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BUSINESS ENVIRONMENT

THE CONSUMER

Consumer Profile

With a GDP per capita of USD 4,360 (IMF, 2021) and a median age of 23.5 years (CIA World Factbook, 2020 est.), the average Jordanian consumer is young and less wealthy than their neighbours south across the Gulf region. Jordanian commercial activity is concentrated around Amman and in large provincial cities such as Aqaba, Zarqa and Irbid. There are considerable differences in consumer behaviour within the country. The local population of Amman has a more Westernised taste, especially young Jordanians with higher exposure to global brands and trends, while the inhabitants of the rest of the country have more traditional lifestyles and more conservative consumer habits. Jordan also has a relatively high level of economic disparity (Gini coefficient index of 33.7 points, 124th worldwide - CIA World Factbook, latest data available).

Consumer Behaviour

Jordan has been traditionally price-sensitive but consumer behaviour is changing rapidly to a point where most Jordanians spend more than their income (There is a JOD 1,000 gap between annual income and spending according to Jordan's Department of Statistics' latest data available). Also, young people (aged from 0 to 29 years), who represent 62.9% of the total population (Jordan's Department of Statistics, 2019), are very fond of technological innovation and spend a considerable amount of their income on telecom products and services. A real and effective after-sales service is also considered to be important by most Jordanian buyers. In the field of clothing, brand names are much sought-after.

Consumers Associations

[The Jordan National Society for Consumer Protection \(NSCP\)](#)

IMPORTING & DISTRIBUTING

Import Procedures

The documents required for importing a product into Jordan are:

- a bill of lading for imports coming in through the port of Aqaba
- an air waybill for products imported by air or a transporter's certificate for goods having transited by land.
- a declaration of Arab transit for goods having transited Arab countries which are not neighbours of Jordan.
- an invoice showing the quantity, type and numbers of the goods as well as their weight, value and the

names of the buyer and seller.

- a certificate of origin
- a declaration of value for goods whose value is over 2 000 JD.
- an exit permit for goods warehoused in free zones.

Also, it should be noted that Jordan uses the system of the single administrative document (SAD) for import declarations. This means that the declaration is directly submitted by the importer or the licenced seller through the Asycuda system. The system validates the entry, gives a registration number and indicates if the entry is green (no inspection), orange (inspection of the documents) or red (inspection of the documents and the goods). A paper copy of the declaration is given to Customs accompanied by the supporting documents if necessary. All Jordanian and foreign trading companies must either obtain an importer's card from the Ministry of Industry and Trade for customs clearance purposes or pay a Customs fee equivalent to five per cent of the value of the imported goods. For non-trading entities such as banks, hospitals and hotels, the Ministry issues a special limited card that allows the import of goods specific to that entity's purpose.

Certain products such as fruits, chemicals, medicines or telecommunications equipment require an import license. For more information, please visit the [website of Jordanian Customs](#).

Distribution market players

The Jordanian distribution network is undergoing a process of transformation, as it is shifting from stalls and traditional markets to shopping centres. Several major shopping centres have opened in Amman recently and factory outlets are being built in the south of the capital. E-commerce is also in full expansion.

There are three major retail chains: [Cozmo](#), [C-Town](#) and [Safeway](#).

It should be noted that the [Carrefour Group](#) has opened 4 hypermarkets and 36 supermarkets in the country, with its local partner [Majid Al Futtaim](#) (CCI France Jordanie, 2020).

OPERATING A BUSINESS

Type of companies

A Private shareholding company is a joint-stock company with limited liability.

Number of partners: Two minimum, with no limitation in the number

Capital (max/min): Minimum 50,000 JOD.

Shareholders and liability: Liability is limited to the amount contributed in capital.

A Public shareholding company is the equivalent of the Public Limited Company.

Number of partners: Minimum two. No maximum

Capital (max/min): Minimum 500,000 JOD.

20% must be subscribed at the constitution.

Shareholders and liability: Liability is limited to the amount contributed.

Limited Partnership

Number of partners: Two or more, with no limitation in the number

Capital (max/min): Minimum capital of JOD 100,000.

Shareholders and liability: Liability of general partners is unlimited, that of limited partners is limited to their shares.

General partnership

Number of partners: Minimum two, maximum twenty

Capital (max/min): No minimum capital required.

Shareholders and liability: Partners' liability is several and unlimited for the debts of the company.

Setting Up a Company	Jordan	Middle East & North Africa
Procedures (number)	7.0	6.3
Time (days)	12.5	19.5

Source: *Doing Business* - Latest available data.

Cost of Labour

Minimum Wage

In 2021, the tripartite committee for work affairs increased the monthly minimum wage to JOD 260.

Average Wage

The ILO does not have data on the average wage in Jordan.

According to Jordan's Department of Statistics' latest data available, the average wage was estimated at JOD 524 per month.

Social Contributions

Social Security Contributions Paid By Employers: 14.25% of salary

Social Security Contributions Paid By Employees: 7.5% of the gross wage

Intellectual Property

National Organisations

The organization in charge of protecting intellectual property is the [Ministry of Trade and Industry](#).

Jordan is considered to be the country in the Middle East, North Africa region which protects intellectual property the most effectively. It is part of the [Paris Convention for the Protection of Industrial Property](#), the [Nice Agreement concerning the International Classification of Goods and Services for the Purposes of the Registration of Marks](#) and the [Berne Convention for the Protection of Literary and Artistic Works](#).

Regional Organisations

Jordan does not belong to any regional organization for the protection of industrial property.

TAX RATES

Consumption Taxes

Nature of the Tax

General Sales Tax (GST) - It applies to locally manufactured products as well as imported ones.

Tax Rate

16%

Reduced Tax Rate

Several items are exempt: wheat, bread, electrical energy, firefighting vehicles, education, medical services.

A zero rate applies to the export sales of goods and services, the free zone areas and markets, the Aqaba Special Economic Zone (ASEZ), raw materials for the production of medicine, and development areas.

4% reduced rate: oils and ghee; supplies used by the handicapped; veterinary medicines.

Corn is taxed at 5%.

10% reduced rate: live animals, cheese.

1% reduced rate: gloves; hygiene products and disinfectants

2% reduced rate: food salt; pencils.

Other Consumption Taxes

Excise duties are levied on cement, tobacco, wine, liquors, cars, beer, oil products and lubricants.

Corporate Taxes

Company Tax

20% (21% with the national contribution tax)

Tax Rate For Foreign Companies

Both resident and non-resident companies are taxed on their Jordan-source income.

Capital Gains Taxation

Capital gains are tax-exempt, except for those arising from depreciable assets, the sale of shares in a legal entity and the sale of shares in IT companies that occur after 15 years from the date of their establishment or after 1 January 2019, whichever is earlier.

Main Allowable Deductions and Tax Credits

Amortisation of tangible and intangible assets is tax-deductible. Goodwill can also be deducted. The Jordanian tax code does not include any provisions for start-up costs, but these can usually be deducted in the first year of business activity.

Interest charges (a 3:1 debt-to-equity ratio applies to interest paid on related party debt) and bad debt are generally deductible.

Donations to charitable organisations are deductible up to 25% of taxable income.

Fines are not deductible while taxes can be deducted from the tax base.

Insurance premiums, social security contributions, hospitality expenses, marketing, scientific research, development, and training expenses are deductible.

Tax losses incurred before 1 January 2015 may be carried forward indefinitely. The carryforward is limited to five

years for losses incurred after 1 January 2015. Loss carryback is prohibited.

Other Corporate Taxes

Property tax is calculated by local authorities based on the location and size of the property or, in some cases, the rental value of the property (15% on average).

Property transfer taxes amount to 9% of the selling price (5% for registration fees and 4% for sale).

Stamp duties are levied at a rate of 0.3% for private contracts and 0.6% for contracts with the state or public companies.

Social security contributions payable by the employer amount to 14.25% of salary (capped at JOD 3,349 per month).

Other Domestic Resources

[Consult Doing Business Website](#), to obtain a summary of the taxes and mandatory contributions.

Double Taxation Treaties

Countries With Whom a Double Taxation Treaty Have Been Signed

[See the list of double taxation agreements Jordan](#)

Withholding Taxes

- Dividends: 0%
- Interest: Residents: standard tax rates/Non-residents: 10%/7% (interest from deposits, commissions and profit participations of Islamic banks) + national contribution tax
- Royalties: Residents: standard tax rates/Non-residents: 10% + national contribution tax.