

Jordan

Jordan has met all aspects of the terms of reference (OECD, 2021^[3]) (ToR) for the calendar year 2021 (year in review), except for having the necessary information gathering process in place (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's peer review report, as well as in 2019 and partly in the 2017-2018 peer review reports, Jordan had received the same three 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.

Information gathering process (ToR I.A)

701. Jordan can legally issue the following one type of rulings within the scope of the transparency framework: (i) preferential regimes.¹

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

702. 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)

703. For Jordan, future rulings are any tax rulings within scope that are issued on or after 1 September 2017. Jordan only put in place an administrative process to issue rulings in 2019. No future rulings were issued by Jordan during the period in review.

704. In the prior year's peer review report, it was determined that Jordan did not yet have specific mechanisms in place for identifying future rulings and potential exchange jurisdictions within the scope of the transparency framework. During the year in review, Jordan did not implement such mechanisms, and therefore the recommendation remains in place. 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 are expected to be developed in 2023.

Review and supervision (ToR I.A.3)

705. In the prior year's peer review report, it was determined that Jordan did not yet have a review and supervision mechanism under the transparency framework. During the year in review, Jordan did not implement such a review and supervision mechanism, and therefore the recommendation remains in place. 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

706. Jordan does not have specific mechanisms in place for identifying relevant 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 relevant rulings and potential exchange jurisdictions, with a review and supervision mechanism, as soon as possible (ToR I.A).

Exchange of information (ToR II.B)

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

707. In the prior year's peer review report, it was determined that Jordan did not yet have the necessary domestic legal basis to exchange information spontaneously. During the year in review, Jordan did not introduce such a domestic legal framework, and therefore the recommendation remains in place. ISTD is currently in the process of putting in place the necessary domestic legal basis to exchange information

spontaneously and this is expected to be completed in 2023. Jordan can only exchange information on request.

708. Jordan has international agreements permitting spontaneous exchange of information, including: the *Multilateral Convention on Mutual Administrative Assistance in Tax Matters: Amended by the 2010 Protocol* (OECD/Council of Europe, 2011^[1]) (“the Convention”).²

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

709. In the prior year’s peer review report, it was determined that Jordan did not yet have a process to exchange information on rulings in accordance with the form and timelines required by the transparency framework. During the year in review, Jordan did not introduce such a process, and therefore the recommendation remains in place. 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

710. 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, as soon as possible (ToR II.B).

Statistics (ToR IV.D)

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

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

712. Jordan offers one intellectual property regime (IP regime).³ The assessment of transparency requirements under the Action 5 Report (OECD, 2015^[2]), 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 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 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 in 2023. 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, as soon as possible (ToR I.A.1.3).
- **Third category of IP assets:** not applicable to this regime.

- ***Taxpayers making the use of the option to treat the nexus ratio as a rebuttable presumption:*** not applicable to this regime.

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 relevant 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 relevant rulings and potential exchange jurisdictions, with a review and supervision mechanism, as soon as possible. This recommendation remains unchanged since the 2019 and 2020 peer review reports.
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, as soon as possible. This recommendation remains unchanged since the 2019 and 2020 peer review reports.
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, as soon as possible. This recommendation remains unchanged since the prior year's peer review report. This recommendation remains unchanged since the 2019 and 2020 peer review reports.

Jurisdiction's response and recent developments

713. The ISTD will be restructured in the coming months and there are plans to set up a directorate dedicated to Development zones and other Free zones that will allow ISTD to meet the information gathering process requirements also with regard to new entrants benefitting from the grandfathered IP regime. Regarding the exchange of information aspects, work on the implementation of the spontaneous exchange of information will begin immediately after the implementation of the Automatic Exchange of Information, which is currently underway as planned with the Global Forum.

References

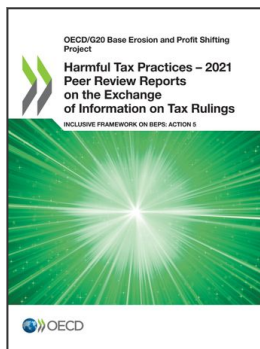
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- OECD (2015), *Countering Harmful Tax Practices More Effectively, Taking into Account Transparency and Substance, Action 5 - 2015 Final Report*, OECD/G20 Base Erosion and Profit Shifting Project, OECD Publishing, Paris, <https://doi.org/10.1787/9789264241190-en>. [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://doi.org/10.1787/9789264115606-en>. [1]

Notes

¹ 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.

² 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.

³ Development zone regime.



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