



## **IBN INFORMS**

### **Exempt Companies in Jordan**

by

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*Version: April 2007*

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## Introduction

An Exempt Company can be established in Jordan pursuant to the Companies Law No. 22 of 1997. It can be either:

- (1) A Public Shareholding Company;
- (2) A Limited Partnership in Shares; or
- (3) A Limited Liability Company.

The name of the Company must be followed by the phrase "Exempt Company". An Exempt Company is one that is registered in Jordan but operates outside of it.

## Requirements for and Restrictions on Operations:

- (1) If the Company is going to operate in the insurance, re-insurance, banking, financial services or joint investment sectors, then certain minimum capital requirements and regulatory authority approvals apply.
- (2) The Company's shares cannot be offered for public subscription in Jordan.
- (3) The Company must maintain an office in Jordan at all times.
- (4) The Company cannot conduct business in Jordan.
- (5) The Company must hold all its financial and administrative books and records in Jordan, including records of all its businesses outside Jordan.
- (6) The Company must provide a monetary security or an unconditional unlimited Bank guarantee. This security or guarantee will be used to cover the Company's obligations and fines in case of liquidation.

## Procedure for Registration

- (1) An application form must be filled out and submitted to the Controller of Companies accompanied by the following:

- (a) Articles and Memorandum of Association of the Company.
- (b) List of the names of its founders.
- (c) A copy of a Power of Attorney by which the promoters, if they so wish, authorize one amongst them to sign and act on their behalf in finalizing the procedure of formation and registration.

The Articles and Memorandum of Association must contain at least the following information:

- (a) The name of the Company;
- (b) The address of its head office in Jordan;
- (c) The Company's objectives;
- (d) The capital of the Company;
- (e) The name, nationality, residence, address and experience of each founder, as well as the number of shares and percentage of capital each one holds.
- (f) Any other information required to be included in the Articles and Memorandum of Association by the applicable Companies Law and Regulations.

Each founder has to sign the Memorandum and Articles of Association in front of the Controller of Companies, the Notary Public or a licensed lawyer. Each founder can appoint another founder to sign on his behalf by means of a duly legalized power of attorney.

(2) Registration & Maintenance Fees are as follows:

- 0.5% of the capital payable once on registration.
- JD 1 000 per annum.<sup>1</sup>
- A bank guarantee has to be posted in the amount of 15% of the Company's capital.

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<sup>1</sup> Approximately USD 1400

## **Exemptions**

Pursuant to Jordan's existing tax laws, since the Company operates outside Jordan, its income is exempt from taxes. Salaries of employees are not exempted.

## **Ralph M Ertner**

If you have any questions, please do not hesitate to contact the author under:

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