



Accountants &
business advisers

PKF Jordan and PKF Iraq

PKF ProGroup
PKF Khattab & Co.
PKF Planning Tax Advisory
PKF Human Resource Consulting
PKF Risk Management

Newsletter

Quarterly Newsletter | Q4 2018



25
years of
excellence

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Jordanian Income Tax Law No. (34) for the Year 2014 Amended by the Law No. (38) for the Year 2018 to come into force as of the 1st of January 2019

Main Changes

2018		2014
2019	2020	2014
<p>Tax on NATURAL PERSON</p> <ol style="list-style-type: none"> 10,000 JOD yearly exemption for resident natural person. 10,000 JOD yearly exemption for dependents. 1,000 JOD yearly exemption per child for up to 3 children to cover medical treatment, education, housing loans interests, Murabaha on housing 	<p>Tax on NATURAL PERSON</p> <ol style="list-style-type: none"> 12,000 JOD yearly exemption for resident natural person. 12,000 JOD yearly exemption for dependents. 4,000 JOD yearly exemption for natural person and dependents to cover medical and educational exemptions provided that invoices or supporting documents are presented. 	<p>Tax on NATURAL PERSON</p> <ol style="list-style-type: none"> 9,000 JOD yearly exemption for resident natural person. 9,000 JOD yearly exemption for dependents. Exemption to cover medical treatment, education, housing loans interests, Murabaha on housing as follows: <ol style="list-style-type: none"> 1,000 JOD yearly exemption for the natural person 1,000 JOD for the spouse 1,000 JOD per child for up to 3 children However, in all events, the maximum exemption amount granted to taxpayers with dependents including all exemptions shall not exceed (23,000JOD)
<p>Income tax according to the following RATIOS</p> <ol style="list-style-type: none"> For Taxable Income below 1 Million JOD: <ol style="list-style-type: none"> First 5,000 JOD are subjected to 5% ratio. Second 5,000 JOD are subjected to 10% ratio. Third 5,000 JOD are subjected to 15% ratio. Forth 5,000 JOD are subjected to 20% ratio. All additional amounts up to 1 million JOD are subjected to 25% ratio. For Taxable Income exceeding 1 Million JOD, the whole taxable income is subjected to 30% ratiion 	<p>Income tax according to the following RATIOS</p> <p>Income tax according to the following ratios:</p> <ol style="list-style-type: none"> First 10,000 JOD are subjected to 7% ratio. Second 10,000 JOD are subjected to 14% ratio. Any amount above that is subjected to 20% ratio. 	
<p>Agricultural sector exemption</p> <p>Article 5: The law added a definition for the agricultural activity (new item) Natural persons exemption is for the first (1,000,000JOD) of the sales from agricultural activities inside the Kingdom Legal persons exemption is for the first (50,000JOD) of the net income from agricultural activities inside the Kingdom</p>	<p>Agricultural sector exemption</p> <p>The law provided a full exemption for the gross income of agricultural activities inside the Kingdom</p>	

Jordanian Income Tax Law No. (34) for the Year 2014 Amended by the Law No. (38) for the Year 2018 to come into force as of the 1st of January 2019

Main Changes | Continued

2018		2014	
Manufacturing sector tax rates		Manufacturing sector tax rates	
<p>Article 11: The tax rate has increased to: (20%), however, a new item reduced the tax on the manufacturing sector for the coming years according to the following table:</p>		<p>The tax rate was: (14%)</p>	
Year	Companies Manufacturing Products Excluding the Pharmaceutical & Apparel Sector	The Pharmaceutical & Apparel Sector Products	
2019	25%	50%	
2020	20%	30%	
2021	15%	20%	
2022	10%	10%	
2023	5%	5%	

Banking sector tax rates

Tax rates within this sector were kept the same as in 2014 (35%).

Main communication companies, electricity distribution and generation companies, basic materials mining companies, insurance and re-insurance companies, financial intermediation companies, financial companies, and legal persons who conduct financing leasing activities tax rates

Tax rates for companies operating under these categories are subject to the same tax rates (24%) as they were in 2014.

Other legal persons

2019: the rate was kept the same (20%).
However, a new item stated that in the event the general partnership and limited partnership companies did not keep records and financial data as required by the Companies' Law and did not submit anything to the department, the due tax amount shall not be less than (500JOD), article 11.
And a new item stated that in the event a company acquired full or partial ownership in a percentage not less than 10% of another company's capital, the tax imposed on the owning company's profits in the owned company will not exceed 10% article 11.

Other legal persons

The rate was kept the same (20%)

Jordanian Income Tax Law No. (34) for the Year 2014 Amended by the Law No. (38) for the Year 2018 to come into force as of the 1st of January 2019

Main Changes | Continued

2018	2014
<p>Companies in the Development Zones</p> <p>Article 11 included a new Item which granted an exception to other articles in this law and the investment law: Companies operating in the transformation industries are subject to 5% taxation on their income, if the local added value of the institution is at least 30%. Other activities and projects are subject to 10% Authority has been granted to the Prime Ministry upon recommendation by the Investment Board to decrease this percentage in accordance with the economic activity and the standards including the region, labor and added value. This decrease is determined based upon a regulation issued for this purpose The income of the institutions registered in the free zone area which conduct a manufacturing activity, or any other activity such as sale, ownership transfer, or provision of goods and services inside these areas is subject to tax based upon the tax categories of the companies and Natural Persons when applicable</p>	<p>Companies in the Development Zones</p> <p>NA</p>
<p>National Contribution Account</p> <p>Article 11: a new item established a national contribution account at the tax department for the purpose of paying the public debt, whereas its revenues are collected as follows: 3% of the taxable income of banks and electricity distribution and generation companies 7% of the taxable income of basic materials mining companies 4% of the taxable income of financial intermediation companies, financial companies, and legal persons who conduct financing leasing activities 2% of the taxable income of main communication companies and insurance and re-insurance companies 1% of the taxable income of the remaining legal persons 1% of the natural persons' taxable income exceeding (200,000JOD) Donations and grants The deduction is ceased when the public debt reaches the percentage allowed by the valid Public Debt Law</p>	<p>National Contribution Account</p> <p>NA</p>

Major Contracts



**United Nations High
Commissioner for
Refugees (UNHCR)-
Afghanistan**



**The International Center for
Agricultural Research in
the Dry Areas (ICARDA)**



Tarek Nour Advertising



**Mott MacDonald Jordan
Branch**

**Maan Company for
Community Development**

Major Contracts



**Royal Society for the
Conservation of Nature
(RSCN)**



**King Hussein Business
Park (KHBP)**



Haya Cultural Center



**Al Maha for General
Trading Ltd.**

Major Contracts



IRSAA Company



**Ethmar for Islamic
Microfinance**



**Jordanian Graduates
Association for the British
Chevening Scholarship**



**Murjan Engineers For
Investment & Real Estate
Development**

Success Stories

When closing a project nothing beats a thank you letter from a client who appreciates our continued work and commitment

GIZ

giz

GIZ and Amman Chamber of Industry (ACI) would like to acknowledge and thank the consultancy firm PKF Human Resource Consulting, for its cooperation in conducting the research and analysing the results of the HR Guide to Reducing Turnover (A guide for Jordan's industrial sector to reduce costs & improve HR policies)

Arkel International Construction Company LLC



I am pleased to confirm that PKF has successfully completed the project “Agreed upon procedures relating to fixed assets, inventory, and cash to Arkel International Construction Company LLC and Subsidiaries”. The deliverables were approved and the final payment is settled. We would like to extend our thanks to the team for the quality of work and commitment to deadlines.

About Us

PKF Jordan and PKF Iraq, member firms of PKF International, are regional, multidisciplinary business advisory firms with industry specific services. We offer outstanding opportunities, by providing international standard based services, to dramatically position our clients as pioneers in a rapidly growing business environment. PKF Jordan and PKF Iraq play a major role in business advisory including Consultancy, Auditing, and Tax Services.

Areas of experience include Finance, Taxation, Market Research, Strategic Planning, Organizational Development, Human Resource Development, Investment, Technology and Information Management, Quality Management, and Socio-Economic Studies. We also initiate an added value component where integration, consistency and reliability are effectively enforced. PKF Jordan and PKF Iraq high quality services help clients identify their business needs, improve, excel, cope with business fluctuations and accomplish their anticipated goals and excel.

Our team approach enables operating as integrated cells exposed to diverse industries. Words like creativity, innovation and flexibility generate great success within the firms' services and culture, where PKF Jordan and PKF Iraq promise of quality, accuracy, speed, and value remain applicable in all deliverables. Relying on PKF Jordan and PKF Iraq beliefs makes our caliber professional. And experiencing our services makes clients distinguishable.

PKF Jordan and PKF Iraq services are designed to look after the best interest of the clients and protect their wealth. Our advisors thoroughly investigate the organization's business cycle to innovate the most rewarding solutions within our following services:

- Assurance and Advisory**
- Tax Consultancy**
- Corporate Finance**
- Forensic Accounting**
- Financial Planning**
- HR & Management Consultancy**
- IT Consultancy**
- Umbrella Services**

PKF Network Worldwide

Around 50 years of experience

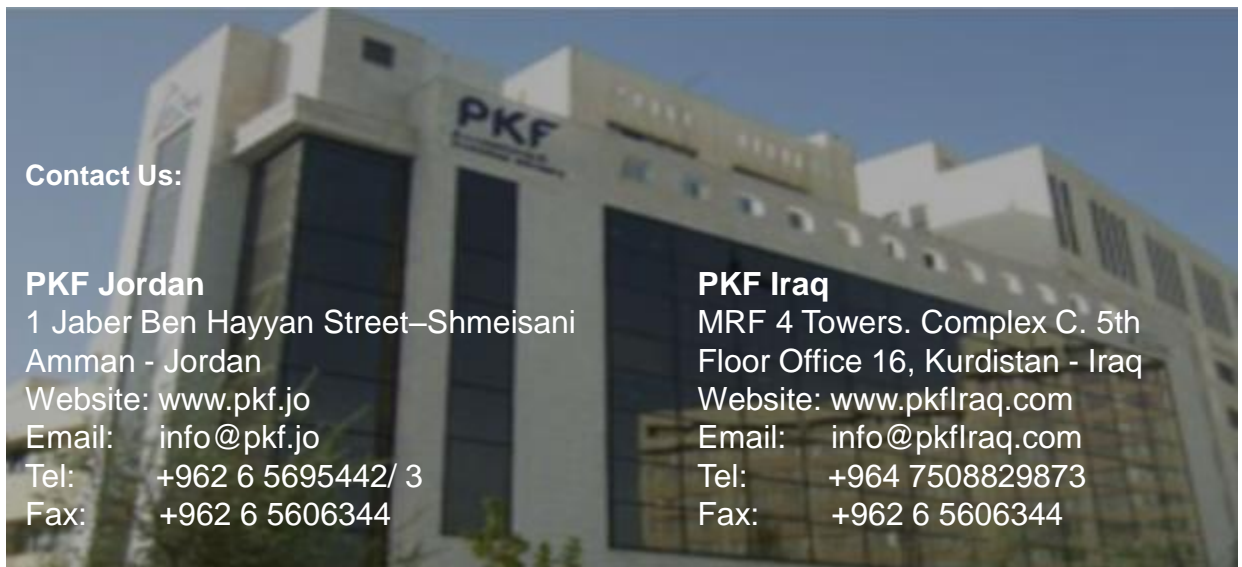
21,000 people

440 offices

150 countries

US\$ 2.6 billion turnover

Top 10 assurance & advisory firm worldwide



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About Us

PKF Jordan & PKF Iraq deliver a full spectrum of services:

Assurance and Advisory

- Statutory audit
- Accounting services
- Non-statutory audit
- Sarbanes Oxley assurance
- Compilation of financial statements
- International accounting standards
- Assurance engagement
- Internal audit
- Business risk services

Tax Consulting

- Tax planning and tax manual
- Income tax
- Sales tax
- Withholding tax
- Employee's tax
-

Corporate Finance

- Privatization and Build - Operate - Transfer (BOT) services
- Private placement memorandum
- Business plans
- Finding and securing finance from the most appropriate sources (such as private equity firms)
- Business valuations
- Preparation of financial projections and financial cash flow forecasts
- Investment agent
- Provide ongoing advice and support with flotation, mergers and acquisitions, management buy-outs / buy-ins and disposals
- Due diligence
- Advice on reorganizing and restructuring existing businesses, commercial and tax considerations and fundraising options
- Feasibility studies

Forensic Accounting

- Appraisal of financial losses resulting from fraud
- Appraisal of damage resulting from prejudicial acts
- Preparation of expert opinions and second opinions
- Assisting solicitors in the financial aspects of cases
- Intervention as arbitrators or mediators in dispute resolution

Umbrella Services

Financial Planning

- Retirement planning
- Savings and investments
- Medical and life insurance
- Business assurance
- Property purchase

IT Consultancy

- Business process design
- Disaster recovery planning
- Managing Information Technology (IT) expenditure - budgeting and control
- Project management of business requirements
- Packaged software / Enterprise Resources Planning (ERP) selection and implementation
- Information Technology (IT) security and crisis planning
- Risk analysis and management
- Information Technology (IT) policies and procedures

Management Consultancy

- Strategic planning to achieve a sustainable competitive advantage
- Risk - measurement strategies, risk management plans and crisis handling
- Institutional assessment and upgrading plans
- Reviewing business processes for efficiency, control and effectiveness
- Organizational restructuring
- Competency-based human resources management and development
- Performance scorecards and indicators
- Marketing and market communication plans
- Market studies, research and surveys
- Customer satisfaction programs development
- Financial policies and procedures including procurement, accounting, and budgeting
- Corporate governance manuals
- Costing systems
- Internal audit manuals
- Operations manuals
- Quality management services
- Monitoring, evaluation, and impact assessment studies