

## Jordan

Jordan has met all aspects of the terms of reference (OECD, 2021<sup>[3]</sup>) (ToR) for the calendar year 2020 (year in review), except for identifying all past and future rulings and all potential exchange jurisdictions with a review and supervision mechanism (ToR I.A), having a domestic legal basis for spontaneous exchange of information and exchanging information on the tax rulings in accordance with the form and timelines under the transparency framework (ToR II.B) and for identifying and exchanging information on all new entrants to the IP regime (ToR I.A.1.3). Jordan receives three recommendations on these points for the year in review.

In the prior year report, as well as partly in the 2017 and 2018 peer review, Jordan had received the same recommendations. As they have not been addressed, the recommendations remain in place.

Jordan can legally issue one type of rulings within the scope of the transparency framework. In practice, Jordan issued no rulings within the scope of the transparency framework.

As no exchanges took place, no peer input was received in respect of the exchanges of information on rulings received from Jordan.

## A. The information gathering process (ToR I.A)

671. Jordan can legally issue the following one type of rulings within the scope of the transparency framework: (i) preferential regimes.<sup>1</sup>

### ***Past rulings (ToR I.A.1.1, I.A.1.2, I.A.2.1, I.A.2.2)***

672. For Jordan, past rulings are any tax rulings within scope that are issued either (i) on or after 1 January 2015 but before 1 September 2017; and (ii) and on or after 1 January 2012 but before 1 January 2015, provided still in effect as at 1 January 2015. However, as Jordan put in place an administrative process to issue rulings in 2019, there are no past rulings that have been issued by Jordan in the relevant period.

### ***Future rulings (ToR I.A.1.1, I.A.1.2, I.A.2.1)***

673. For Jordan, future rulings are any tax rulings within scope that are issued on or after 1 September 2017. No rulings were issued by Jordan during the period in review.

674. During the year in review, Jordan did not have specific mechanisms in place for identifying future rulings and potential exchange jurisdictions within the scope of the transparency framework and relied on a case-by-case approach. The Income and Sales Tax Department (ISTD) within the Ministry of Finance is currently working on introducing a mechanism to identify future rulings that are in the scope of the transparency framework and all jurisdictions for which the tax ruling would be relevant. Jordan indicated that detailed procedures and guidance will be developed between the end of 2021 and early 2022.

### ***Review and supervision (ToR I.A.3)***

675. Jordan did not have a review and supervision mechanism under the transparency framework for the year in review. Jordan is currently considering the implementation of review and supervision mechanisms within ISTD to ensure that all relevant information related to future rulings is captured adequately.

### ***Conclusion on section A***

676. Jordan does not have specific mechanisms in place for identifying future rulings and potential exchange jurisdictions within the scope of the transparency framework as well as for reviewing and supervising that all relevant information is captured adequately.

677. Jordan is recommended to ensure that it has put in place an effective information gathering process to identify all future rulings and potential exchange jurisdictions, with a review and supervision mechanism, as soon as possible (ToR I.A).

## B. The exchange of information (ToR II.B)

### ***Legal basis for spontaneous exchange of information (ToR II.B.1, II.B.2)***

678. Jordan does not have the necessary domestic legal basis to exchange information spontaneously. ISTD is currently in the process of putting in place the necessary domestic legal basis to exchange information spontaneously. Jordan can only exchange information on request.

679. Jordan does not have currently in effect an agreement that would allow for spontaneous exchange of information under the transparency framework. Jordan signed the *Multilateral Convention on Mutual*

*Administrative Assistance in Tax Matters: Amended by the 2010 Protocol* (OECD/Council of Europe, 2011<sup>[4]</sup>) ("the Convention") on 29 September 2020 and ratified on 11 August 2021. The Convention will enter into force on 1 December 2021. No exchanges could occur under the Convention for the year in review.<sup>2</sup>

680. During the year in review, Jordan indicated that a legal framework allowing for spontaneous exchange of information on relevant tax rulings in order to exchange tax rulings in a timely manner is in the process of being developed and it is expected between the end of 2021 and early 2022.

681. Jordan is encouraged to continue its efforts to expand its international exchange of information instruments to be able to exchange rulings. It is however noted that jurisdictions are assessed on their compliance with the transparency framework in respect of the exchange of information network in effect for the year of the particular annual review.

### **Completion and exchange of templates (ToR II.B.3, II.B.4, II.B.5, II.B.6, II.B.7)**

682. During the year in review, Jordan did not put in place a process to exchange information on rulings in accordance with the form and timelines required by the transparency framework. Jordan is recommended to ensure the timely exchange of information on rulings in the form required by the transparency framework. Jordan is currently considering the implementation of a process within ISTD to ensure the timely exchange of information on future rulings.

### **Conclusion on section B**

683. Jordan does not yet have the necessary domestic legal basis to exchange information spontaneously and a process to exchange information on rulings in the required format and timelines. Jordan is recommended to put in place a domestic legal framework allowing spontaneous exchange of information on the relevant tax rulings and to ensure the timely exchange of information on rulings in the form required by the transparency framework (ToR II.B).

## **C. Statistics (ToR IV)**

684. As no rulings were issued, no statistics can be reported.

## **D. Matters related to intellectual property regimes (ToR I.A.1.3)**

685. Jordan offers one intellectual property regime (IP regime).<sup>3</sup> The assessment of transparency requirements under the Action 5 Report (OECD, 2015<sup>[1]</sup>), is as follows:

- **New entrants benefitting from the grandfathered IP regime:** the Development zone regime was reported in the year 2019 as actually harmful. In January 2021, Jordan issued a regulation as well as a legally binding opinion and an administrative act, both annexed to the regulation, amending the regime as of 1 January 2021 with no grandfathering provided to existing taxpayers. The Forum on Harmful Tax Practices (FHTP) approved these documents and concluded that the regime was compliant with the FHTP standard and therefore updated the conclusion to "not harmful (amended)". Throughout the period in which the regime is considered "harmful", Jordan is expected to have information available and to have exchanged information on new entrants as of the relevant date from which the enhanced transparency obligations apply (i.e. 16 October 2017) until the date the regime is amended (i.e. 1 January 2021). During the year in review, Jordan has not identified information on new entrants to the Development zone regime for the relevant period indicated above, and as such has not exchanged information on these taxpayers. Jordan has indicated that

a process to identify new entrants to the Development zone regime for the relevant period will be developed between the end of 2021 and early 2022. Therefore, Jordan is recommended to identify information and to put in place a domestic legal framework allowing spontaneous exchange of information on all new entrants to the IP regime (ToR I.A.1.3).

- **Third category of IP assets:** not applicable to these regimes.
- **Taxpayers making the use of the option to treat the nexus ratio as a rebuttable presumption:** not applicable to these regimes.

## Summary of recommendations on implementation of the transparency framework

Aspect of implementation of the transparency framework that should be improved	Recommendation for improvement
Jordan does not have specific mechanisms in place for identifying future rulings and potential exchange jurisdictions within the scope of the transparency framework as well as for reviewing and supervising that all relevant information is captured adequately.	Jordan is recommended to ensure that it has put in place an effective information gathering process to identify all future rulings and potential exchange jurisdictions, with a review and supervision mechanism, as soon as possible. This recommendation remains unchanged since the prior year peer review report.
Jordan has not the necessary domestic legal basis to exchange information spontaneously and Jordan does not yet have a process to exchange information on rulings in the required format and timelines.	Jordan is recommended to put in place a domestic legal framework allowing spontaneous exchange of information on the relevant tax rulings and to ensure the timely exchange of information on rulings in the form required by the transparency framework. This recommendation remains unchanged since the prior year peer review report.
Jordan has not identified information on new entrants to the Development zone IP regime during the relevant period, and has not exchanged information on these taxpayers.	Jordan is recommended to identify information and to put in place a domestic legal framework allowing spontaneous exchange of information on all new entrants to the IP regime. This recommendation remains unchanged since the prior year peer review report.

## Jurisdiction's response and recent developments

686. With the support of international donors, Jordan is planning to develop a set of procedures and guidelines that will allow ISTD to meet the information gathering process requirements, to implement a legal framework allowing for spontaneous exchange of information and to identify new entrants to the Development zone regime for the relevant period. Jordan expects to complete these processes between the end of 2021 and early 2022.

## References

- OECD (2021), *BEPS Action 5 on Harmful Tax Practices - Terms of Reference and Methodology for the Conduct of the Peer Reviews of the Action 5 Transparency Framework*, OECD Publishing, Paris, <http://www.oecd.org/tax/beps/beps-action-5-harmful-tax-practices-peer-review-transparency-framework.pdf>. [3]
- OECD (2015), *Countering Harmful Tax Practices More Effectively, Taking into Account Transparency and Substance, Action 5 - 2015 Final Report*, OECD/G20 Base Erosion and Profit Shifting Project, OECD Publishing, Paris, <https://dx.doi.org/10.1787/9789264241190-en>. [1]

OECD (ed.) (2017b), *Harmful Tax Practices - 2017 Progress Report on Preferential Regimes*, OECD Publishing, Paris, <http://dx.doi.org/10.1787/9789264283954-en>. [2]

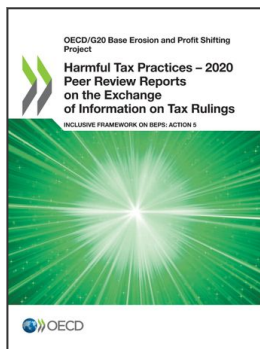
OECD/Council of Europe (2011), *The Multilateral Convention on Mutual Administrative Assistance in Tax Matters: Amended by the 2010 Protocol*, OECD Publishing, Paris, <https://dx.doi.org/10.1787/9789264115606-en>. [4]

## Notes

<sup>1</sup> With respect to the following preferential regimes: 1) Development zone regime; 2) Aqaba special economic zone; and 3) the tax preference (i.e. 5% income tax rate on information technology services performed inside or outside the development zones) granted to the information technology sector by the Investment law and included in the Cabinet Decision no. 14883 of 2016.

<sup>2</sup> Participating jurisdictions to the Convention are available here: [www.oecd.org/tax/exchange-of-tax-information/convention-on-mutual-administrative-assistance-in-tax-matters.htm](http://www.oecd.org/tax/exchange-of-tax-information/convention-on-mutual-administrative-assistance-in-tax-matters.htm).

<sup>3</sup> Development zone regime.



From:

## Harmful Tax Practices – 2020 Peer Review Reports on the Exchange of Information on Tax Rulings Inclusive Framework on BEPS: Action 5

Access the complete publication at:

<https://doi.org/10.1787/f376127b-en>

### Please cite this chapter as:

OECD (2021), “Jordan”, in *Harmful Tax Practices – 2020 Peer Review Reports on the Exchange of Information on Tax Rulings: Inclusive Framework on BEPS: Action 5*, OECD Publishing, Paris.

DOI: <https://doi.org/10.1787/836773d6-en>

This work is published under the responsibility of the Secretary-General of the OECD. The opinions expressed and arguments employed herein do not necessarily reflect the official views of OECD member countries.

This document, as well as any data and map included herein, are without prejudice to the status of or sovereignty over any territory, to the delimitation of international frontiers and boundaries and to the name of any territory, city or area. Extracts from publications may be subject to additional disclaimers, which are set out in the complete version of the publication, available at the link provided.

The use of this work, whether digital or print, is governed by the Terms and Conditions to be found at <http://www.oecd.org/termsandconditions>.