

Jordan

Overview of CbC reporting requirements

First reporting fiscal year: Beginning on or after 1 January 2021

Consolidated group revenue threshold: JOD 600,000,000

Filing deadline: Within 12 ¾ months following the end of the reporting fiscal year

Local filing required: Yes

Surrogate parent entity filing permitted: Yes

First review of domestic legal framework: 2021/2022

Summary of recommendations

Area of implementation	Recommendations for improvement
Domestic legal and administrative framework	<p>It is recommended that Jordan take steps to amend legislation or otherwise ensure that the filing deadline is not more than 12 months from the end of the reporting fiscal year.</p> <p>It is recommended that Jordan amend legislation or otherwise ensure that requirements on the sources of data that can be used in completing the CbC report template are in line with the standard.</p> <p>It is recommended that Jordan take steps to amend legislation or otherwise ensure that the form and content required in the CbC Report is in line with the standard.</p> <p>It is recommended that Jordan introduce or complete the definitions of a “Group”, “MNE Group”, “Ultimate Parent Entity”, “Constituent Entity”, “Consolidated Financial Statements”, “Fiscal Year”, “Reporting Fiscal Year”, “Reporting Entity”, “Qualifying Competent Authority Agreement”, “Surrogate Parent Entity”, “Systemic Failure” and “International Agreement” in a manner that is consistent with the terms of reference.</p> <p>It is recommended that Jordan take steps to ensure that local filing only occurs in the circumstances permitted under the minimum standard.</p> <p>It is recommended that Jordan implement a provision whereby a single Constituent Entity of the same MNE Group may be designated to file the CbC report which would satisfy the local filing requirement of all the Constituent Entities in Jordan.</p> <p>It is recommended that Jordan clarify the circumstances in which surrogate entity filing is permitted.</p> <p>It is recommended that Jordan clarify that the annual consolidated group revenue threshold calculation rule applies in line with the OECD guidance on currency fluctuations in respect of an MNE Group whose Ultimate Parent Entity is located in a jurisdiction other than Jordan.</p>
Exchange of information framework	<p>It is recommended that Jordan take steps to have qualifying competent authority agreements in effect with jurisdictions of the Inclusive Framework that meet the confidentiality, consistency and appropriate use conditions and with which Jordan has an international exchange of information agreement in effect that allows for the automatic exchange of tax information.</p> <p>It is recommended that Jordan take steps to implement the necessary processes or written procedures to ensure that the exchange of information is conducted in a manner consistent with the terms of reference relating to the exchange of information framework.</p>
Appropriate use	<p>It is recommended that Jordan take steps to ensure that the appropriate use condition is met ahead of the first exchanges of information.</p>

The domestic legal and administrative framework

Jordan's 2020/2021 peer review report included a recommendation to take steps to implement legislation to impose a CbC reporting filing requirement. Jordan has since introduced such a filing requirement and this recommendation is removed.¹

A CbC reporting filing obligation applies in Jordan for fiscal years beginning on or after 1 January 2021 and filing is required 12 ¾ months after the reporting year end. Jordan has enforcement requirements to ensure compliance with rules on CbC reporting.

There are a number of areas where there are recommendations to improve the legislation.

Timing of parent entity filing

Jordan has a filing deadline for the CbC report that is 12 ¾ months after the year end. It is recommended that Jordan take steps to amend the legislation or otherwise ensure that the filing deadline is not more than 12 months from the end of the reporting fiscal year.

Use of audited consolidated financial statements as the source of data

Jordan's legislation specifies that the MNE Group must use audited consolidated financial statements in order to prepare the CbC report. Under the standard, an MNE Group may choose to use data from its consolidation reporting packages, from separate entity statutory financial statements, regulatory financial statements or internal management accounts and there is no requirement for financial statements to be audited. It is recommended that Jordan amend legislation or otherwise ensure that requirements on the sources of data that can be used in completing the CbC report template are in line with the standard.

Content of CbC Report

Jordan's legislation outlines the form and content of the CbC Report but requires more details in respect of income breakdown than is permitted under the standard. It is recommended that Jordan take steps to amend legislation or otherwise ensure that the form and content required in the CbC Report is in line with the standard.

The definition of Group

Jordan's legislation does not include a definition of "Group". It is recommended that Jordan amend its legislation to include a definition of "Group" that is in line with the standard.

The definition of MNE Group

The definition in Jordan's legislation refers to two or more related legal persons whose tax residence is in different countries, where those legal persons are considered a taxable person in their respective country of tax residence.

The definition of MNE Group should include businesses which are subject to tax in different jurisdictions through being taxable through a permanent establishment. It is recommended that Jordan amend the definition of MNE Group or otherwise clarify the definition to be in line with the standard.

The definition of Ultimate Parent Entity

The definition in Jordan's legislation refers to an entity that directly or indirectly owns stakes or shares in one or more multinational companies. The definition requires that the UPE is committed to preparing

consolidated financial statements in accordance with international accounting standards generally accepted in the country in which it is tax resident.

The use of the term “committed” in Jordan’s legislation, when referring to preparing consolidated financial statements, could be read as being optional. The definition in Jordan’s legislation does not adequately capture the *requirement* to prepare consolidated financial statements, as is required under the standard.

Furthermore, the definition in Jordan’s legislation also fails to cover circumstances where an entity owns directly or indirectly a sufficient interest in one or more other Constituent Entities such that it would be required to prepare Consolidated Financial Statements if its equity interests were traded on a public securities exchange in its jurisdiction of tax residence (the “deemed listing provision”), which is required under the standard.

Finally, the definition in Jordan’s legislation does not include the condition that no other Constituent Entity of the MNE Group owns directly or indirectly an interest described in the first mentioned Constituent Entity.

It is recommended that Jordan amend the definition of UPE or otherwise clarify the definition to be in line with the standard.

The definition of Constituent Entity

Jordan’s legislation does not include a definition of “Constituent Entity”. It is recommended that Jordan amend its legislation to include a definition of “Constituent Entity” that is in line with the standard.

The definition of Consolidated Financial Statements

Jordan’s legislation does not include a definition of “Consolidated Financial Statements”. It is recommended that Jordan amend its legislation to include a definition of “Consolidated Financial Statements” that is in line with the standard.

The definition of Fiscal Year

Jordan’s legislation does not include a definition of “Fiscal Year”. It is recommended that Jordan amend its legislation to include a definition of “Fiscal Year” that is in line with the standard.

The definition of Reporting Fiscal Year

Jordan’s legislation does not include a definition of “Reporting Fiscal Year”. It is recommended that Jordan amend its legislation to include a definition of “Reporting Fiscal Year” that is in line with the standard.

The definition of Reporting Entity

The definition in Jordan’s legislation refers to the taxpayer who submits the CbC report for each country to the relevant tax administration, on behalf of the MNE Group.

This definition does not outline who may be the Reporting Entity, for example the UPE, the Surrogate Parent Entity, or any other entity described in the legislation. Furthermore, it does not outline which entity is required to file the CbC report. It is recommended that Jordan amend the definition of Reporting Entity or otherwise clarify the definition to be in line with the standard.

The definition of Qualifying Competent Authority Agreement

Jordan's legislation does not include a definition of "Qualifying Competent Authority Agreement". It is recommended that Jordan amend its legislation to include a definition of "Qualifying Competent Authority Agreement" that is in line with the standard.

The definition of Surrogate Parent Entity

The definition in Jordan's legislation refers to the taxpayer affiliated with an MNE Group that is required to submit the CbC report to the department on behalf of the MNE Group.

The definition of Surrogate Parent Entity in the standard is intended to capture that the entity in question has been appointed by the MNE Group, as the sole substitute of the CbC Report, and only where certain conditions have been met (see below). It is recommended that Jordan amend the definition of Surrogate Parent Entity or otherwise clarify the definition to be in line with the standard.

The definition of Systemic Failure

Jordan's legislation does not include a definition of "Systemic Failure". It is recommended that Jordan amend its legislation to include a definition of "Systemic Failure" that is in line with the standard.

The definition of International Agreement

Jordan's legislation does not include a definition of "International Agreement". It is recommended that Jordan amend its legislation to include a definition of "International Agreement" that is in line with the standard.

The local filing provision

The local filing definition in Jordan's guidance applies to "a branch of this group in Jordan", meaning the MNE Group. The guidance does not include any further detail in respect of the circumstances under which local filing can take place. Furthermore, Jordan has a legislative requirement which is in effect despite Jordan not yet meeting all of the consistency, confidentiality and appropriate use conditions. It is therefore recommended that Jordan take steps to ensure that local filing only occurs in the circumstances permitted under the minimum standard.

Single entity filing

It is recommended that Jordan implement a provision whereby a single Constituent Entity of the same MNE Group may be designated to file the CbC report which would satisfy the local filing requirement of all the Constituent Entities in Jordan.

The surrogate filing provision

Jordan's guidance makes reference to a surrogate parent entity (see above), but does not include any further detail in respect of the circumstances under which surrogate filing is permitted. It is recommended that Jordan clarify the circumstances in which surrogate entity filing is permitted.

Currency Fluctuations

Where an MNE Group draws up, or would draw up, its Consolidated Financial Statements in a currency other than that specified by Jordan, the reference to Jordan's threshold has the effect as if it were a

reference to the equivalent in that currency at the average exchange rate for the accounting period. While this provision would not create an issue for MNE Groups whose Ultimate Parent Entity is a tax resident in Jordan, it may be incompatible with the guidance on currency fluctuations for MNE Groups whose Ultimate Parent Entity is located in another jurisdiction, if local filing requirements were applied in respect of a Constituent Entity (which is a Jordan tax resident) of an MNE Group which does not reach the threshold as determined in the jurisdiction of the Ultimate Parent Entity of such a Group.

It is recommended that Jordan clarify that the annual consolidated group revenue threshold calculation rule applies in line with the OECD guidance on currency fluctuations in respect of an MNE Group whose Ultimate Parent Entity is located in a jurisdiction other than Jordan.

The exchange of information framework

Jordan has no bilateral relationships in place for the exchange of CbC reports nor processes to ensure that the exchange of information is conducted in a manner consistent with the terms of reference relating to the exchange of information framework.

It is recommended that Jordan take steps to have qualifying competent authority agreements in effect with jurisdictions of the Inclusive Framework that meet the confidentiality, consistency and appropriate use conditions and with which Jordan has an international exchange of information agreement in effect that allows for the automatic exchange of tax information. This recommendation remains in place since the 2019/2020 peer review.

It is recommended that Jordan take steps to implement the necessary processes or written procedures to ensure that the exchange of information is conducted in a manner consistent with the terms of reference relating to the exchange of information framework. This recommendation remains in place since the 2019/2020 peer review.

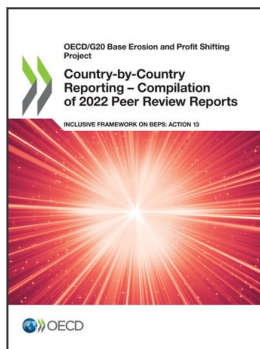
Appropriate use of CbC reports

Jordan does not yet have controls in place to ensure the appropriate use of CbC reports.

It is recommended that Jordan take steps to ensure that the appropriate use condition is met ahead of the first exchanges of information. This recommendation remains in place since the 2019/2020 peer review.

Note

¹ <https://istd.gov.jo/Ar/List/%D8%AF%D9%84%D9%8A%D9%84%D8%A7%D9%84%D8%AE%D8%AF%D9%85%D8%A7%D8%AA>.



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