

## Jordan

Jordan has met all aspects of the terms of reference (OECD, 2017<sup>[3]</sup>) (ToR) for the calendar year 2019 (year in review), except for identifying all past and future rulings and all potential exchange jurisdictions with a review and supervision mechanism (ToR I.4), 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.5) and for identifying and exchanging information on all new entrants to the IP regime (ToR I.4.3). Jordan receives three recommendations on these points for the year in review.

In the prior year report, as well as in the 2017 peer review, Jordan had received one recommendation. As it has not been addressed, the recommendation remains in place. Two new recommendations have been added.

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.

These rulings are published on the official gazette website in an anonymised form.

No peer input was received in respect of the exchanges of information on rulings received from Jordan.

## A. The information gathering process

616. Jordan can legally issue the following one type of rulings within the scope of the transparency framework: (i) preferential regimes.<sup>1</sup> Rulings are issued by a committee consisting of representatives of several government agencies under the Jordan Investment Commission (JIC) which was established under the Investment Law.

617. In the prior year report, this section was not assessed as no rulings were issued. Jordan indicated that theoretically, there is no legal impediment for Jordan to issue rulings within the scope of the transparency framework, but in practice Jordan did not put in place the administrative process to issue such rulings.

618. As of 2019, a procedure to issue private rulings became effective in Jordan. Private rulings referring to a specific taxpayer are binding on the tax administration and can be issued only in the category of preferential regimes. These rulings are endorsed and ratified by the Cabinet.

### ***Past rulings (ToR I.4.1.1, I.4.1.2, I.4.2.1, I.4.2.2)***

619. For Jordan, past rulings are any tax rulings within scope that are issued either (i) on or after 1 January 2015 but before 1 April 2017; and (ii) on or after 1 January 2012 but before 1 January 2015, provided they were still in effect as at 1 January 2015. However, as Jordan put in place an administrative process to issue rulings only in 2019, therefore there are no past rulings on which Jordan would be obligated to conduct spontaneous exchange of information.

### ***Future rulings (ToR I.4.1.1, I.4.1.2, I.4.2.1)***

620. For Jordan, future rulings are any tax rulings within scope that are issued on or after 1 September 2017.

621. Jordan put in place an administrative process to issue rulings only in 2019, but no rulings have been issued during the year in review.

622. 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 considering the introduction of 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.

### ***Review and supervision (ToR I.4.3)***

623. 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***

624. 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.

625. 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.4).

## B. The exchange of information

### **Legal basis for spontaneous exchange of information (ToR II.5.1, II.5.2)**

626. 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.

627. Jordan does not have currently in effect an agreement that would allow for spontaneous exchange of information under the transparency framework. Jordan is not a Party to the *Multilateral Convention on Mutual Administrative Assistance in Tax Matters: Amended by the 2010 Protocol* (OECD/Council of Europe, 2011) ("the Convention"). 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.5.3, II.5.4, II.5.5, II.5.6, II.5.7)**

628. 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**

629. 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 (ToR II.5).

## C. Statistics (ToR IV)

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

## D. Matters related to intellectual property regimes (ToR I.4.1.3)

631. Jordan offers two intellectual property regimes (IP regime).<sup>2</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 was reported in the year 2019 as actually harmful. Jordan did not start the legislative amendments to amend the IP regime to be in line with the nexus approach on time. Therefore, in line with the FHTP timelines for IP regimes, when Jordan amends or eliminates the regime, no grandfathering should be provided to existing taxpayers. However, as the regime has not been amended and therefore continues to allow new entrants to benefit from the regime (and therefore was already concluded as "harmful"), Jordan is expected to have information available and exchanged information on new entrants after the relevant date from which enhanced transparency obligations apply (which is 16 October 2017) until the point at which the regime is amended or abolished. According to the most

recent available information, Jordan has not identified information on new entrants to the harmful Development zone regime, and as such has not exchanged information on these taxpayers. Therefore, Jordan is recommended to identify and exchange information on all new entrants to the IP regime (ToR I.4.3).

In addition, the Aqaba special economic zone is under review by the FHTP. Jordan is expected to amend or abolish this regime, but, as for the Development zone, as it has not yet started legislative amendments on time, it cannot provide grandfathering for this regime. The assessment of transparency requirements will be further considered after the FHTP's review of this regime has been concluded, and this will be taken into account during the subsequent peer review.

- **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.
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.
Jordan has not identified information on new entrants to the harmful Development zone regime, and as such has not exchanged information on these taxpayers.	Jordan is recommended to identify and exchange information on all new entrants to the IP regime.

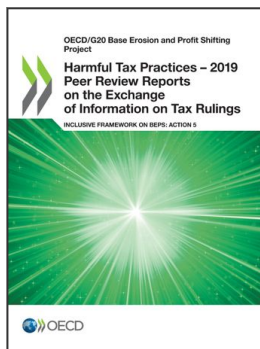
## References

- OECD (2017), *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]

## Notes

<sup>1</sup> Development zone regime and 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> These regimes are the Development zone and the Aqaba special economic zone.



**From:**

## **Harmful Tax Practices – 2019 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/afd1bf8c-en>

### **Please cite this chapter as:**

OECD (2020), “Jordan”, in *Harmful Tax Practices – 2019 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/f1581b30-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>.