of the Original Law shall be amended as follows:

First: By deleting the phrase (ratios of gross profits) in paragraph (E) thereof and replacing the same with the phrase (gross or net profits or ratios of either one thereof) .

Second: By adding paragraph (F) thereto as follows:

F. The person shall issue a duly prepared invoice against the provision of any service or sale of any goods in the Kingdom. All matters related to invoicing systems, control thereof and categories exempted therefrom shall be regulated by virtue of regulations issued for this purpose .

Article (14):

The text of article (27) of the Original Law shall be deleted and replaced by the following text:

Article (27):

With the exception of a tax return with respect to which notice of audit or approval decision is issued in accordance with provisions of article (28) of this Law, or a tax return an error in which was first detected by the Department, a Taxpayer may, within two years from the date of submission of the tax return to the Department, amend the same by increasing or reducing the amount of income or tax, in which case the Taxpayer shall pay the due tax and late payment fine, if any, and shall not be deemed to have committed a violation or offence .

Article (15):

Article (28) of the Original Law shall be amended as follows:

First: By deleting the text of sub-paragraph (3) of paragraph (A) thereof and replacing the same with the following text:

3. In any of the following two cases, the Director General, or auditor delegated thereby in writing, shall reconsider the duly accepted tax returns pursuant to sub-paragraph (2) of this paragraph, and shall issue the appropriate decision thereon within two years from the date of submitting the tax return or amended tax return in accordance with the provisions of this Law:

A. Misapplication of the Law.

B. Overlooking a fact or event in the previous decision, or the existence of a source of income that was not dealt with at the time.

Second: By deleting the beginning of paragraph (B) thereof and replacing the same with the following beginning:

With the exception of cases in which the Director General decides, in writing, to extend the audit period where the Department has evidence, data or information necessitating such extension, the Auditor shall issue the audit decision with respect to the tax return received as part of the selected samples within one year from the date of issuance of the notice of audit, otherwise the same shall be deemed duly accepted. If the auditor finds reasons for rejecting the tax return, in whole or part, the auditor shall issue a notice of audit requesting the Taxpayer to attend a session to discuss said tax return; provided that said notice includes:

Third: By adding the word (Amending) before the word (Law) at the end of paragraph (D) thereof.

Article (16):

Article (31) of the Original Law shall be amended as follows:

First: By adding paragraph (B) thereto as follows:

B. The Director General or auditor may, upon the written request of the Taxpayer, issue an administrative assessment decision in accordance with the provisions of paragraph (A) of this article, without issuing a presumptive assessment decision pursuant to the provisions of article (30) of this Law; in accordance with instructions issued by the Director General for this purpose.

Second: By renumbering paragraphs (B) and (C) thereof to become paragraphs (C) and (D) respectively.

Article (17):

Article (32) of the Original Law shall be amended as follows:

First: By adding paragraph (C) thereto as follows:

C. Unless the Taxpayer otherwise wishes to submit financial statements in accordance with the provisions of this Law, the Director General may issue a decision imposing a lump sum tax on the value of any sales or revenues of any person the sales or revenues of whom do not exceed (150,000) dinars at the rate of at least (1%) of the value of the sales or revenues thereof in the relevant tax period. The decision of the Director General provided for in this paragraph shall be subject to ratification by the Minister.

Second: By deleting the phrase (paragraphs (A) and (B)) in paragraphs (C) and (D) thereof and replacing the same with the phrase (paragraphs (A), (B) and (C)).

Third: By renumbering paragraphs (C) to (E) thereof to become paragraphs (E) to (F) thereof respectively.

Fourth: By adding paragraph (G) thereto as follows:

G. The terms and conditions and procedures for implementing this article shall be prescribed by virtue of implementing regulations issued for this purpose.

Article (18):

Article (33) of the Original Law shall be amended as follows:

First: By deleting the phrase (the audit decision issued under) in paragraph (B) thereof and replacing the same with the phrase (the audit decisions issued pursuant to sub-paragraph (3) of paragraph (A) of article (28) and).

Second: By adding paragraph (C) thereto as follows:

C. 1. Where a decision is issued to increase the taxable income or due tax contrary to the statement of the Taxpayer, the burden of proof with respect to the source of income shall be on the Department during the audit process and objection phase by all legal means of proof .

2. The provisions of sub-paragraph (1) of this paragraph shall only apply where a legal person submits supported final financial statements.

Third: By deleting the phrase (paragraph (F)) in paragraphs (G) and (I) thereof and replacing the same with the phrase (paragraph (G)).

Fourth: By renumbering paragraphs (C) to (I) thereof to become paragraphs (D) to (J) respectively .

Article (19):

Article (34) of the Original Law shall be amended as follows:

First: By deleting the phrase (whoever he delegates) wherever used in paragraph (A) thereof and replacing the same with the word (auditor).

Second: By deleting the phrase (or the person delegated by the Director General) in paragraph (B) thereof.

Third: By deleting the phrase (under consideration by the court or) in paragraph (C) thereof.

Article (20):

Article (35) of the Original Law shall be amended as follows:

First: By deleting the phrase (whoever he delegates) therein and replacing the same with the word (any auditor) .

Second: By deleting the phrase (approved by the Director-General or whoever he delegates for this purpose) therein and replacing the same with the word (audited).

Third: By deleting the phrase (approval) therein and replacing the same with the word (audit).

Article (21):

Article (46) of the Original Law shall be amended by adding the phrase (In any case, a dropped case may not be renewed for the same reason more than twice, and must be based on justifiable reasons) to the end of paragraph (C) thereof .

Article (22):

Article (55) of the Original Law shall be amended as follows:

First: By deleting the texts of paragraphs (A), (B), (C), (F) and (I) and replacing the same with the following texts:

A.1. A Tax public Prosecution reporting to the Head of Public Prosecution shall be established and shall comprise an attorney General, assistants thereof, public prosecutors and staff as needed.

2. A Cases Directorate shall be established in the Department for income and sales tax and any other amounts related thereto. The Directorate shall report to the Director General and shall comprise legal representatives of the Department and staff as needed.

B. Members of the Tax Public Prosecution shall be appointed by resolution of the Judicial Council.

C. Notwithstanding the provisions of this Law and General Sales Tax Law, in civil cases of income and sales tax in which the Department is party before the tax court of first instance, tax court of appeal and any other court, the Department shall be represented, in terms of presenting arguments and defenses; submitting memoranda and requests or recommending conciliations to the Director General, by any legal auditor appointed in writing by the Minister; provided that he/she holds at least a bachelor's degree in law and his/her service the Department, after obtaining said qualification, is not less than three years including at least one year as an auditor.

F. The Judicial Council may assign any member of the Tax Public Prosecution that was nominated prior to the effective date of this Amending Law to act as a tax attorney general, assistant thereof or tax public prosecutor in accordance with the law while retaining all the rights and financial benefits payable by the Department.

I. 1. Notwithstanding the provisions of any other law, the service of the employee provided for in paragraph (C) of this article for a period not less than five years shall be deemed an acceptable service for the purpose of exemption from the training or admission test requirements provided for in the Bar Association Law.

2. The service of anyone who has held any position in the Tax Public Prosecution prior to the effective date of this Amending Law, General Sales Tax Law No. (6) for 1994 as amended and Provisional Income Tax Law No, (28) for 2009, as well as the service of a legal assessor in their capacity as assistant civil attorney general pursuant to the Income Tax Law No. (57) for 1985 as amended and the service of the public prosecutor in cases elated to sales tax before the customs court of first instance and customs court of appeal shall be deemed part of the service of the employee provided for in sub-paragraph (1) of this paragraph.

Second: By deleting paragraph (D) thereof and renumbering the remaining paragraphs accordingly.

Article (23):

Article (59) of the Original Law shall be amended as follows:

First: By deleting sub-paragraph (2) and the numbering (1) of paragraph (B) thereof.

Second: By adding paragraph (F) thereto as follows:

F. The Objection Committee may, upon the request of the Taxpayer based on justifiable reasons, decide to not deem publication or notification unattainability a notification of the Taxpayer, in which case a new deadline shall apply from the date on which the Taxpayer is notified of the decision of the auditor or Committee approving the request .

Article (24):

Sub-paragraph (1) of paragraph (B) of article (60) of the Original Law shall be amended by deleting the phrase (Amman Stock Exchange) at the end thereof and replacing the same with the phrase (the financial market defined by virtue of the Securities Law) .

Article (25):

Article (61) of the Original Law shall be amended by adding paragraphs (E), (F), (G) and (H) thereto as follows:

E. Subject to the provisions of paragraph (G) of this article and notwithstanding the provisions of this Law or any other legislation, the Director General, or anyone delegated thereby in writing, may request any public or private party to provide the Department, by electronic means or otherwise, with any information required for the work of the Department; provided that the electronic databases of said parties are connected to the Department without undermining the confidentiality of banking operations.

F. The terms and conditions and procedures for sharing information and disclosures in reports exchanged pursuant to international agreements ratified by the Kingdom shall be prescribed by virtue of regulations issued for this purpose.

G. Notwithstanding the provisions of this Law or any other legislation, the Tax Public Prosecutor may, by decision of the Director General, request any party whomsoever to provide any information necessary to implement the provisions of this Law, if the Tax Public Prosecutor has evidence of tax evasion, or for the purpose of implementing double taxation and tax evasion prevention agreements or international agreements.

H. Notwithstanding the provisions of paragraphs (E), (F) and (G) of this article, banking confidentiality provided for in the Banking Law shall be maintained and shall not be undermined without a court decision.

Article (26):

The text of article (63) of the Original Law shall be deleted and replaced by the following text:

Article (63):

Any Taxpayer who fails to submit a tax return pursuant to this Law in a timely manner shall be subject to a fine for a maximum of one hundred dinars for natural persons, three hundred dinars for legal persons other than public and private shareholding companies and one thousand dinars for public and private shareholding companies.

Article (27):

Paragraph (A) of article (64) of the Original Law shall be amended by adding sub-paragraph (8) thereto as follows:

8. In the event a tax return proves to be incomplete or containing an increase in an offset amount or deduction of a tax paid in advance as per the tax return submitted by the Taxpayer; where the difference is not less than (25%) of the due tax or allowable offset amount, as the case maybe.

Article (28):

The text of paragraph (A) of article (65) of the Original Law shall be amended by adding the phrase (within said period) after the phrase (object before the Minister) therein .

Article (29):

Article (66) of the Original Law shall be amended as follows:

First: By adding sub-paragraph (7) to paragraph (A) thereof as follows:

7. Fails to issue a duly prepared invoice.

Second: By deleting the texts of paragraphs (B), (C) and (D) thereof and replacing the same with the following texts:

B. In addition to the fine prescribed in paragraph (A) of this article, anyone who repeats any of the offences prescribed therein, shall be punished as follows:

1. In the event any of said offences is committed for a second time, the penalty shall be imprisonment for a period not less than four months and not exceeding one year.
2. In the event any of said offences is committed for a third time, the penalty shall be imprisonment for a period not less than one year and not exceeding two years.
3. In the event any of said offences is committed for a fourth time or more, the penalty shall be imprisonment for a period not less than two years and not exceeding three years.

C. The court may not consider discretionary extenuating circumstances with respect to the penalties prescribed in sub-paragraphs (2) and (3) of paragraph (B) of this article.

D. Notwithstanding the provisions of any other legislation,

1. The Department shall publish final court judgments in tax evasion cases in newspapers and the media; including available electronic media.
2. The limitation period for offences committed contrary to the provisions of this Law, and the penalties imposed pursuant thereto, shall be three years.

Article (30):

Article (67) of the Original Law shall be amended by deeming the provision thereof paragraph (A) of the same and adding paragraph (B) thereto as follows :

B. Any person who intentionally designs or prepares an accounting program or system for, or makes the same accessible to, any Taxpayer or person such that the same is designed for the purpose of keeping financial records, books, data and information that are materially unrealistic shall be deemed liable, in which case said person shall be deemed to have committed an offense and shall be punished by the penalty prescribed in article (66) of this Law, and anyone who assists or incites others to commit such act shall be punished by the same penalty as the original perpetrator .

Article (31):

The text of article (71) of the Original Law shall be deleted and replaced by the following text:

Article (71):

A.1. Notwithstanding the provisions of this Law, the Director General may, upon the request of the Taxpayer, conclude a conciliation for cases of income and sales tax and other amounts registered with courts prior to December 31, 2018; with the exception of tax evasion cases. Upon such conciliation, the relevant case shall be deemed terminated and the court shall ratify and deem the conciliation a final judgment .

2. The percentage of the conciliation referred to in sub-paragraph (1) of this paragraph shall not be less than (25%) of the disputed amount.

B. Exemption from tax, fines and interest shall be granted by resolution of the Council of Minister upon recommendation by the Minister in accordance with the following bases:

1. Any person who fails to submit a tax return or is not assessed or audited prior to the effective date of this Amending Law, where the tax due for said periods is less than one million dinars, shall be exempted from all the fines due on the income thereof for tax periods preceding the effective date of this Law in the event of declaration of said income; provided that said person submits tax returns for 2018 and subsequent tax periods within the statutory period .
2. Any Taxpayer on whom final tax less than one million dinars is accrued for tax periods preceding the effective date of this Amending Law shall be exempted from (90%) of fines and interest; provided that said Taxpayer applies for a settlement of tax balances accrued thereon within (180) days from the effective date of this Law.

3. Any person who is not detected by the Department shall be exempted from penal prosecution, fines and interest in the event said person voluntarily informs the Departments of the correct income thereof which shall be submitted thereby in subsequent tax periods; provided that tax balances as per the previous tax return are paid within (180) days from the effective date of this Amending Law .

Article (32):

Article (78) of the Original Law shall be amended by adding paragraph (C) thereto as follows:

C. Notwithstanding the provisions of sub-paragraph (8) of paragraph (A) of this article, no exemption may be granted for any tax that falls due after the effective date of this Amending Law .

Article (33):

The Original Law shall be amended as follows:

First: By adding article (81) thereto as follows:

Article (81):

Tax incentives may be granted to specific sectors as the economic interest may dictate, and all matters related to said incentives, including the cost and duration thereof, shall be prescribed by virtue of a regulations issued for this purpose.

Second: By renumbering article (81) thereof to become article (82).

Faisal Ibn Al-Hussein

**Prime Minister and Minister
of Defense**

Dr. Omar Al-Razzaz

**Deputy Prime Minister and
Minister of State**

Dr. Rajai Saleh Al-Moashar

**Minister of Transport and
Minister of Municipal Affairs**

Eng. Waleed Mohyeddin Al-
Masri

Minister of Labor

Samir Saeed Murad

**Minister of Political and
Parliamentary Affairs**

Eng. Musa Habis Al-Ma'aytah

**Minister of State for
Institutional Performance
Development, Designated
Minister of Tourism and
Antiquities and Acting
Minister of Foreign Affairs
and Expatriates**

Majd Mohammad Shweikeh

**Minister of Justice, Minister
of Education and Designated
Minister of Higher Education
and Scientific Research**

Dr. Bassam Al-Talhouni

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| Minister of Awqaf and Islamic Affairs and Holy Places | Minister of Interior | Minister of State for Investment Affairs and Minister of Planning and International Cooperation |
| Dr. Abdennaser Musa Abu Al-Bassal | Sameer Ibrahim Al-Mobaideen | Mohannad Shehadeh Khalil |
| Minister of Industry, Trade and Supply | Minister of State for Legal Affairs | Minister of Finance |
| Dr. Tareq Mohammad Al-Hamouri | Mubarak Ali Abu Yameen | Dr. Izzideen uhyideen Kanakriyeh |
| Minister of Public Works and Housing and Acting Minister of Minister of Energy and Mineral Resources | Minister of Information and Communications Technology | Minister of State for Media Affairs |
| Emg. Falah Abdullah Al-Omoosh | Eng. Hala Adel Zawati | Jumanah Suleiman Ghnaimat |
| Minister of Culture and Minister of Youth | Minister of Agriculture and Minister of Environment | Minister of Health and Acting Minister of Water and Irrigation |
| Dr. Mohammad Suleiman Abu Romman | Eng. Ibrahim Sobhi Al-Shahadeh | Dr. Ghazi Menwer Al-Zaben |
| | Minister of Social Development | |
| | Basma Mousa Ishaqat | |
