**Income & Sales Tax Department**

**Income Tax Law**

Law No. 57 of 1985 as amended by :

Law No. ( 4 ) of 1992

Effective from Jan. 1st 1991

Law No. ( 14 ) of 1995

Effective from Jan. 1st 1996

Law No. (25) of 2001

Effective from Jan 1st 2002

And the Withholding Regulations

Income Tax law No. (57) of 1985

Title and date of commencement

**Article ( 1 )**

This law is named ( The Income Tax Law 1985) and comes into effect on the date of publication in the Official Gazette (1) .

***Definitions of Terms***

**Article ( 2 )**

The following terms and expressions incorporated in this law shall have the meaning assigned to them hereunder unless the context indicates otherwise:

The Minister                    : The Minister of Finance.

The Department              : The Department of Income Tax.

The Director                   : Director General of the Income Tax

                                             Department.

The Tax                          : The Income tax imposed in accordance

                                            with the provisions of this law.

The Assessing Officer    : Any employee or a committee of employees

                                        delegated in writing by the Director General to assess or scrutinize the Income Tax.

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(1)     This law was published in page No. 1403 of issue No. (3343) of the Official Gazette issued on 01/10/1985

- Many amendments were made to this law, whereas, each amendment is effective from a certain date and governs a certain period of time.  These amendments are as follows:

(A)     The provisional amended law no. (4) for the year 1989.  This law is called (an amending law of the income tax law for the year 1989) and is read along with law no. (57) for the year 1985 as one law, whereas it was effective from 1/1/1989 until 31/12/1990.

(B)      The provisional amended law no. (40) for the year 1989 .This law is called (an amending law of the income tax law for the year 1989) and is read along with law no. (57) for the year 1985 as one law, whereas it was effective from 1/11/1989 until 1/11/1991.

(C)      The law no. (4) for the year 1992. This law is called (an amending law of the income tax law for the year 1992) and is read along with law no. (57) for the year 1985 as one law, whereas it was effective from 1/1/1991.

(D)      The law no. (14) for the year 1995.  This law is called (an amending law of the income tax law for the year 1995) and is read along with law no. (57) for the year 1985 and its amendments as one law, whereas it was effective from 1/1/1996.

(E)       The law no. (25) for the year 2001. This law is called (an amending law to the Income Tax Law for the year 2001) and shall be read along with the law no. (57) for the year 1985 with the amendment occurred upon it of one law to be effective from 1/1/2002.

The Person            : The natural or juristic person (2) .

The Company       : includes, except for partnership company &

                                limited partnership in shares company, the following:-

-           The Public shareholding company, whereas the co-operative society is considered a Public shareholding company as regards its activities aiming profits (2) .

-            The limited liability company.

-            Shares partnership company.

-            The foreign company or its branch no matter what kind of company its is,  resident or non-resident.

-            Any other company established or adjusted its nomination according to the effective Law of companies (2) .

The Local Authority        : Any municipal or rural council or a council of

                                       joint services or any similar authority or body

                                       established under the provisions of the law.

The Taxpayer                  : Every person obliged to pay Income Tax.

The Gross Income          : The total taxpayer income from each

                                          taxable source of income according to the provisions of this law (2).

The Net Income              : What is remaining of the gross income from    each taxable source after deducting expenses  and costs of the work related to it as determined according to the provisions of this law (3).

The Taxable Income       : What is remaining of the net income or the    total of the net incomes, after deducting exemptions and carried forward loss of the previous year and/or years, and donations consecutively and as stipulated in this law (2).

The Balance of the Due Tax : The tax after making any set-off or   discount or down payment according to the provisions of this law (3).

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(2)     This is how these definitions which mentioned in this page & next page were amended by margin (2) by virtue of the amended law no. 25 for the year 2001 published in page (2751) of the issue no. (4496) of the Official Gazette issued on 16/7/2001 the first article of which stated that it shall be effective from 1/1/2002. Whereas these definitions used to state by virtue of the original law no. 57 for the year 1985 which was effective from 1/1/1985 until 31/12/2001 the following:

**The person**    : The natural or juristic person with the exception of the resident ordinary company.

**The company** : The public or private shareholding company and the non-resident ordinary company. The resident ordinary company is excluded. The co-operative society intended for profit is treated as a public shareholding company.

**The Gross income** : The total amount of the taxpayer`s incomes accruing from sources of income   included in this law

The Social Services Tax :The imposed tax by virtue of the provisions of the Social Services Tax Law in effect (3).

The Building: An existing building including the garden, yard or adjoining or surrounding ground and is used or prepared to be used as part of it.

The Resident: A. The natural Jordanian who usually resides in the Kingdom for a total period of not less than 120 consecutive or interrupted days per year.

: B. The natural Jordanian if employed during any period of the year by the Government of the Kingdom or by any local authority within the Kingdom.

                                      : C.The natural non-Jordanian citizen who

                                          resides in the Kingdom for a total period not

                                          less than 183 consecutive or interrupted days

                                          per year.

                                       : D. The Juristic Person if registered in the

                                            Kingdom and has an office or a branch

                                            practicing management or supervision of

                                            his activity in the Kingdom.

The Year                         : The period commencing on the 1st day of

                                       January and ending on the 31st of December

                                       of the same year.

***Sources of Income***

**Article ( 3 )**

**A.**    Income accrued or earned in the Kingdom from the following   sources by any person shall be subject to tax:

**1)**     Profits or gains from any work, craft, business, profession or  vocation regardless of the period during which such work, business, profession, craft or vocation may have been carried out or exercised and from any separate transaction or deal which is considered as trade or business.

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= **The Taxable Income** : The remaining amount of the gross income after deductions and exemptions applicable under the provisions of this law are made.

(3) This is how these definitions were added by virtue of the amended law no. (25) for the year 2001 published in page (2751) of the issue no. (4496) of the Official Gazette issued on 16/7/2001 the first article of which stated that it shall be effective from 1/1/2002.

**2)**    Salaries, wages, allowances and bonuses received from any employment including the estimated annual value of housing or lodging or board or any other allowance with the exception of the hosting and representation allowances or part thereof as well as cost of living and travel allowances provided that the said

    allowances have been used for employment purposes and that  the provisions of this paragraph are organized by instructions issued by the Director (4)  .

**3)**     Interests, commissions, discounts, and exchange differences. Interests and commissions, on  doubted debts of banks, financial companies and specialized lending companies which are described as pending interests and commissions shall be taxed in the year it is received in accordance with the instructions issued by the Director for this purpose and approved by the Minister (5)   .

**4)**    Earnings accrued from any contract concluded in the Kingdom such as profits of contractings, undertakings, tenders, agencies, commissions, representation, commercial mediation and the like whether their sources are from inside or outside the Kingdom.

**5)**    Earnings accrued from any obligation (undertaking) or annuity as well as income gained from wages and fees of consultation expertise, arbitration and the like.

**6)**    Rents from any real estate and others accrued from immovable properties, dues, installments and other profits accruing from them. Also incomes and earnings derived from any property other than real estate and immovable properties (6) .

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(4) See: decision no (5) for the year 1992 issued by the Special Court for Interpreting laws published in page (1221) of issue no. (3834) of the Official Gazette issued on 1/7/1992.

 (5) this how this item was amended by virtue of the amending law no. 4 for the year 1992 published in page no. (214) of issue no. (3804) of the Official Gazette issued on 2/2/1992 the first article of which stated that it shall be effective from 1/1/1991.

Prior to its amendment, this item used to state as follows:

3- interests, discounts, commissions, including interests, discounts, exchange differences, and commissions earned by licensed banks, financial companies, licensed money exchangers, insurance companies, and mediators in the Jordanian markets for stock exchange in return for their services and credit facilities to their customers.

This item had been previously amended by virtue of the amending law no. 4 for the year 1989 published in page (186) of issue no. (3601) of the Official Gazette issued on 17/1/1989 which was effective from 1/1/1989 until 31/12/1990, where is used to state as follows:

3- interests, commissions, discounts, and exchange differences, interests and commissions on doubted debts of banks, financial companies, and specialized lending companies which are described as pending interests and commissions,  shall be collected in the year in which it is received according to the instructions issued by the director for this purpose and approved by the Minister.

(6)     See: decision No. (4) for the year 1995 issued by the special court for interpreting laws published in page (455) of issue no. (4026) of the Official Gazette issued on 16/02/1995.

**7)**    Vacating money and Key money & goodwill (7).

**8)**     Amounts received in lieu of selling, hiring or concession granted for using any trade mark, design, patent or copyright and printing or any other compensation (7).

**9)**     Income gained from insurance business in all its forms, land transportation, shipping and air freight for both residents and non-residents .

**10)**      Sale of assets governed by the rules of depreciation provided for in this law or transfer of its ownership through means other than inheritance. Taxable income from this source shall be determined to be equal to lower of the depreciation which has been deducted under this law or to the profit realized from sale or transfer of ownership (8)  .

**11)**      Lottery profits, drawings, cash and material prizes whatever it may be called which has a value not less than one thousand Dinars for each prize, is subject to tax at a rate of 10% of its value, this tax is deducted by the paying party and shall be paid to The Department within thirty days of its due date, and is deemed as deducted and final. It is not allowed to be refunded, or set-off by virtue of any provisions of this law, and if any person fails to deduct and pay this tax, then the non-deducted or non-paid tax shall be collected from him as if it was a due tax on him, taking into consideration the provisions of article (38) of this law (9).

(7) This is how these two items were amended by virtue of the amended law no. 25 for the year 2001 published in page (2751) of the issue no. (4496) of the Official Gazette issued on 16/7/2001 the first article of which stated that it shall be effective from 1/1/2002.

      Whereas these two items used to state by virtue of the original law no. 57 for the year 1985 which was effective from 1/1/1985 until 31/12/2001 the following:

       7. Goodwill or vacating money. The person who has paid this money is permitted to amortize the amount as part of his permissible production costs or operation expenses for the purposes of this law and over an equally divided period of 5 years.

       8. Amounts received in lieu of selling, hiring or concession granted for using any trade mark, design, patent or copyright and printing or any other compensation. Taxable income under this item is distributed over a period 3 years.

(8)This is how this item was added by virtue of the amending law no. (14) for the year 1995 published in page (2971) of issue no. (4072) of the Official Gazette issued on 1/10/1995 the first article of which stated that it shall be effective from 1/1/1996.

(9) This is how this item was added by virtue of the amended law no. (25) for the year 2001 published in page (2751) of the issue no. (4496) of the Official Gazette issued on 16/7/2001 the first article of which stated that it shall be effective from 1/1/2002.

**12)**      Profits or gains derived from any other source not included in items (1 to 11) of this subsection which have not been explicitly exempted under this law or any other law (10) .

**B.** **1**) All incomes, including interests, commissions, investment

      returns, profits of trading in currencies, valuable metals and  securities which are realized outside the Kingdom by any Jordanian or resident and which are arising from his funds and deposits inside the Kingdom shall be taxable.

          Branches of Jordanian companies operating abroad shall not be subject to this clause.

    The income of the non-Jordanian which is realized abroad from the investment of his foreign capital, returns, profits and yields of liquidation of his investment or sale of his project or share or stocks after moving them out of the Kingdom according to the provisions of the Encouragement of Investment Law or any other effective legislation in the Kingdom, shall not also be subject to taxation under this clause.

            2) (20%) of the net income, after deducting the foreign income

     tax, of the Jordanian companies branches operating outside the Kingdom as declared in their final accounts which are certified by an external auditor shall be taxable.

    In all cases the net amount resulting from applying that percentage shall be considered a taxable income to the company and shall be taxed at the rate for companies as stipulated in clause (2) of paragraph (B) of article (16) of this law and no amount or portion of it may be deducted for any reason.

3) If the taxpayer is a company, income provided for in clause    (1) of this paragraph, shall not be taxed again under clause (2) of this paragraph.

4) The provisions of article (7) of this law shall not apply to the

    taxable income under this paragraph.

(10)    This is how this item was amended after being re-numbered to become (12) instead of (11) by virtue of the amending law no. (25) for the year 2001 published in page (2751) of issue no. (4496) of the Official Gazette issued on 16/7/2001 the first article of which stated that it shall be effective from 1/1/2002.

- See: decision no. (5) for the year 1992 issued by the Special Court for Interpreting laws published in page (1221) of issue no. (3834) of the Official Gazette issued on 1/7/1992.

5) If a loss is incurred at any one year and to any person who is

    subject to the provisions of clauses ( 1 & 2 ) of this paragraph, it will be deducted from the income in each clause separately, up to the limits of such income. The balance, if any, shall be carried forward to the next year and so on up to six years after the year in which it has incurred and shall be deducted from the taxable income of that income, provided that the taxpayer maintains due and proper accounts.

6) The provisions of paragraph (B) of the Third Article shall be  applicable to any Jordanian even if he holds another nationality in addition to his Jordanian one (11) .

**C.**    Profits earned from export or re-export as accrued in the Kingdom, and it is for the Ministers Council upon a recommendation of the Minister to exempt the profits of some kinds of exports of local production from tax partly, or wholly(12).

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(11)  This is how this paragraph was amended and became consisting of six items by virtue of the amended law no. (14) for the year 1995 published in page (2971) of the issue no. (4072) of the Official Gazette issued on 01/10/1995, the first article of which stated that it shall be effective from 1/1/1996, whereas this paragraph used to state by the original law no. 57 for the year 1985 which was effective from 1/1/1985 until 31/12/1988 the following :

B- Interests and commissions accrued outside the kingdom by any licensed bank, financial company, exchanger, or insurance company  shall be subject to tax after this law is effective, and that is arising from its money and deposits from the Kingdom.

This paragraph has been previously amended by virtue of the amending law no. (4) for the year 1992 published in page (214) of issue no. (3804) of the Official Gazette issued on  2/2/1992  which was effective from 1/1/1991 until 31/12/1995, whereas this paragraph used to state as follows:

B- Interests and commissions accrued outside the Kingdom for any Jordanian person or resident –including ordinary resident companies- that are arising from his money and deposits from the kingdom are subject to tax.  Also subject to tax the income of the Jordanian person accrued outside the kingdom from operating his capital arising from his money and deposits inside the kingdom.  The net of this income is calculated based on the average of the depository interest rate prevailing in the kingdom during the year.

     This paragraph has also been previously amended by virtue of the provisional amending law no. (4) for the year 1989 published in page (186) of issue no. (3601) of the Official Gazette issued on 17/1/1989 which was effective from 1/1/1989 until 31/12/1990, whereas, this paragraph used to state as follows:

B- Interests and commissions accrued outside the Kingdom for any resident person – including ordinary resident companies – that is arising from his money and deposits from the kingdom are subject to tax.

(12)           This is how this item was amended by virtue of the amended law no. (25) for the year 2001 published in page (2751) of the issue no. (4496) of the Official Gazette issued on 16/7/2001 the first article of which stated that it shall be effective from 1/1/2002.

        whereas this paragraph used to state by the original law no. 57 for the year 1985 which was effective from 1/1/1985 until 31/12/2001 the following :

        C) Profits earned from exportation shall be deemed to have been derived in the Kingdom, and the Council of Ministers, may upon recommendation of the Minister, exempt the profits of some exports from tax wholly or partially.

**D.**   The net income of the partnership and limited partnership company shall be distributed among partners, whereas, the share of each one of them of this income shall be added to his net income from other sources if available, and shall be taxed on this basis as a natural person (13).

**E.**      Despite of any other law, the Council of Ministers can, upon a  recommendation of the Minister, impose tax on the profits of any investment activity of any public institution or the surplus of its annual income, including government public institutions(14).

(13)  This is how this paragraph was amended by virtue of the amending law no. (25) for the year 2001 published in page (2751) of issue no. (4496) of the Official Gazette issued on 16/7/2001 the first article of which stated that it shall be effective from 1/1/2002.

This paragraph used to state by virtue of the original law no. 57 for the year 1985 which was effective from 1/1/1985 until 31/12/2001 the following :

D- The income of the normal resident company is distributed between partners, whereas, the share of each one of them from this income is added to his gross income from other sources.

This paragraph has been previously amended by virtue of the amended law no. (14) for the year 1995 published in page (2971) of issue no. (4072) of the Official Gazette issued on 1/10/1995 which was effective from 1/1/1996 until 31/12/2001.

Whereas this paragraph used to state by virtue of the original law no. 57 for the year 1985 which was effective from 1/1/1985 until 31/12/2001 the following :

D- The income of the Jordanian partnership, the share of partners in apartnership by shares and a Jordanian limited partnership shall be distributed among these partners and each partner’s share from that income shall be added to his income from other sources.

 (14) This is how this paragraph was added by virtue of the amending law no (14) for the year 1995 published in page (2971) of issue no (4072) of the official gazette issued on 1/10/1995, the first article of which stated that it should be effective from 1/1/1996

**Article ( 4 )**

**A.**    The husband and wife are considered independent taxpayers.

**B.**    Subject to the provisions of paragraph (C) of this article, the taxpayer’s husband or the wife who is a taxpayer enjoys the exemptions stipulated in this law, and it is allowed that one of them grants these exemptions completely or partly to the other as needed(15).

**C.**   The  wife who is a taxpayer enjoys the following exemptions partly or completely:

1-     The personal exemption related to her and the exemptions related to her study or sustenance study of her children study, and other persons she supports, also the expenses of supporting her parents if supported by her according to the provisions of article (13) of this law.

2-     Exemptions related to her income from employment or the recruitment stipulated in paragraph (A) and (G) and (H) of article (14) of this law, she also enjoys other exemptions stipulated in  that article if she proves that she is actually responsible for what has been paid of those expenses related to these exemptions(15).

(15)  This is how these two paragraphs were amended by virtue of the amended law no. (25) for the year 2001 published in the page (2751) of issue no. (4496) of the Official Gazette issued on 16/7/2001 the first article of which stated that it shall be effective from 1/1/2002.

         These two paragraphs used to state by virtue of the original law no. 57 for the year 1985 which was effective from 1/1/1985 until 31/12/2001 as follows :

(B)    Only the husband enjoys the exemptions stipulated in this law, whereas, he may give it all or part of it to his wife, upon the request of the husband or if she was the only supporter of the family.

(C) The wife who is a taxpayer enjoys a partial exemption from the salaries, wages, allowances, bonuses, and benefits stipulated in paragraph (A) or paragraph (B) and paragraphs (G) & (H) of article (14) of this law, and from exemptions stipulated in article (13) of this law for the person or persons that she supports.

          These two paragraphs have been amended by virtue of the amended law no. (14) for the year 1995 published in page (2971) of issue no. (4072) of the Official Gazette issued on 1/10/1995 which was effective from 1/1/1996 until 31/12/2001 whereas this paragraph used to state as follows:

(B)    Only the taxpayer who is a  husband enjoys the exemptions stipulated in this law, whereas, he may give it all or part of it to his wife, upon the request of the husband or if she was the only supporter of the family.

(C) The wife who is a taxpayer enjoys a partial exemption from the salaries, wages, allowances, bonuses, and benefits stipulated in paragraph (A) and paragraphs (G) & (H) of article (14),  and from exemptions stipulated in article (13) of this law for the person or persons that she supports.

**D.**The husband and wife may be treated as one taxpayer, for the  purpose of this law under their request. Assessment shall be made in the name of the husband. In such case tax shall be collected from one or both (16).

**E.**    The husband is obliged to carry out all measures, and duties prescribed under this law relating to the effecting of the assessment, including the filing of annual returns, appearing before the assessing officer to present documents and the required detailed information on his income or his wife’s income or both, unless requested otherwise by the wife(16).

**Article ( 5 )**

**A.**    1 – The income is considered as derived or earned for any person

           upon its due time regardless of its date of receipt, unless otherwise  stated in this law or any of the instructions issued by its virtue (17).

2 -  The Minister may be upon a recommendation from the Director

      except some kinds of incomes from the provisions of item (1) of this paragraph, by virtue of instructions that he issues for this purpose and shall be published in the Official Gazette (17).

**B.**    The tax shall be imposed on the taxable income earned by any person or accrued during any year, after the end of this year subject to assessment, even though income may have ceased during it.

**C.**    In the computation of taxable income or tax itself, the amount is lowered to the nearest Dinar (18).

(16)    This is how paragraphs (D,E) from this article were  amended by virtue of the amended law no. (14) for the year 1995 published in page (2971) of issue no. (4072) of the Official Gazette issued on 1/10/1995, the first article of which stated that it shall be effective from 1/1/1996.

Whereas these paragraphs used to state by virtue of the original law no. 57 for the year 1985 which was effective from 1/1/1985 until 31/12/1995 the following :

D) The husband and wife may be treated as one taxpayer, for the purpose of this law under their request. Assessment shall be made in the name of the husband. In such case tax shall be collected from one or both, as the assesing officer decides.

E) The husband is obliged to carry out all measures, and duties prescribed under this law relating to the effecting of the assessment, including the filing of annual returns, appearing before the assessing officer to present documents and the required detailed information on his income or his wife’s income or both.

(17) This is how this paragraph was added by virtue of the amended law no. (25) for the year 2001 published in page (2751) of issue no. (4496) of the Official Gazette issued on 16/7/2001, the first article of which stated that it shall be effective from 1/1/2002, paragraph (A) & (B) has been     re-numbered to become (B) & (C).

(18) This paragraph has been previously amended by virtue of the provisional amending law no. (4) for the year 1989 published in page (186) of issue no. (3601) of the Official Gazette issued on 17/1/1989 which was effective as of 1/1/1989 until 31/12/1990, whereas this paragraph used to state the following:

         B- when calculating the taxable income, the resulting amount is rounded to the nearest dinar.

**Article ( 6 )**

The taxpayer who usually closes his accounts on a day other than the end of December is permitted to do so. In any such case, tax shall be collected on taxable income within one year ending on the same date. Such a taxpayer shall enjoy the deductions permitted in paragraph (B) of article (28) under this law, irrespective of the names of the months.

**Article ( 7 )**

**A.**    The following shall be fully exempted from Tax:

1)     The official emoluments of the King.

2)     The income of Local Authorities.

3)     The Income of trade union and professional bodies from business not aiming profits (19).

4)     The income of co-operative and charity societies and other social bodies legally registered and licensed from business not aiming profits (19).

5)     The income of any religious, charity, cultural, educational, sport, or health institution of public nature that is not aiming profits, and the income of Waqfs and the income of the  Orphanage Investments Corporation (19).

6)     The income of the exempted company registered according to the effective companies law earned from practicing its business outside the Kingdom except for incomes earned from taxable sources of income according to the provisions of this law (20).

7)     The income of the not aiming profits company registered according to the effective companies’ law, except for incomes earned from taxable sources of income according to the provisions of this law (20).

8)     The limitations and conditions of the exemptions of incomes of persons indicated in items (3-7) according to a regulation issued by the Ministers Council (20).

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(19) These items were amended by virtue of the amended law no. (25) for the year 2001 published in page (2751) of issue no. (4496) of the Official Gazette issued on 16/7/2001, the first article of which stated that it shall be effective from 1/1/2002.

         Whereas these items used to state the following prior its amendment :

         3. The income of Trade Unions accrued from business not for the purpose of profits.

         4. The income of cooperative societies derived from a business not for profits purposes.

         5. The income of any religious, charitable, educational, cultural, sport and health institutions of a public nature accrued from income not for profits purposes as well as income of charitable (trusts) Waqfs and the income of the Orphanage Investments Corporation.

(20) This is how these items were added by virtue of the amended law no. (25) for the year 2001 published in page (2751) of issue no. (4496) of the Official Gazette issued on 16/7/2001, the first article of which stated that it shall be effective from 1/1/2002, the items (6-15) have been         re-numbered to become (10-19).

9)     Profits of shares and dividends distributed by the company, provided that 25% of the balance of the profits and dividends of the beneficiary person are returned in consideration of his expenses(20).

10)          The income earned by a blind or a completely disabled person from craft or employment.

11)          The pension salary accord under the provisions of laws and regulations.

12)          Any lump-sum payment received as compensation or as indemnity for injury, termination of service or death.

13)          The income accrued from land invested in agriculture, gardening and afforestation or from poultry, cattle, fish or bees breeding including income from the transformation of their products by simple manual labour(21).

14)          The profits of re-insurance companies accrued from contracts concluded with insurance companies operating in the Kingdom.

15) A. Capital profits, profits accrued from the buying and selling of lands, real estate. Shares and bonds are considered part of theses capital profits except for the profits accruing from sale or transfer of ownership of assets governed by the rules of depreciation prescribed under this law, provided that losses arising from the sale or transfer of ownership of such assets governed by the rules of depreciation are deducted as soon as realized. This loss shall be limited to the lower of the depreciation deducted for the purposes of this law and the incurred loss(22).

 (21)  See: decision no (4) for the year 1995 issued by the special court for interpreting laws published in page (455) of issue no (4026) of the Official Gazette issue on 16/2/1995.

(22) This is how this paragraph was amended by virtue of the amending law no (14) for the year 1995 published in page (2971) of issue no (4072) of the Official Gazette issued on 1/10/1995, the first article of which stated that it should be effective from 1/1/1996

         Whereas this paragraph used to state by virtue of the original law no. 57 for the year 1985 which   was effective from 1/1/1985 until 31/12/1995 the following:

11- Capital profits, whereas, profits resulting from buying and selling lands, real estate, stocks, and bonds among these capital profits.

Whereas, this item has been previously amended by virtue of the provisional amending law no. (40) for the year 1989 published in page (2193) of issue (3661) of the Official Gazette issued on 1/11/1989 which was effective from 1/11/1989 until 1/11/1991 when it was announced that it is void in page (1893) of issue no (3784) of the Official Gazette published on 2/11/1991, whereas, this item used to state the following before it was announced void :

11- Capital profits, whereas, profits resulting from buying and selling lands, real estate, stocks, and bonds among these capital profits. except for profits resulting from practicing the trade of lands and real estate as a profession accrued from selling lands and real estate that were bought or started to construct after this law has come into force.

B. (25%) from profits from buying and selling shares and bonds in Amman stock market and outside it, and from the profits distributions of the joint investment fund earned by banks and financial companies, provided that no refunds are made for the profits of such companies in return for exempting this percentage of profits (23).

16) The rental value of residential apartments occupied by their owners, if natural, his wife, his son or his brother or any of his ancestors or descendants, or occupied by owners if juristic, or any of their employees and workers for the purpose of dwelling with no charge, and in the latter case, exemption is restricted to the rental value for the owner and not for the employee or the worker who occupies it.

17)  (15%) of the net rental earned from renting properties within Amman greater municipality and (30%) of the net rental in the rest of the areas in the Kingdom(24).

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(23) This is how this paragraph was added by virtue of the amended law no. (25) for the year 2001 published in page no. (2751) of issue no. (4496) of the Official Gazette issued on 16/7/2001, the first article of which stated that it shall be effective from 1/1/2002, and item (11) from the amended text was considered paragraph (A) and has been re-numbered to become (15).

 (24) This how this item was amended by virtue of the amended  law no. 25 for the year 2001 published in page no. (2751) of issue no. (4496) of the Official Gazette issued on 16/7/2001 the first article of which stated that it shall be effective from 1/1/2002 & re-numbered to become from 13 to 17.

This item used to state by virtue of the original law no. 57 for the year 1985 which was effective from 1/1/1985 until 31/12/1988 as follows:

13- (30%) of rental accrued from renting real estate in the province of the capital, and (50%) of these rentals accrued in the rest of the areas of the Kingdom.

This paragraph has been previously amended by virtue of the provisional amending law no.4 for the year 1992 published in page (214) of issue no. (3804) of the Official Gazette issued on 2/2/1992 which was effective as of 1/1/1991 until 31/12/2001, whereas this paragraph used to state the following:

13- (10%) of rental accrued from renting real estate in the province of the capital, and (30%) of these rentals accrued in the rest of the areas of the Kingdom.

This item has been previously amended by virtue of the provisional amended law no. 4 for the year 1989 published in page (186) of issue no. (3601) of the Official Gazette issued on 17/1/1989 which was effective from 1/1/1989 until 31/12/1990, whereas this item used to state the following :

13. (10%) of rental accrued from renting real estate.

18) The profits of foreign companies not working in the Kingdom (Headquaters or representation office) incoming from their business abroad and salaries and fees paid by such companies to their non-Jordanian employees working in their offices in Jordan (25).

19)  Allowances and additional bonuses paid to Jordanian diplomatic and consular sections members and to government and public corporations employees, and other persons working abroad (25).

**B.**    The following shall be exempted from tax :

1)     The income of Public Institutions, with the exception of their income accrued from rents and key-money regardless of what is provided for in any other law, and in compliance with the provisions item (17) of paragraph (A) of this article(26).

2)     The income of any pension or Staff Provident Fund or any other similar fund if the said exemption is approved by the Minister.

3)     The emoluments and salaries paid to diplomatic envoys and members of the non-Jordanian consular corps in their capacities as representatives of their countries in the Kingdom, and subject to reciprocal treatment.

4)     Salaries and wages paid to non-Jordanian employees working with Jordanian Diplomatic or consular offices outside the Kingdom subject to reciprocal treatment.

5)     …………………………………………………………….. (27).

(25) This is how these two items were amended by virtue of the amended law no. 25 for the year 2001 published in page (2751) of issue no. (4496) of the Official Gazette issued on 16/7/2001, the first article of which stated that it shall be effective from 1/1/2002 & re-numbered from 14 & 15 to become from 18 to 19.

         Whereas these two items used to state the following prior its amendment:

         14. The salaries and wages paid by a foreign company registered in the Kingdom under the Registration of Foreign Companies Law, to its non-Jordanian employees at its premises in the Kingdom.

         15. The emoluments and allowances paid to diplomatic envoys, members of the Jordanian consular corps and government and public institutions’ employees by virtue of their posts abroad.

(26) See: decision no (4) for the year 1991 issued by the Special Court for Interpreting laws published in page (1130) of issue no (3764) of the Official Gazette issue on 1/7/1991.

 (27) This is how this item was cancelled and the items from (6-15) indicated in paragraph (B) of article (7) were re –numbered to become from (5-14) by virtue of the amending law no (14) for the year 1995 published in page (2971) of issue no (4072) of the Official Gazette issued on 1/10/1995, the first article of which stated that it should be effective from 1/1/1996

         Whereas this item used to state by virtue of the original law no. 57 for the year 1985   which was effective from 1/1/1985 until 31/12/1988 the following:

      5- the dividends distributed by companies, whereas, this exemption is total for beneficiaries         among Jordanians, non-Jordanians, holding companies, joint investment funds, joint investment accounts established according to the provisions of the effective companies law.

5)      Interests of treasury bills, development bonds, treasury loan debentures, public corporations bonds, and public shareholding companies loan debentures due to any person except for interests earned by banks and financial companies where 25% of these interests is exempted, provided that no refunds are made for the profits of such companies in return for exempting this percentage of profits(28).

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= While, if the resident investor in shares is a bank, a financial company, company accepted deposits, or a borrower company and pays interests on this borrowing, then, not any part of this exempted income is returned back in return for the production expenses if it is accrued from investing the liquid capital, reserves, tax paid carried forward profits, during the first three years of establishing the investment.

   While, if it was from investing other funds, investing the liquid capital, reserves, tax paid carried forward profits after the first three years of establishment, an amount is returned back to profits equal to the exempted income relative to the total revenues times the gross expenses, in away that the returned amount does not exceed (20%) of the distributed shares profits.

 This item was previously amended by virtue of the amending law no. 4 for the year 1992 published in page no. (214) of issue no. (3804) of the Official Gazette issued on 2/2/1992 and it was effective from 1/1/1991 till 31/12/1995.

    Before being amended, this item used to state as follows:

5- The dividends distributed by companies, whereas, this exemption is total for beneficiaries among Jordanians, non-Jordanians, holding companies, joint investment funds, joint investment accounts established according to the provisions of the effective companies law, and for borrower companies that pay interests, except for banks, financial companies, and companies accept deposits.

 While, if the resident investor in shares is a bank, a financial company, company accept deposits, then, not any part of this exempted income is returned back in return for the production expenses if it is accrued from investing the liquid capital, reserves, tax paid carried forward profits, during the first three years of establishing the investment.

While, if it was from investing other funds, investing the liquid capital, reserves, tax paid carried forward profits after the first three years of establishment, an amount is returned back to profits equal to the exempted income relative to the total revenues times the gross expenses.

        This item has been previously amended by virtue of the provisional amending law no. (4) for the year 1989 published in page (186) of issue no. (3601) of the Official Gazette issued on 17/1/1989 which was effective as of 1/1/1989 until 31/12/1990, whereas this item used to state the following

5- The dividends distributed by companies, whereas, this exemption is total for beneficiaries among Jordanians, non-Jordanians, holding companies, joint investment funds, joint investment accounts established according to the provisions of the effective companies law, and for borrower companies that pay interests, except for banks, financial companies, and companies accept deposits.

 While, if the resident investor in shares is a bank, a financial company, company accept deposits, then, not any part of this exempted income is returned back in return for its productive expenses if  it is accrued from investing the liquid capital, reserves, tax paid carried forward profits, during the first three years of establishing the investment.

While, if it was from investing other funds, investing the liquid capital, reserves, tax paid carried forward profits after the first three years of establishment, an amount is returned back to profits equal to the exempted income relative to the total revenues times the gross expenses.

(28) This is how this item was amended by virtue of the amended law no (25) for the year 2001 published in page (2751) of issue no (4496) of the Official Gazette issued on 16/7/2001, the first article of which stated that it should be effective from 1/1/2002.

Whereas this item used to state by virtue of the original law no. 57 for the year 1985 which was effective from 1/1/1985 until 31/12/1988 the following :

6- Interests of treasury bills, development bonds, public corporations bonds, and public shareholding companies` loan debentures, whereas, this exemption is total for the owners of these financial securities of Jordanians, non-Jordanians, holding companies, joint investment funds established according to the effective companies law.

6)          The distributed profits of debentures (Al Mukradah) and due to any person except for profits earned by banks and financial companies where 25% of these profits is exempted, provided that no refunds are made for the profits of such companies in return for exempting this percentage of profits (29).

7)                          a) The interests due to depositors if they are natural persons and companies at Banks, Licensed Financial Companies, Companies entitled to accept deposits and Specialized Credit Institutions in the Kingdom.

             b) The interests on deposits, at Banks, Licensed financial companies and other companies entitled to accept deposits, and specialized credit companies in the Kingdom due to banks and financial companies gained from the investment of the liquid part of the paid up capital and reserves and the profits carried forward on which tax has been paid.

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= Whereas, if the resident investor is a bank, a financial company, company accept deposits, or a borrower company that pays interests on this borrowing, then, the conditions indicated in Item (5) of paragraph (B) of this article shall be taken into consideration, in way that the returned amount does not exceed (15%) of such interests.

       This item was previously amended by virtue of the amending law no. 14 for the year 1995 published in page no. (2971) of issue no. (4072) of the Official Gazette issued on 1/10/1995 and it was effective from 1/1/1996 until 31/12/2001

Whereas this item used to state the following :

5. The interest on treasury bills which are exempted under the law of public debt, development bonds, treasury loan debentures, public institutions bonds and loan debentures of the public shareholding company.

This item has been previously amended by virtue of the amended law no. 4 for the year 1992 published in page (214) of issue no. (3804) of the Official Gazette issued on 2/2/1992 which was effective from 1/1/1991 until 31/12/1995 whereas this item used to state the following :

Before being amended, this item used to state as follows:

     6- Interests of treasury bills, public corporations bonds, and public shareholding companies` loan debentures, whereas, this exemption is total for the owners of these financial securities of Jordanians, non-Jordanians, holding companies, and to companies or joint investment funds established according to the effective companies law, and for borrower companies that pay interests, except for banks, financial companies, and companies accept deposits. Whereas, if the resident investor is a bank, a financial company, or  company accept deposits , then, the conditions and the equation indicated in Item (5) of this paragraph of (the original law) shall be taken into consideration for this exemption.

This item has been previously amended by virtue of the amending law no. (4) for the year 1989 published in page (186) of issue no. (3601) of the Official Gazette issued on 17/1/1989 which was effective as of 1/1/1989 until 31/12/1990, whereas this item used to state the following

 7- Interests of treasury bills, Development bonds, public corporations bonds, and public shareholding companies` loan debentures, whereas, this exemption is total for the owners of these financial securities of Jordanians, non-Jordanians, holding companies, and  to companies or joint investment funds established according to the effective companies law, and for borrower companies that pay interests, except for banks, financial companies, and companies accept deposits. Whereas, if the resident investor is a bank, a financial company, or a company accepts deposits, then, the conditions and the equation indicated in Item (5) of this paragraph of (the original law) shall be taken into consideration for this exemption.

29)  This is how this item was amended by virtue of the amending law no  (25) for the year 2001 published in page (2751) of issue no (4496) of the Official Gazette issued on 16/7/2001, the first article of which stated that it  should be effective from 1/1/2002.

Such an exemption is to be applied for a period of 3 years from the date of establishment if the said interests have been gained from the investment of the liquid part of the paid up capital and reserves and the profits carried forward on which tax has been paid.

c) Other interests due to Banks and Licensed Financial   Companies are taxable irrespective of the provisions of the Encouragement of Investment Law or the Housing Bank Law or any other Law.

8)       The profits on deposits sharing in investments of Banks and Financial Companies which do not deal with interest and at the percentage of 9% per annum from the amount of the deposits.

9)       Profits or interests and commissions realized abroad and derived from non-residents,  deposits in foreign currencies, provided that entry of such funds to the Kingdom and the deposit thereof abroad is made in accordance with the regulations and instructions of the Central Bank of Jordan.

=   Whereas this item used to state by virtue of the original law no. 57 for the year 1985 which was effective from 1/1/1985 until 31/12/1988 the following:

    7- The profits of debentures (Al Mukaradah) at a rate of (9%) of the annually invested money therein, and if the project financed by issuing such bonds is a real estate, then, such profits are totally exempted no matter what was its percentage to the money invested therein.  While, if the resident investor in these bonds is a bank, a financial company, a company accepts deposits, or a borrower company that pays interests on this borrowing, then, an amount of these profits that is not more than (15%) shall be returned as an expenditure for the accrued income thereof, and the value of this percentage is deducted in Dinars from the acceptable expenses, despite what is stipulated in any other law.

    This item was previously amended by virtue of the amended law no. (14) for the year 1995 published in page (2971) of issue no. (4072) of the Official Gazette issued on 1/10/1995, which was effective from 1/1/1996 until 31/12/2001.

   Whereas this item used to state the following:

   6. The distributed profits of debentures (Al Mukaradah).

 This item was previously amended by virtue of the amending law no. 4 for the year 1992 published in page no. (214) of issue no. (3804) of the Official Gazette issued on 2/2/1992 and it was effective starting 1/1/1991 till 31/12/1995 whereas this item used to state as following:

         7- The profits of debentures ( Al Mukaradah), while, if the resident investor in these bonds is a bank, a   financial company, a company accepts deposits, then, in this case the conditions and the equation stipulated in item (5) of this paragraph of (the original law) shall be applied on the exemption of these profits despite what is stipulated in any other law.

 This item has been previously amended by virtue of the amending law no. (4) for the year 1989 published in page (186) of issue no. (3601) of the Official Gazette issued on 17/1/1989 which was effective as of 1/1/1989 until 31/12/1990, whereas this item used to state the following

         7 - The profits of debentures ( Al Mukaradah )at a rate of (9%) of the annually invested money therein, and if the project financed by issuing such bonds is a real estate, then, such profits are totally exempted no matter what was its percentage to the money invested therein.  While, if the resident investor in these bonds is a bank, a financial company, or a company accepts deposits, then, in this case the conditions and the equation stipulated in item (5) of this paragraph of (the original law) shall be applied on the exemption of these profits despite what is stipulated in any other law.

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For the purposes of this clause, the amounts of such funds deposited with the Central bank of Jordan in accordance with its instructions shall be considered as deposited abroad (30).

10)The income gained from a concession granted or and  agreement concluded by the government and which has been explicitly exempted from tax by the terms of the concession or the agreement as well as incomes exempted from tax by means of bilateral and multilateral agreements concluded by the government.

11)The income included in agreements on preventing double taxation included by the government in-as-much as stipulated by these agreements.

12)The income explicitly exempted by the Encouragement of Investment Law and by means of the bilateral and multilateral agreements of encouraging investment concluded by the government according to the provisions contained therein.

13)The income earned from patent or copyright or reward subject to the Council of Ministers approval on the exemption.

14)……………………………………………………….. (31)

C)     1) Tax-exempt incomes shall bear all expenses related to them.

2) A) The expenses and expenditures of exempted investments including the profits from buying and selling other stocks, shares, and financial investments not included in paragraph (B) of this item and the profits of buying loan debentures and selling them

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 (30) This is how this item was amended by virtue of the amending law no  (14) for the year 1995 published in page (2971) of the issue no (4072) of the Official Gazette issued on 1/10/1995, the first article of which stated that it should be effective from 1/1/1996 before being amended, this item used to state by virtue of the original law no. (57) for the year 1985 which was effective from 1/1/1985 till 31/12/1995 the following :

  10- Interests and commissions accrued outside the Kingdom resulting from the deposits of the non-residents in foreign currencies, provided that the entrance of such monies to the Kingdom and their depositing abroad is according to the regulations and instructions of the Central Bank of Jordan.

  (31) This is how this item was cancelled by virtue of the amended law no. (25) for the year 2001 published in page (2751) of issue no. (4496) of the Official Gazette issued on 16/7/2001, the first article of which stated that it shall be effective from 1/1/2002.

            This item has been added by virtue of the amended law no. 4 for the year 1992 published in page (214) of the issue no. (3804) of the Official Gazette issued on 2/2/1992 which was effective from 1/1/1991 until 31/12/2001.

            Whereas this item used to state by virtue of the original law no. 57 for the year 1985 which was effective from 1/1/1985 until 3/12/1990 the following:

            14. Income and profits accrued to the Housing Bank from loans and facilities, submitted to the Housing project, but as for it’s other incomes and profits, which are not exempted in this law, shall be taxable after the deduction of loss which may realize from loans and facilities that the Bank submits to the Housing projects, irrespective of any provision to the contrary of Housing Bank Law or any other law.

          inside Amman Financial market or outside, from profits distributions of joint investment fund earned by any person except for banks and financial companies are all determined according to the percentage of the exempted income earned from these investments to the total revenues, and by multiplying the outcome times the total accepted expenses according to the provisions of this law provided that these expenses and expenditures are not greater than 50% of the exempted income.

B)              Expenses and expenditures of buying and selling stocks, shares, and other financial investments inside Amman Financial market and outside it, and from profits distributions of the Joint investment fund are determined by a percentage of 25% of the profits accrued from investing the funds accumulated from shareholders rights minus the net fixed assets as it appears in the balance sheet of the person from companies other than those excepted in paragraph (A) of this item (32).

3)      The Minister shall issue, upon recommendation of the Director, instructions implement the provisions of this paragraph (33).

**Article ( 8 )**

The Council of Ministers may, upon the recommendation of the Minister and by order to be published in the Official Gazette, decide partial or full exemption from tax of the interest on any loan accorded the public revenues of the Kingdom or a public institution by resident or non-resident financing sources. Upon the issue of such an order, the interest due on the loan shall be exempted from Income Tax as from the above date and to the extent specified in the order.

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(32) This is how this item was amended by virtue of the amended law no. 25 for the year 2001 published in page (2751) of the issue no. (4496) of the Official Gazette issued on 16/7/2001, the first article of which stated that it shall be effective from 1/1/2002.

           Whereas this item used to state by virtue of the original law no. 57 for the year 1985 which was effective from 1/1/1985 until 31/12/2001 the following:

            2. Expenses of tax-exempt investments at banks, financial companies, companies accepting deposits, investment bank, saving and loans companies and specialized loan companies, is determined by dividing the income derived from the tax exempt investments by the total income and multiplying it by the total acceptable expenses under the provisions of this law.

            With the exception of profits resulting from the purchase and sale of shares and other financial investments other than loan debentures in and outside Amman Financial Market, derived from the investments of funds accumulated from shareholders’ equity less the net fixed assets as shown in the balance sheet of those parties where such expenses are determined at the rate of (25%) of those profits.

(33) This is how this item was added consisting of three items by virtue of the amending law no  (14) for the year 1995 published in page (2971) of issue no (4072) of the Official Gazette issued on 1/10/1995, the first article of which stated that it should be effective from 1/1/1996.

***Deduction of Operating Expenses***

**Article ( 9 )**

In order to determine the amount of taxable income, the disbursements and expenses wholly and exclusively made or incurred for the production of the total income during the year, shall be deducted. Amongst there are :

**A.**  Murabaha profits or debit interest after excluding of profits and

interests presented under clauses (7,8) of paragraph (B) of        article (7) of this law which belongs to public shareholding companies, limited liability companies and foreign companies (34).

**B.** Rentals paid.

**C.** Wages and salaries paid.

**D.** Taxes and fees paid.

**E.** Amounts paid by an employer to the Social Security Corporation for his employees or as a contribution to a pension or provident fund or any other fund established by the employer and approved by the Minister in the employees’ interest.

**F.** Termination of service benefits paid.

**G.** 1) Bad debts arising from any work or trade or craft or

          profession even if such debts were payable prior to the    beginning of the year and each amount recovered in any one year from the amounts which were previously allowed to be deducted as bad debts shall be considered as an income during that year.

2) Any debt or part thereof, shall be considered a bad debt if it   is can’t be collected due to one of the following reasons:

-         Bankruptcy or insolvency of the debtor.

-         Making compromise conciliation with his creditors.

-    His death without leaving an inheritance sufficient to                    wholly or partially repay his debts.

-         His disappearance or travel and severance of his news,  while there are no properties to be sufficient to wholly or partially repay his debts.

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 (34) This is how this paragraph was amended by virtue of the amending law no  (14) for the year 1995 published in page (2971) of issue no (4072) of the Official Gazette issued on 1/10/1995, the first article of which stated that it should be effective from 1/1/1996, before being amended, this paragraph  used to state by virtue of the original law no. 57 for the year 1985 which was effective from 1/1/1985 until 31/12/1995 as follows:

A- Paid interests.

-         Inability of the debtor to repay despite demands for

payments through available means and the debts or any        part thereof was not covered by adequate guarantees and the debtor did not have sufficient movable or immovable

properties to be foreclosed on under a hand written declaration from the creditor and in the following sequence:-

-         After the lapse of 12 months from the date of his   notification in writing that he has defaulted in paying for amounts from JD. 1 to 100,000.

-         After the lapse of 24 months from the date of notifying him in writing that he has defaulted in paying for the amounts from JD. 100,001 – 500,000.

-         After the lapse of 36 months from the date of notifying him in writing that he has defaulted in paying for amounts above JD. 500,000.

    3) The Minister shall issue upon recommendation of the  Director instructions to implement the provisions of this paragraph, including the write-off of bad debts on annual installments not to exceed one hundred thousand dinars, or (25%) of the net income, whichever is more, before the deduction of this expense. As for bad debts on which judicial rulings have issued but were not implemented, they will be completely deducted in accordance with the provisions of this paragraph. These instructions may require maintenance of due and proper accounts for certain categories of taxpayers (35).

**H.** Amounts, expended for the repair of real property, equipment and machinery or for the renewal, replacement or alteration of spare parts, tools or materials used for the purpose of producing the income.

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 (35) This is how this paragraph was added consisting of three items by virtue of the amending law no  (14) for the year 1995 published in page (2971) of issue no (4072) of the Official Gazette issued on 1/10/1995, the first article of which stated that it should be effective from 1/1/1996.

         This paragraph used to state by virtue of the original law no. 57 for the year 1985 which was effective from 1/1/1985 until 31/12/1995 as follows:

G- written-off debts resulting from any business, trade, profession, or handcraft even if these debts are due for payment before the beginning of the year, while each amount regained in any year out of the amounts allowed to be deducted in the past as written-off debts shall be considered as an income accrued during such year.

**I.** Amounts expended on replacement of equipment and machineries used in the work and which are rendered unusable. These are calculated on the basis of the cost of equipment or machinery replaced minus the value of selling and the amounts previously deducted as a depreciation.

**J.** Depreciation and wear and tear of buildings, equipment, machinery and furniture owned by the taxpayer, or those in his possession for the purpose of owning them soon or in the future and which are used in generating income will be determined as a percentage of their original cost as per instructions issued by the Minister upon recommendation of the Director and published in the Official Gazette and should include, among other things, adoption of the accelerated depreciation method. When deductions are made, the following rules should be observed :

1)     The value of land should not be depreciated.

2)     All information relating to assets for which depreciation is claimed should be submitted in accordance with instructions issued by the Minister.

3)      The total deduction of depreciation and wear and tear should not, under this law and other previous laws, exceed the original cost.

4)     If the gross income at any year is less than the depreciation, the balance thereof should be carried forward to the next year or following years (36).

**K.**  1) Establishments and pre-operation expenses including economic feasibility study expenses are depreciated during the year in which they incur.

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 (36) This is how this paragraph was amended by virtue of the amending law no  (14) for the year 1995 published in page (2971) of issue no (4072) of the Official Gazette issued on 1/10/1995, the first article of which stated that it should be effective from 1/1/1996, before being amended.    This paragraph used to state by virtue of the original law no. 57 for the year 1985 which was effective from 1/1/1985 until 31/12/1995 the following:

J- The depreciation and damage of any construction that contains operating machines that is used primarily for operating such machines, and the depreciation and damage of machines, tools, or furniture owned by the taxpayer that are used to produce income, this is determined based on percentages of its original cost for which, the director puts special instructions upon the approval of the Minister and shall be published in the Official Gazette. While carrying out the deductions the following provisions must be taken into consideration:

               1-  Not to depreciate the value of the land.

                        2- The information related to assets claimed to be depreciated, must be submitted according   to instructions issued by the director.

              3- The accumulated depreciation and damage deductions must not according to this law and the previous laws exceed the original cost.

4- If the gross income is less than the depreciations value in any year, its balance should be carried forward to the next year or  following years.

2) Vacating money  & Key money paid are depreciated during a period determined by the taxpayer, provided that it is not more than five years.

3)  Goodwill and amounts paid to buy or rent a franchise or to use or exploit a trademark, a design, a patent, or publishing and copyrights, or any other compensation in return are depreciated during a period determined by the taxpayer, provided that is it not more than ten years (37).

**L.** The share of the branch in the costs of the center or head office situated outside the Kingdom provided that the permissible amount of deduction dose not exceed 5% of the taxable income earned by the branch inside the Kingdom.

**M.**  Hosting and travel expenses incurred by the taxpayer in accordance with instructions and basis issued by the Director and approved by the Minister.

**N.** Expenditures incurred from training of employees and labourers and their medical treatment, meals during duty, travel, transport and life insurance against work injuries or death in accordance with instructions issued by the Director under the approval of the Minister.

**O.**  Expenses of training, marketing, research and development in accordance with instructions to be issued by the Minister upon recommendation of the Director (38).

**P.**  Expenses of previous years which were not specific and final (38).

**Q.**  Expenses of the previous four years which were not deducted in those years due to oversight or error (38).

(37) This is how this paragraph was amended by virtue of the amended law no. (25) for the year 2001 published in page (2751) of the issue no. (4496) of the Official Gazette issued on 16/7/2001, the first article of which stated that it shall be effective from 1/1/2002.

         Whereas this paragraph used to state by virtue of the original law no. 57 for the year 1985 which was effective from 1/1/1985 until 31/12/2001 the following:

         K- Establishment and pre-operation expenses including the feasibility study expenses shall be amortized over a period to be fixed by the taxpayer but not exceeding 5 years from the date of earning profits.

(38) This is how paragraphs (O, P, Q) were added by virtue of the amending law no  (14) for the year 1995 published in page (2971) of issue no (4072) of the Official Gazette issued on 1/10/1995, the first article of which stated that it should be effective from 1/1/1996

**Article ( 10 )**

**A.**  If any person sustains a loss during the year from one of the sources of his taxable income, under the provisions of this law, this loss shall be deducted from his net total income from other sources in the same year (39).

**B.**  If loss has reached to an amount that cannot be completely set-off as indicated in paragraph (A) of this article, the balance shall be carried forward to the directly following year and to the next  following year and so forth after the year in which the loss was incurred, whereas, the carried forward balance is set-off each one of these years from the net income accrued during it (40).

**C.**  A loss that if being a profit will not be taxable by provisions of this law shall not be allowed to be deducted.

**D.**  Loss should not be deducted or carried forward unless correct and proper accounts are submitted by the taxpayer.

**Article ( 11 )**

Deductions are not permitted in respect of the following:

**A.**  Household, private and personal expenses.

**B.**  The cost of any construction or improvements which increases the capital value.

**C.**  Amounts withdrawn from capital intended to be employed as capital in any activity.

**D.**  Any loss or expenses recoverable under an Insurance Policy or a compensation contract.

**E.**  Any capital loss.

(39) This is how this paragraph was amended by virtue of the amended law no. (25) for the year 2001 published in page (2751) of the issue no. (4496) of the Official Gazette issued on 16/7/2001, the first article of which stated that it shall be effective from 1/1/2002.

         Whereas this paragraph used to state by virtue of the original law no. 57 for the year 1985 which was effective from 1/1/1985 until 31/12/2001 the following:

          A- If any person sustains a loss during the year from one of the sources of his taxable income, under the provisions of this law, this loss shall be deducted from his total income from other sources in the same year.

(40) This is how this paragraph was amended by virtue of the amended law no. (25) for the year 2001 published in page (2751) of the issue no. (4496) of the Official Gazette issued on 16/7/2001, the first article of which stated that it shall be effective from 1/1/2002.

         Whereas this paragraph used to state by virtue of the original law no. 57 for the year 1985 which was effective from 1/1/1985 until 31/12/2001 the following:

         B- If the total loss has reached an amount which can not be wholly deducted as mentioned in the previous paragraph, the balance of this loss shall be carried forward to the next year and then to the subsequent years up to six years after the year when loss occurred, the balance carried forward to each year is deducted from the taxable income of that year.

**F.**  Different kinds of provisions and reserves, except for insurance companies reserves, doubted debts provisions for banks and other companies, and the taxpayers who keep regular accounting records, as they can be deducted from the total income of the company, whereas, the reserves of Insurance companies, their acceptable percentages, and the quality of acceptable debts (for which a provisions has been set) and their quantities and percentages are determined as follows:-

1-     Through a regulation issued by the Council of Ministers upon  recommendation from the Minister and in consultation with the Central Bank for the banks doubtful debts provisions

2-      Through instructions issued by the Minister upon recommendation from the Director and in consultation with the Insurance regulatory commission for the doubtful debts provisions and reserves of insurance companies.

3-      Through instructions issued by the Minister upon recommendation from the Director for the doubtful debts provisions for other companies not mentioned in items (1) & (2) of this paragraph and the taxpayers keeping regular records.

The provisions of this paragraph shall be applied in spite of what is mentioned in any other legislation (41).

**G.**  Amounts paid as income tax or social services tax.

**H.**  Any capital disbursements.

**I.**  Any salaries or wages or any other amount taxable by the terms of this law, unless tax was deducted and paid to the Income Tax Department in case the provisions of this law or any other regulation issued in that respect stipulate deducting and paying the tax.

**J.**  1) Any salary or wage, or other money no matter what so called received by the partner or the shareholder of a company, including partnership companies, limited partnership companies, and companies not aiming profits, except for public shareholding companies in return for his work therein, or his Management thereof that exceeds (18,000) Dinars annually for manager partner, or working shareholder.

(41) This is how this item was amended by virtue of the amended law no. (25) for the year 2001 published in page (2751) of the issue no. (4496) of the Official Gazette issued on 16/7/2001, the first article of which stated that it shall be effective from 1/1/2002.

         Whereas this item used to state before amended :

         F- Amounts earmarked as compulsory reserve or optional reserve or any other reserves with the exception of insurance reserves according to the instructions issued by the Director.

2) The working partner or the working shareholder at the company is accountable for the actual amount of the salary or the wage, or the other money received by that person from the company in return for his work therein or his management thereto.

3) An amount is deducted from the tax due on the company equivalent to the tax due on that person on the difference over the (18,000) Dinars of that salary, wage, or other money aside from his other incomes, and the partners in joint liability companies and limited partnership companies are treated on this basis, each according to his share therein.

4) The deduction indicated to in item (3) of this paragraph upon instructions issued by the Director for this purpose (42).

(42) This is how this item was amended by virtue of the amended law no. (25) for the year 2001 published in page (2751) of the issue no. (4496) of the Official Gazette issued on 16/7/2001, the first article of which stated that it shall be effective from 1/1/2002.

         This paragraph has been previously amended by virtue of the amended law no. 4 for the year 1992 published in page (214) of the issue no. (3804) of the Official Gazette issued on 2/2/1992 this paragraph was effective from 1/1/1991 until 31/12/2001 whereas this paragraph used to state the following:

         J. Any wages, salaries or any other monies however cited received by a partner in consideration of his work in or management of a joint liability company, or received by the Director who is a partner thereof, or monies received by a shareholder in consideration of his work in or management of any limited private company which exceeds 3600 Dinars per year for each managing partner or working shareholder. But this shall not affect the application of tax on the real amount for wages, salaries or any other amount received by him from his work for the company or in its management, and paying the tax due thereupon according to the provisions of this law provided that the tax due on the excess amount beyond the 3600 Dinars apart from his other incomes, of that salary or wages or the other amount shall be deducted from the tax due on that company. The partners in the joint liability company are treated on this base, each according to his share in the company.

         Whereas this paragraph was added by virtue of the provisional amended law no. 4 for the year 1989 published in page (186) of the issue no. (3601) of the Official Gazette issued on 17/1/1989 which was effective from 1/1/1989 until 31/12/1990 whereas this paragraph used to state the following:

         J. Any wages, salaries or any other monies however cited received by a partner in consideration of his work in or management of a joint liability company, or received by the Director who is a partner thereof, or monies received by a shareholder in consideration of his work in or management of any limited private company which exceeds 3600 Dinars per year for each managing partner or working shareholder. But this shall not affect the application of tax on the real amount for wages, salaries or any other amount received by him from his work for the company or in its management, and paying the tax due thereupon according to the provisions of this law.

***The Donations***

**Article ( 12 )**

**A.**  Any amount that has been paid during the year as a donation for the Government of the Kingdom or for its Armed Forces or its public institutions or for its local authorities is permitted to be deducted from the net income during the year in which the said amount has been paid (43).

**B.**  It is allowed to anyone to deduct subscriptions and donations paid inside the Kingdom without personal benefit for religious, charity, humanitarian, scientific, cultural, sport, or vocational purposes if the Minister’s Council approves this quality and the  subscriptions, and donations paid for parties, provided that the amount does not exceed what the parties’ law allows, and on condition that the amount deducted by virtue of the provisions of this paragraph does not exceed one quarter of the taxable income prior to this deduction, and after the deduction stipulated in paragraph (A) of this article(44).

(43) This is how this paragraph was amended by virtue of the amended law no. (25) for the year 2001 published in page (2751) of the issue no. (4496) of the Official Gazette issued on 16/7/2001, the first article of which stated that it shall be effective from 1/1/2002.

         Whereas this paragraph used to state by virtue of the original law no. 57 for the year 1985 which was effective from 1/1/1985 until 31/12/2001 the following :

         A- Any amount that has been paid during the year as a donation for the Government of the Kingdom or for its Armed Forces or its public institutions or for its local authorities is permitted to be deducted from the taxable income during the year in which the said amount has been paid.

(44) This is how this paragraph was amended by virtue of the amended law no. (25) for the year 2001 published in page (2751) of the issue no. (4496) of the Official Gazette issued on 16/7/2001, the first article of which stated that it shall be effective from 1/1/2002.

         Whereas this paragraph used to state by virtue of the original law no. 57 for the year 1985 which was effective from 1/1/1985 until 31/12/2001 the following :

          B- Any person is permitted to deduct from his taxable income any amount which he paid in the Kingdom as a donation or contribution to a charitable or humanitarian, scientific, culture or sport cause, if such cause has been recognized by the Council of Ministers provided that deductible amounts under the provisions of this law do not exceed one quarter of the taxable income before making this deduction and making the deduction provided for in paragraph (A) of the article.

***Personal, Family, Dependents and***

***University Exemptions***

**Article ( 13 )**

In order to determine the taxable income:

**A.** The natural resident person shall enjoy the following exemptions:

-       An amount of JD. 1000 as a personal exemption.

-       An amount of JD. 1000 for the wife provided that this is not repeated for any of them.

-       An amount of JD. 500 for each one of his children who is supported by him and for each of his parents if he supports them.

-        An amount of JD. 200 for each dependent whom the taxpayer is required legally to support and a maximum of JD. 1000. It is required that exemption on the supported person is not allowed for more than one taxpayer.

It is required for granting exemption relating to the wife, children, parents and dependents of the non-Jordanian to be residents in the Kingdom (45).

**B.** The natural non-resident Jordanian person shall enjoy the exemptions relating to the wife, children and dependents who are residents in the Kingdom if that person was responsible for supporting them.

**C.**  The natural Jordanian person shall enjoy an exemption of JD. (2000) per year if he is a taxpayer and at the same time a student at a university or community college or an institute beyond the level of the general secondary certificate and does not have a scholarship (45).

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 (45) This is how paragraphs (A, C, D) which mentioned in the page & the next two pages by footnote no. (45) were amended by virtue of the amending law no  (25) for the year 2001 published in page (2751) of issue no (4496) of the Official Gazette issued on 16/7/2001, the first article of which stated that it should be effective from 1/1/2002, whereas these paragraphs used to state by virtue of the original law no. 57 for the year 1985 which was effective from 1/1/1985 until 31/12/1995 as follows:

Article: (13):

 In order to determine  the taxable income:

A- A normal resident person shall enjoy the following exemptions:

 - An amount of JD 400 for a bachelor.

 - An amount of JD 600 for the married .

 - An amount of JD 200 for each child he supports and for each of his parents he supports.

- An amount of JD 100 for each dependent whom the taxpayer is required legally to support, and at a maximum of JD 300. It is provided that exemption on the supported person is not allowed for more than one taxpayer.

C- The normal person shall enjoy a deduction of JD 500 per year if he is a taxpayer and at the same time a student at a university or a society college beyond the level of the General Secondary Certificate and not having a scholarship. .

**D.** The natural Jordanian person shall enjoy an exemption of JD.(2000) per year if he pays for the education of any of his sons or grandsons or wife or brother or sister, who are under his support and have no scholarship and unable to support themselves and if being a student at a university or community college or institute beyond the level of secondary school certificate. If numerous taxpayers spend for the education of one student who does not enjoy a scholarship, the amount of exemption shall be proportionately divided among them (45), (46).

 =   D- The normal person shall enjoy an exemption of JD 500 per year if he pays for the education of any of his sons, wife or relatives up to the 4th degree and who do not enjoy a scholarship and are unable to support themselves and if being a student in a university or society college beyond the standard of the General Secondary Certificate. If numerous taxpayers spend for the education of one student who does not enjoy a scholarship the total exemptions should not exceed JD 500 for all of them.

        Whereas these paragraphs (A, C, D) were previously amended by virtue of the amending law no  (14) for the year 1995 published in page (2971) of issue no (4072) of the Official Gazette issued on 1/10/1995, the first article of which stated that it should be effective from 1/1/1996 until 31/12/2001. Before being amended, these paragraphs used to state as follows:

A-     The natural resident person shall enjoy the following exemptions:

 -   An amount of 1000 dinar as a personal exemption.

-        An amount of 500 dinar for his wife and each one of his children who is supported by him and for each of his parents if he supports him.

-        An amount of 200 dinar for each dependent whom the taxpayer is required legally to support and at a maximum of 1000 dinar, it is required that exemption on the supported person is not allowed for more than one taxpayer.

It is required for granting exemption relating to the wife, children, parents and dependents of the non-Jordanian to be resident in the Kingdom.

C-    The natural Jordanian person shall enjoy an exemption of (1500) dinar per year if he is a tax     payer and at same time a non sponsored student at a university or community college or an institute beyond the level of the general secondary certificate and does not have a scholarship.

D-    The natural Jordanian person shall enjoy an exemption of (1500) dinar per year if he pays for the education of any of his sons or grandsons or wife or brother or sister, who are under his support and have no scholarships and unable to support themselves and if being a student at a university or community college or institute beyond the level of the general secondary certificate. If numerous taxpayers spend for the education one student who does not enjoy a scholarship, the amount of exemption shall be proportionately divided among them.

(45),(46) This is how paragraph (D) was previously amended by virtue of the amending law no  4 for the year 1992 published in page (214) of issue no (3804) of the Official Gazette issued on 2/2/1992, which was effective from 1/1/1991 until 31/12/1995, whereas these paragraphs used to state follows:

D-The natural person shall enjoy an exemption of (1000) dinar per year if he pays for the education of any of his sons or grandsons or wife or brother or sister, who are under his support and have no scholarships and unable to support themselves and if being a student at a university and 500 dinar if being a student at a community college or institute beyond the level of the general secondary certificate. If numerous taxpayers spend for the education one student who does not enjoy a scholarship, the amount of exemption shall be proportionately divided among them.

Whereas this paragraph has been previously amended by virtue of the provisional law no. 4 for the year 1989 published in page (186) of the issue no. (3601) of the Official Gazette issued on 17/1/1989 which was effective from 1/1/1989 until 31/12/1990, this paragraph used to state the following :

**E.**  The Council of Ministers should reconsider the exemptions provided for under this article once or more each five years in light of the price index of the cost of living (47).

**F.**  ………………………………………………….(48)

**Article ( 14 )**

      To reach the taxable income(49) :

**A. 1)** (50%) of the salaries, wages, allowances, bonuses and

          appropriations paid by government, public institutions and  local authorities to their employees shall be exempted from income tax (50).

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=     D- the natural person is allowed 500 Dinars as exemption per year in return for spending for the study of each one of his children, grandchildren, wife, brother, sister among those whom he supports, whereas, non of them is sponsored and cannot spend on his study, and was a student at a university, college, or institute above high school level, whereas, if more than one person spending on the study of one non-sponsored student, then, the total of their exemptions for this reason must not exceed 500 Dinars  distributed between them each in the sum he spends on the student.

(47) This is how this paragraph was amended by virtue of the amending law no  (14) for the year 1995 published in page (2971) of issue no (4072) of the Official Gazette issued on 1/10/1995, the first article of which stated that it shall be effective from 1/1/1996, this paragraph used to state by virtue of the original law no. 57 for the year 1985 which was effective from 1/1/1985 until 31/12/1995 the following:

E- The Ministers’ Council may reconsider the exemptions provided for this article in the light of the price index of the cost of living.

(48) This is how this paragraph was added by virtue of the provisional amended law no. 40 for the year 1989 published in page (2193) of the issue no. (3661) of the Official Gazette issued on 1/11/1989 which was effective from 1/11/1989 until 1/11/1991 when it was announced that it is void in page (1893) of issue no (3784) of the Official Gazette published on 2/11/1991, whereas, this paragraph used to state the following before it was announced void :

F-     The natural person shall enjoy half of the exemptions which he deserve according with the paragraphs (A,B,C,D) from this article if his taxable income be more than (10000) dinar per year and that before making the exemptions stipulated in the two articles (13)  and (14) of this law.

(49)  This is how this phrase was added by virtue of the amended law no. (25) for the year 2001 published in page (2751) of the issue no. (4496) of the Official Gazette issued on 16/7/2001, the first article of which stated that it shall be effective from 1/1/2002.

(50) This is how paragraphs (A) & (b) were merged in one paragraph consisting of two items (1,2) also paragraph (B) was amended to become item (2) by virtue of the amending law no  (14) for the year 1995 published in page (2971) of issue no (4072) of the Official Gazette issued on 1/10/1995, the first article of which stated that it shall be effective from 1/1/1996, these two paragraphs used to state by virtue of the original law no. 57 for the year 1985 which was effective from 1/1/1985 until 31/12/1995 the following:

A- (50%) of salaries, wages, allowances, rewards, and bonuses, paid by the government, public corporations, and local authorities for their workers is exempted from income tax.

B-      (25%) of salaries, wages, allowances, rewards, and bonuses, paid by bodies not stipulated in paragraph (A) of this article is exempted from income tax.

 Paragraphs (A), (B) indicate to have been previously amended by virtue of the provisional amending law no. (40) for the year 1989 published in page (2193) of issue (3661) of the Official Gazette issued on 1/11/1989,  the first article of which stated that it should be effective from 1/11/1989, which was effective from 1/11/1989 until 1/11/1991 when it was announced that it is void in page (1893) of issue no (3784) of the Official Gazette published on 2/11/1991, whereas, these two items used to state the following before they were announced void as follow :

**2)**  (50%)of the first twelve thousand and (25%) of the amount above that for salaries, wages, allowances, bonuses and appropriations paid to the employees by institutions other than those provided for in clause (1) of this paragraph shall be exempted from income tax (50).

**B.**  The rent paid by the resident taxpayer or his wife for his house  in     the Kingdom shall be exempted from tax, whether the lease agreement was in his name or that of his wife, provided that the total amount exempted under this paragraph shall not exceed JD. (2000) per annum (51).

**C.** Any amount paid by the resident or his wife as interest for a loan which he disbursed to construct or purchase a house in the Kingdom or for the amount of profit paid by him or by his wife to any bank or company that does not deal with interest against the construction or purchase of such house. This exemption is conditioned on that the person and his wife or  either one or any of his ancestors or descendants occupy this house and that the interest or profit amount which is permissible to be exempted in this case shall not exceed two thousand Dinars whether the house is the property of the husband or the wife or any one of them was the borrower (52).

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          A- (50%) of salaries, wages, allowances, rewards, and bonuses, paid by the   government, public corporations, and local authorities for their workers is exempted from income tax, provided that the exempted amount is not less than 1000 Dinars and not more than 3600 Dinars per year.

B-       (25%) of salaries, wages, allowances, rewards, and bonuses, paid by bodies not stipulated in paragraph (A) of this article is exempted from income tax, provided that the exempted amount is not less than 1000 Dinars and not more than 3600 Dinars per year.

(51) This is how this paragraph was amended and re-numbered to become (B) by virtue of the amending law no  (14) for the year 1995 published in page (2971) of issue no (4072) of the Official Gazette issued on 1/10/1995, the first article of which stated that it shall be effective from 1/1/1996, these paragraph used to state by virtue of the original law no. 57 for the year 1985 which was effective from 1/1/1985 until 31/12/1995 the following:

C-      (50%) of the first two thousand Dinars of the rent paid by the resident taxpayer or his wife for their housing in the Kingdom is exempted from tax and (25%) of what exceeds that amount either the lease agreement was in his name or in his wife’s.

(52) This is how this paragraph was amended and re-numbered to become (C) by virtue of the amending law no  (14) for the year 1995 published in page (2971) of issue no (4072) of the Official Gazette issued on 1/10/1995, the first article of which stated that it shall be effective from 1/1/1996, this paragraph used to state by virtue of the original law no. 57 for the year 1985 which was effective from 1/1/1985 until 31/12/1988 the following:

D-   Any amount paid by the resident or his wife as an interest for a loan which he disbursed to construct or purchase a house in the Kingdom shall be exempted from tax provided that he himself or his wife or any of his ancestors or descendants occupy this property and provided that the amount exempted does not exceed JD 2000, whether the borrower was the husband or the wife.

**D.** The amount paid by the resident for a surgical operation performed   in the Kingdom for him or for a dependent whom he is legally responsible for and also the amount paid for hospitalization at any hospital in the Kingdom shall be exempted from tax (53).

E- Any amount paid by the resident for incurable illness treatment for him or for a dependent whom he is legally responsible according to instructions and regulations issued by the Minister upon a recommendation of the Director, provided that the total amount shall not exceed JD. (10000) per annum for treatment and medication of such illnesses in the Kingdom and JD. (15000) outside the Kingdom (54).

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=    This Paragraph has been previously amended by virtue of the amending law no. 4 for the year 1992 published in page no. (214) of issue no. (3804) of the Official Gazette issued on 2/2/1992, which was effective as of 1/1/1991 till 31/12/1995, whereas, this paragraph used to state as follows:

         D- The interest paid by the resident person or his wife on a loan spent in constructing a residence for him or buying it in the Kingdom, or the profit paid by him or his wife to any bank, or company does not deal with interest in return for constructing or buying such residence is exempted from tax, provided that he and his wife, either of them, or any of his ancestors or descendants shall live in that residence, and that the amount of interest, profit exempted does not exceed two thousand Dinars, either the residence was owned by the husband or his wife, and no matter who was the borrower.

       This paragraph has been previously amended by virtue of the provisional amending law no. (4) for the year 1989 published in page (186) of issue no. (3601) of the Official Gazette issued on 17/1/1989 which was effective as of 1/1/1989 until 31/12/1990, whereas this paragraph used to state the following:

D- The interest paid by the resident person or his wife on a loan spent in constructing a residence for him or buying it in the Kingdom, or the profit paid by him or his wife to any bank, or company does not deal with interest in return for constructing or buying such residence is exempted from tax, provided that he and his wife, either of them, or any of  his ancestors or descendants  shall live in that residence, and that the amount of interest, profit exempted does not exceed two thousand Dinars, either the residence was owned by the husband or his wife, and no matter who was the borrower

-     See: Decision no (19) for the year 1988 issued by the special court for interpreting laws published in page (184) of issue no. (3600) of the Official Gazette issued on 16/01/1989.

(53) This is how this paragraph was re-numbered to become (D) instead of (E) by virtue of the amending law no  (14) for the year 1995 published in page (2971) of issue no (4072) of the Official Gazette issued on 1/10/1995, the first article of which stated that it shall be effective from 1/1/1996.

(54)  This is how this paragraph was amended by virtue of the amended law no. (25) for the year 2001 published in page (2751) of the issue no. (4496) of the Official Gazette issued on 16/7/2001, the first article of which stated that it shall be effective from 1/1/2002.

   This paragraph has been previously added by virtue of the amended law no. (14) for the year 1995 published in page (2971) of the issue no. (4072) of the Official Gazette issued on 1/10/1995 which was effective from 1/1/1996 until 31/12/2001, whereas this paragraph used to state the following :

   E- Any amount paid by the resident for incurable illness treatment for him or for a dependent whom he is legally responsible according to instructions and regulations issued by the Minister upon a recommendation of the Director, provided that the total amount shall not exceed (5000) dinar per annum for treatment and medication of such illness in the Kingdom and (10000)dinar outside the Kingdom.

F- Any amount paid by the resident for a surgical operation performed on him outside the Kingdom or on a dependent whom he is legally responsible for whereas the operation is emergency one or cannot be performed inside the Kingdom according to instructions laid down by the Minister upon a recommendation of the Director, provided that the total amount exempted under this paragraph shall not exceed JD. (10000) per annum (55).

G- The employee’s contribution to the Social Security Corporation or a provident fund, or medical insurance or pension or any other similar fund approved by the Minister shall be exempted from tax.

H- The employee’s payment in lieu of purchasing years of service in pursuance of the Social Security Corporation’s Law shall be exempted from tax.

I-      What the taxpayer pays for himself, wife, and family members whom he supports of nonrefundable life insurance premiums with its different kinds, and nonrefundable medical insurance installments in any kind are exempted from tax (56).

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(55) This is how this paragraph was added by virtue of the amended law no  (25) for the year 2001  published in page (2751) of issue no (4496) of the Official Gazette issued on 16/7/2001, the first article of which stated that it should be effective from 1/1/2002, whereas this paragraph before being amended used to state the following:

F- The amount paid by the resident for a surgical operation performed on him or to whom he supports legally outside the Kingdom, whereas, it is an emergency operation that cannot be performed on inside the Kingdom is exempted from tax. Also, the expenses of hospitalization from incurable diseases that cannot be treated inside the Kingdom, upon instructions and basics put by the Director provided that the total amount exempted under this paragraph shall not exceed JD (5000) per annum.

        Whereas, this is how this paragraph has been previously amended by virtue of the amended law no  (14) for the year 1995 published in page (2971) of issue no (4072) of the Official Gazette issued on 1/10/1995, which was effective from 1/1/1996 until 31/12/2001 whereas this paragraph used to state the following:

F- Any amount paid by the resident for a surgical operation performed on him outside the Kingdom or on a dependent whom he is legally responsible for whereas the operation is emergency one or cannot be performed inside the Kingdom according to instructions laid down by the Minister upon a recommendation of the Director, provided that the exempted amount by virtue of this paragraph does not exceed (5000) Dinars per annum.

(56) This is how this paragraph was added by virtue of the amending law no  (25) for the year 2001 published in page (2751) of issue no (4496) of the Official Gazette issued on 16/7/2001, the first article of which stated that it should be effective from 1/1/2002.

**Article (15) ………………………………………………. (57)**

**Article ( 15 ) (57)**

**A.** The expression act of disposal shall, for the purpose of this article, include the creation of a trust (Waqf) from any assets or when the assets are donated and any other arrangements for their transfer, or their yield.

**B.**  Income earned from any act of disposal by a taxpayer in favour of any of his sons who is not yet 18 years at the beginning of the year during which income has been gained, shall be deemed, for the purpose of this law, to be income for that person who carries out the act of disposal.

**C.**  Income from a revocable act of disposal, whether, such act was carried out before or after the implementation of this law, such income shall be deemed to be income for the person who carried out the act of disposal.

**D.**  An act of disposal shall be deemed revocable if it contains provisions for the transfer or the retransfer of the income to the person who carried out the act of disposal or if given the right of control over the income, or the right of control of the assets from which the income directly or indirectly results.

**E.**  If a person or persons who have common interests in a project or more carry out business or financial transactions between them and those projects or among those projects and such transactions are different from those conducted in the market and they result in reduction in taxable profits for any of them or any of those projects, such transactions shall be ignored and the real profits will be assessed according to the practices normally followed in the market (58).

(57)    This is how the article (15)text was cancelled by the virtue of the amended law no. (25) for the year 2001 published in page (2751) of the issue no. (4496) of the Official Gazette issued on 16/7/2001, the first article of which stated that it shall be effective form 1/1/2002, whereas the two articles 16 & 17 of the original  law were re-numbered to become (15) & (16) successively, whereas the article (15) before being cancelled used to state the following:

The article (15) : Notwithstanding anything to the contrary contained in this law, the taxable income of insurance companies dealing in life insurance which is subject to tax is estimated at the equivalent of 10% of the total amount of insurance premiums due to the company for life insurance. No deductions are allowed on this amount or part of this amount for any reason whatsoever.

(58) This is how this paragraph was added by virtue of the amended law no. (14) for the year 1995 published in page (2971) of the issue no. (4072) of the Official Gazette issued on 1/10/1995, the first article of which stated that it shall be effective from 1/1/1996.

**F.** Any artificial or fictitious act of disposal shall be disregarded and tax shall be assessed on the concerned taxpayer as if there is no such an act (59).

***Tax Rates & Its Categories***

**Article ( 16 )**

**A.**  Tax is charged on taxable income of any natural person according to the following categories:

-       For each Dinar of the first (2000)  (5%).

-       For each Dinar of the following (4000)  (10%).

-       For each Dinar of the following (8000)  (20%).

-       For each Dinar thereafter (25%) (60).

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 (59) This is how this paragraph was re-numbered to become (F) instead of (E) by virtue of the amended law no  (14) for the year 1995 published in page (2971) of issue no (4072) of the Official Gazette issued on 1/10/1995, the first article of which stated that it shall be effective from 1/1/1996 .

(60) This is how this paragraph was amended by virtue of the amended law no  (25) for the year 2001 published in page (2751) of issue no (4496) of the Official Gazette issued on 16/7/2001, the first article of which stated that it should be effective from 1/1/2002.

         whereas this paragraph used to state by virtue of the original law no. 57 for the year 1985 which was effective from 1/1/1985 until 31/12/1988 the following :

Article 17:

A-The tax on the taxable income for any person shall be charged at  the following categories:

- For each Dinar of the first 1000 Dinars                           5%

- For each Dinar of the next 1000 Dinars                         10%

- For each Dinar of the next  2000 Dinars                          15%

- For each Dinar of the next 2000 Dinars                           20%

- For each Dinar of the next 3000 Dinars                           25%

                - For each Dinar of the next 3000 Dinars                          30%

                - For each Dinar of the next 4000 Dinars                          35%

                - For each Dinar of the next 4000 Dinars                          38%

                - For each Dinar of the next 5000 Dinars                          40%

                - For each Dinar of the next 5000 Dinars                          45%

                - For each Dinar of the next 6000 Dinars                          50%

                - Thereafter                                                                           55%

          B- The progressive tax on individuals ceases at the rate of   45%

Whereas this paragraph has been previously amended by virtue of the amended law no. (14) for the year 1995 published in page (2971) of the issue no. (4072) of the Official Gazette issued on 1/10/1995 which was effective from 1/1/1996 until 31/12/2001, this paragraph used to state the following :

          A- Tax on taxable income for any person except for companies shall be charged at the following categories:

      - For each Dinar of the first 2000 Dinaes                       5%

     - For each Dinar of the next 2000 Dinars                         10%

     - For each Dinar of the next 4000 Dinars                         15%

     - For each Dinar of the next 4000 Dinars                         20%

     - For each Dinar of the next 4000 Dinars                         25%

     -  Thereafter                                                                         30%

**B.**   Tax charged on the taxable income of  any person or company as follows:

1-     At the rate of (15%) of the income generated from a project of any of the following sectors:

A- Metallurgy  .

B- Industry.

C- Hotels.

D- Hospitals.

E- Transportation.

F- Constructional contracts .

2-     At the rate of (35%) of the taxable income generated by banks and financial companies.

3-      At the rate of (25%) of the taxable income generated by:

          A- Insurance companies.

          B- Exchange companies and intermediation. .

          C- Communications.

          D- Services, commercial companies, and other companies of  different kinds.

E – To any other juristic person (61)  .

=   This Paragraph has been previously amended along with re-numbering paragraphs (A), (B) to become (A) by virtue of the amending law no. 4 for the year 1992 published in page no. (214) of issue no. (3804) of the Official Gazette issued on 2/2/1992, which was effective from 1/1/1991 till 31/12/1995, whereas, this paragraph used to state as follows:

          Article 17 :

        A- The tax on the taxable income of any person except for shareholding companies shall be charged at the following categories:

- For each Dinar of the first 1000 Dinars                           5%

- For each Dinar of the next 1000 Dinars                           10%

- For each Dinar of the next 2000 Dinars                           15%

- For each Dinar of the next 2000 Dinars                           20%

- For each Dinar of the next 3000 Dinars                           25%

                - For each Dinar of the next 3000 Dinars                          30%

                - For each Dinar of the next 4000 Dinars                          35%

                - For each Dinar of the next 4000 Dinars                          38%

                - For each Dinar of the next 5000 Dinars                          40%

                - Thereafter                                                                            45%

         This paragraph has been previously amended in an identical text to the text of above paragraph by virtue of the provisional amending law no. (4) for the year 1989 published in page (186) of issue no. (360) of the Official Gazette issued on 17/1/1989 which was effective 1/1/1989 until 31/12/1990.

(61)   This is how this paragraph was amended by virtue of the amended law no. (25) for the year 2001 published in page (2751) of the issue no. (4496) of the Official Gazette issued on 16/7/2001, the first article of which stated that it shall be effective from 1/1/2002, this paragraph used to state by virtue of the original law no. 57 for the year 1985 which was effective from 1/1/1985 until 31/12/1988 the following:

         C- The progressive tax on companies ceases at the following rates :

1- 35% for industrial, health, and educational public share holding companies

              2- 38% for industrial, health, and educational private shareholding companies, and other public shareholding companies except for companies mentioned in item (4) below.

     =    3- 40% for ordinary non-resident companies, and other private shareholding companies except for companies mentioned in item (5) below.

              4- 50% of the income of banking companies, financial companies, insurance companies, and exchange and intermediation public shareholding companies.

5- 55% of the income of financial companies and exchange and intermediation private shareholding companies.

This is how this paragraph was amended and became consisting of three items by virtue of the amending law no  (14) for the year 1995 published in page (2971) of issue no (4072) of the Official Gazette issued on 1/10/1995, which was effective from 1/1/1996 until 31/12/2001 whereas it used to state the following :

B-      The tax on  the taxable income of  companies shall be charged as follows:

1. At the rate of (15%) of that income generated from project in one of the following sectors:

a)       Metallurgy.

b)       Industry.

c)       Hotels.

d)       Hospitals.

e)       Transportation that the paid up capital of the company shall not be less than one million dinars.

f)        Constructional contracts, provided that the paid up capital of the company shall not be less than one million dinars.

g)       Any other sector or activity decided by the Council of Ministers upon a joint recommendation of the Minister and the Minister of Industry and Trade.

                2. At the rate  of (35%) of that income for banks, financial companies, insurance companies, exchange companies and intermediation companies.

                       In all cases, it shall be conditioned that the paid tax, prior to any set-off, by banks, financial companies and insurance companies under this paragraph shall not be less than (25%) of their net annual income as shown in their accounts and from their all sources of income taxable and exempted derived in the Kingdom prior to any distributions made therefrom and without prejudice to the provisions of article (10) of this law.

                 3.  At the rate of (25%) of the taxable income of other companies.

This Paragraph has been previously amended along with re-numbering it to become (B) instead of (C) by virtue of the amended law no. 4 for the year 1992 published in page no. (214) of issue no. (3804) of the Official Gazette issued on 2/2/1992, which was effective from 1/1/1991 till 31/12/1995, whereas, this paragraph used to state as follows:

B-      The tax is charged on the taxable income of shareholding companies according to the following rates :

1-38% for public shareholding companies except for banks, financial companies, insurance companies, and exchange and intermediation public shareholding companies stipulated in item (3) of this paragraph.

2-40% for non-resident ordinary companies and private shareholding companies, except for financial companies, and exchange and intermediation private shareholding companies stipulated in item (4) of this paragraph

3-50% for banks, financial companies, insurance companies, and exchange and intermediation private shareholding companies.

4-55% for financial companies, and exchange and intermediation private shareholding companies. On condition that in all cases, the paid tax before making any set-off of any kind by banks, financial companies, and insurance companies by virtue of items (3,4) of this paragraph shall not be less than (30%) of its net annual income declared in their accounts before any distributions thereof, and without any prejudice to the provisions of article (10) of this law.

This Paragraph has been previously amended by virtue of the provisional amending law no. (40) for the year 1989 published in page (2193) of issue (3661) of the Official Gazette issued on 1/11/1989 which was effective from 1/11/1989 until 1/11/1991 when it was announced that it is void in page (1893) of issue no (3784) of the Official Gazette published on 2/11/1991, whereas, this paragraph used to state the following before it was announced void :

**C.**  Tax collected from companies shall be considered as final and can not be refunded or set-off for any shareholder or partner in the company under any one of the provisions of this law (62).

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=   B- The tax is charged on  the taxable income of shareholding companies according to the following rates :

1-40% for public and private shareholding companies and ordinary non-resident companies except for shareholding companies, stipulated in items (2,3) of this paragraph.

2-50% for banks, financial companies, insurance companies, and exchange and intermediation public shareholding companies

3- 55% for financial companies, and exchange and intermediation private shareholding companies.

 On condition that in all cases, the paid tax before making any set-off of any kind by banks, financial companies, and insurance companies by virtue of items (2,3) of this paragraph shall not be less than (35%) of its net annual income declared in their accounts before any allotments or distributions thereof, and without any prejudice to the provisions of article (10) of this law.

This paragraph has been previously amended by virtue of the provisional amending law no. (4) for the year 1989 published in page (186) of issue no. (3601) of the Official Gazette issued on 17/1/1989 which was effective from 1/1/1989 until 31/12/1990, whereas, this paragraph used to state as follows:

B-      The tax is charged on the taxable income of shareholding companies according to the following rates:

1- 35% for public shareholding companies except for banks, financial companies, insurance companies, and exchange and intermediation public shareholding companies stipulated in item (4) of this paragraph.

2-38% for industrial private shareholding companies

3-40% for ordinary non-resident companies, and other non-industrial private shareholding companies, except for financial companies and exchange and intermediation private shareholding companies stipulated in item (5) of this paragraph.

4- 50% for banks, financial companies, insurance companies, and exchange and intermediation public shareholding companies

5-55% for financial companies, and exchange and intermediation private shareholding companies.

(62) This is how this paragraph was amended by virtue of the amending law no  (14) for the year 1995 published in page (2971) of issue no (4072) of the Official Gazette issued on 1/10/1995, the first article of which stated that it shall be effective from 1/1/1996, whereas it used to state by virtue of the original law no. 57 for the year 1985 which was effective from 1/1/1985 until 31/12/1995  the following :

D-Tax collected from companies is considered as final and cannot be returned or set-off  under any provision of the provisions of this law.

This Paragraph has been previously amended after being re-numbering to become (C) instead of (D) by virtue of the amending law no. 4 for the year 1992 published in page no. (214) of issue no. (3804) of the Official Gazette issued on 2/2/1992, which was effective from 1/1/1991 till 31/12/1995, whereas, this paragraph used to state as follows :

C- Tax collected from companies is considered as final and cannot be returned or set-off for any shareholder in the shareholding company or a partner in the non-resident ordinary company under any provision of the provisions of this law.

This paragraph has been previously amended by virtue of the provisional amending law no. (4) for the year 1989 published in page (186) of issue no. (3601) of the Official Gazette issued on 17/1/1989 which was effective from 1/1/1989 until 31/12/1990, whereas, this paragraph used to state as follows:

C-Tax collected from shareholding companies is considered as final and cannot be returned or set-off  under any provision of the provisions of this law.

**D.**  The Minister shall be entitled, upon a recommendation of the Director, to issue instructions necessary for the implementation of the provisions of this article (63).

**E.**  ……………………………………….(64)

**Article ( 17 ) …………………………..**(65)

**Article ( 17 )** Repeated ………………………(66)

(63) This is how this paragraph was added by virtue of the amending law no  (14) for the year 1995 published in page (2971) of issue no (4072) of the Official Gazette issued on 1/10/1995, the first article of which stated that it shall be effective from 1/1/1996.

(64) This is how this paragraph was cancelled by virtue of the amended law no. (25) for the year 2001 published in page (2751) of the issue no. (4496) of the Official Gazette issued on 16/7/2001, the first article of which stated that it shall be effective from 1/1/2002, whereas this paragraph used to state by virtue of the original law no. 57 for the year 1985 which was effective from 1/1/1985 until 31/12/1988 the following:

D- for the purposes of this law, and to agree the provisions of this law with the provisions of the companies’ law, the provisions related to the private shareholding company shall be applied wherever it is indicated in this law, to the limited liability company, and limited partnership shares company. Also the provisions related to the ordinary company in this law, shall be applied to partnership and limited partnership companies

         Whereas this paragraph was previously amended and re-numbered to become (E) instead of (D) by virtue of the amending law no (14) for the year 1995 published in page (2971) of issue no (4072) of the Official Gazette issued on 1/10/1995, which was effective from 1/1/1996 until 31/12/2001,whereas this paragraph used to state the following:

         E- To agree the provisions of this law with those of the companies’ law, the word (company) shall mean the following except otherwise stipulated in this law or otherwise denoted by the text thereof:

1.      Public Shareholding Company. The cooperative society shall be considered if profit-oriented as a public shareholding company.

2.      Limited Liability Company.

3.      Jordanian partnership in shares, except for the shares of consolidated partners.

4.       Jordanian limited partnership, except for the shares of consolidated partners.

5.      Foreign company or its branch of any type and whether it is resident or non-resident.

This Paragraph has been previously added replacing paragraph (D) for the first time by virtue of the amending law no. 4 for the year 1992 published in page no. (214) of issue no. (3804) of the Official Gazette issued on 2/2/1992, the first article of which stated that it shall be effective from 1/1/1991, this paragraph is identical to the text of paragraph (D) of article (17) of the provisional amended law no. (4) for the year 1989 published in page (186) of issue no. (3601) of the Official Gazette issued on 17/1/1989 which was effective from 1/1/1989 until 31/12/1990.

(65) This is how this article text was cancelled after cancelled the article (15) text of the original law and re-numbered the two articles (16) & (17) of it to become (15) & (16) by virtue of the amended law no. (25) for the year 2001 published in page (2751) of the issue no. (4496) of the Official Gazette issued on 16/7/2001, the first article of which stated that it shall be effective from 1/1/2002.

(66) This is how this article was cancelled by virtue of the amended law no.(25) for the year 2001 published in page (2751) of the issue no. (4496) of the Official Gazette issued on 16/7/2001, the first article of which stated that it shall be effective from 1/1/2002, whereas  this paragraph has been previously added in all its paragraphs by virtue of the amending law no  (14) for the year 1995 published in page (2971) of issue no (4072) of the Official Gazette issued on 1/10/1995, which was effective from 1/1/1996 until 31/12/2001.

          This paragraph used to state before it was canceled the following:

          A- 1- Profits of shares and distributed dividends of the company from which tax is charged on its taxable income under the provisions of this law shall be subject to a distribution tax at the percentage of (10%) of the profits and the distributed shares except for the profits distributed in the form of shares and contributions to increase the capital.

***Deduction of Tax***

**Article ( 18 )**

**A.**  Every person, on paying income, which is not exempted from income tax, to a non-resident, either directly or through brokerage must deduct 10% of this amount and prepare a statement showing the amount of income and the sum deducted therefrom and must furnish the Income Tax Department and the beneficiary with a copy of this statement. The amount deducted therefrom shall be paid to the said Department within a period of one month from the date on which the deduction was made.

**B.**  The resident person who is a legal agent or commercial agent, a branch or a partner to a non-resident taxpayer, or has a commercial relation with him, shall be responsible to act on behalf of that non-resident taxpayer in all matters, procedures and duties provided for in this law.

**Article ( 19 )**

**A.** 1)Every person responsible for the payment of taxable wages,

         salaries, bonuses or allocations, shall at the time of payment deduct tax estimated thereon. He shall prepare and submit to the Income Tax Department a declaration of the deducted amounts and pay these amounts monthly.

=   This tax shall be withheld by the distributing  company and shall be paid to the Tax Department within thirty days from the date of with holding.

         2- The distribution tax provided for in clause (1) of this paragraph and withheld from the profits and dividends of any person shall be considered as withheld and final tax and it can not be refunded or set-off under any of the provisions of this law. The balance of those profits and dividends shall be exempted from the tax and from the distribution tax provided that such balance is governed by the provisions of paragraph (C) of article (7) of this law.

3- If any company defaults in deducting and paying the distribution tax provided for in clause (1) of this paragraph during the prescribed period, such tax will be collected therefrom, in addition to a penalty at the rate of (1.5%) of its value for each month of default in payment, and the company will not be entitled to have recourse to the shareholder in respect of that tax or penalty entailed thereon.

B- For the purpose of this article, the profits transferred abroad by any foreign company operating in the Kingdom shall be considered as distributed profits, and the tax withheld therefrom shall be considered as withheld and final distribution tax which can not be refunded or set-off under any of the provisions of this law.

C- The amounts drawn by any partner of the company in the form of advances or loans or the similar are considered distribution of profits for the purposes of this article except for the amounts drawn as loans from banks and financial companies.

**2)** Upon paying any amounts as obligation (under taking), annuity, fees, remuneration, or what is similar to resident doctors, lawyers, engineers, auditors, experts, consultants, authorized persons on behalf of taxpayers, and other professional people including amounts paid in return for selling, renting, giving a right of a patent to use or exploit a trade mark, design, patent, Copy-writing & printing rights, or any other compensation thereof, then, each company, public corporation, or any other juristic person must deduct 2% of such incomes as down payment from the due tax on any of the above mentioned persons, and must prepare a statement in which it explains the amount of income and the deducted amount and therefore, provide the department with a copy thereof, and pay the deducted amount to the department within maximum ninety days from the date of deduction (67).

**B.** The amounts deducted as indicated in paragraph (A) in articles (18) & (19) of this law are considered as down payment from the beneficiary’s tax, whereas, these amounts are set-off from the tax due on the year in which the deduction took place, or on any previous or following year, and the Assessing Officer has the right to reconsider this within a period of four years after the date of deduction (68).

**C.**The Assessing Officer authorized in writing by the Director may enter upon the premises of any employer and inspect any books, records or any other documents relating to deduction and he may question those concerned in order to ensure compliance with the provisions of this section in respect of effecting the deduction.

(67) This is how this paragraph was amended by virtue of the amended law no. (25) for the year 2001 published in page (2751) of the issue no. (4496) of the Official Gazette issue on 16/7/2001, the first article of which stated that it shall be effective from 1/1/2002. Whereas this paragraph used to state by virtue of the original law no. 57 for the year 1985 which was effective from 1/1/1985 until 31/12/2001 the following:

         A- Every person responsible for the payment of taxable wages, salaries, bonuses or allocations, shall at the time of payment deduct tax estimated thereon. He shall prepare and submit to the Income Tax Department a declaration of the deducted amounts and pay these amounts monthly.

(68) This is how the two paragraphs (B,D) of this article which mentioned in this page and the next page were amended by virtue of the amended law no. (25) for the year 2001 published in page (2751) of the issue No. (4496) of the Official Gazette issued on 16/7/2001, the first article of which stated that it shall be effective from 1/1/2002.

         Whereas these two paragraphs used to state by virtue of the original law no. 57 for the year 1985 which was effective from 1/1/1985 until 31/12/2001 the following:

         B- The Assessing Officer may consider amounts deducted in according with paragraph (A) above as final taxes and he my set-off these amounts from the tax due in the year in which the deduction was made or in the preceding or following year. He shall have the right to review the matter within a period not exceeding 4 years subsequent to the date of deduction.

         D- If any person fails to deduct or pay tax due on him under the provisions of this article, the tax which has not been deducted and paid shall be recovered and collected as if it were tax due from such person.

**D.**  Subject to the provisions of article (38) of this law, if any person fails to deduct or pay the tax that he is liable to deduct and pay according to articles (18) & (19) of this law, this undeducted and unpaid tax shall be collected from him as it was due on him (68).

***Set-off of  Tax deducted***

***Against Tax Due***

**Article ( 20 )**

Every amount withheld in accordance with articles ( 18,19 ) of this law shall be reconciled against tax imposed on taxable income of the person who received that income for the year in which the withhelding  was made or any other preceding or following year.

***Property and Land Tax deducted***

**Article ( 21 )**

Property and land within municipal areas Tax which is paid by the taxpayer for the leased building or land from which he earned such income is set-off against tax due on him under the provisions of this law provided that the maximum amount so set-off shall not exceed the amount of income tax due for that year.

**Article ( 22 )**

**A.** 1) The Director must issue instructions by which he specifies the

        taxpayers category whom must keep regular accounting books audited by a legal auditor, and must prescribe in these instructions, regulations, methods and ruler  by virtue of which, above-mentioned records are kept taking into consideration the principals and basics of international accounting standards in a manner that does not contradict with the provisions of this law. These instructions shall be published in the Official Gazette.

    2) The Director may also issue instructions to oblige a certain category or categories of taxpayers that he chooses to keep certain records or books that meet with the nature of their businesses according to the necessities of the work at the department, where such instructions shall be published in the Official Gazette.

    3) The accounts auditor is responsible for issuing or approving any financial records that do not match the actual substantially or disagrees with the provisions of this law or the international standards of accounting and the effective laws and regulations whether resulting from an intentional error, or any criminal act, or due to considerable negligence. In this case, the auditor is considered as having committed a crime and shall be punished for as stipulated in article (42) of this law (69).

**B.** 1) If any person does not abide by the instructions issued by the

        Director according to the provisions of items (1&2) of paragraph (A) of this article of those whom these instructions apply on, or abstains from submitting the accounts and records kept according to these instructions, shall be considered as having committed a crime contrary to the provisions of this law.  

2) In case where the books, records, or accounts indicated to in items (1&2) of paragraph (A) are not kept, then, the Director may issue instructions in which he determines the gross or net profits percentages for the goods, commodities, or services with which the commercial, industrial, and services sectors deal with,

    and such instructions shall be published in the Official Gazette, where these percentages shall be considered as legal evidence(70).

**C.**  Persons licensed to carry out the profession of auditing in the Kingdom must submit to the Income Tax Department a list of all their clients and their addresses whose books of account they have kept or audited whether such clients are subject to the provisions of this article or not. Such list must be submitted not later than March 31st of the subsequent year. Failing to do this, the licensed auditors shall be penalized by imprisonment for a period of no less than one month and not exceeding six months, or a fine of not less than JD 500 and not exceeding JD 1000. In case of recurrence the license of auditing shall be withdrawn.

(69) This is how this paragraph was amended by virtue of the amended law no. (25) for the year 2001 published in page (2751) and the next of it of the issue no. (4496) of the Official Gazette issued on 16/7/2001, the first article of which stated that it shall be effective from 1/1/2002, whereas this paragraph used to state by virtue of the original law no. 57 for the year 1985 which was effective from 1/1/1985 until 31/12/2001 the following:

         A- The Director may issue instructions for any category of taxpayers which he may designate to keep accounts of their income and expenditures and to prescribe in such instructions the methods and rules to be observed in maintaining such accounts provided that they do not conflict with the provisions of the Code of Commerce in force and that such instructions shall be published in the Official Gazette.

(70) This is how this paragraph was amended by virtue of the amended law no. (25) for the year 2001 published in page (2751) and the next of it of the issue no. (4496) of the Official Gazette issued on 16/7/2001the first article of which stated that it shall be effective from 1/1/2002, whereas this paragraph used to state by virtue of the original law no. 57 for the year 1985 which was effective from 1/1/1985 until 31/12/2001 the following :

**D.**TheMinister, upon a recommendation from the Director based on the recommendation of a committee formed for this purpose, may prohibit any natural person to revert to the department in any case or business other than his personal case, if he was convinced that during his visits and dealings with the department has committed an act that may offend the principals of his professions or to manipulate this law or the regulations and instructions issued thereof. He may also decide that the department shall not accept the accounts prepared or audited by this person if he is an accountant or a legal accounts auditor, for the period of time he deems appropriate (71).

**Article ( 23 )**

**A.**  The Director or any employee designated by him in writing may require from any person or  party to furnish him, with the information which may be necessary for the purposes of effecting this law provided that government, public institutions and local authorities employees do not disclose any particulars or details which, under the provisions of this law, they are obliged not to disclose. It is also stipulated that secrecy of banking operations is not be divulged, and everyone who abstains from giving this information is considered to be guilty and shall be penalized by penalties stipulated in article (42) of this law(72).

**=** B- Any person who fails to comply with the instructions of the Director issued in accordance with the provisions of paragraph (A) of this article which are applicable to him, or who fails to submit the books of account which he has kept in accordance with such instructions shall be deemed to have committed an offence in violation of  the provision of this law.

(71) This is how this paragraph was amended by virtue of the amended law no. (25) for the year 2001 published in page (2751) and the next of it of the issue no. (4496) of the Official Gazette issued on 16/7/2001the first article of which stated that it shall be effective from 1/1/2002, whereas this paragraph used to state by virtue of the original law no. 57 for the year 1985 which was effective from 1/1/1985 until 31/12/2001 the following :

         D- The Director upon the approval of the Minister, may prohibit the account auditors examiner or those in charge of audit offices from referring  to Assessing Officers on matters or actions which are not personal if he was convinced that through his contacts and dealing with the Income Tax Department the latter has disreputed the department or his own job or has abused the law or regulations and instructions issued thereby. The Minister may issue an order to be published in the Official Gazette and in one local newspaper at least incorporating the Department’s unacceptance of the accounts  prepared or audited by the said accountant or by the auditor or the owner of an audit office for a period of time he deems appropriate.

(72) This is how this paragraph was amended by virtue of the amended law no. (25) for the year 2001 published in page (2751) and the next of it of the issue no. (4496) of the Official Gazette issued on 16/7/2001the first article of which stated that it shall be effective from 1/1/2002, whereas this paragraph used to state by virtue of the original law no. 57 for the year 1985 which was effective from 1/1/1985 until 31/12/2001 the following :

         A- The Director or any employee designated by him in writing may require any authority to furnish him, with the information which may be necessary for the purposes of effecting this law

**B.** The Director or any employee designated by him in writing may enter any place of business and inspect the goods in stock, cash, equipment, machinery, books of accounts, record and other documents relating to that business. The said records, books of account and documents may be seized for a period not exceeding 20 days and once in a year if he deemed it necessary for enactment of the provisions of this law.

**C.**  The Director and the employees of this department authorized in writing by him while performing their duties are considered among Judicial Police in the limits of their specializations. The authorization is given in each case separately, thus, the official authorities must present to the employees of the department the necessary assistance to enable them to perform their jobs (73).

**Article ( 24 )**

Any person is permitted to designate, in writing, another person to represent him in any of his income assessment procedures at the Income Tax Department which are prescribed by this law.

**Article ( 25 )**

**A.**  A notice issued by means of this law may be delivered to any person either personally or by sending it through registered mail to his last known business or private address and shall, in the latter case, be deemed to have been delivered in the case of a person resident in the Kingdom, not latter than 10 days from the date of posting and in the case of a person not resident in the Kingdom, on the day following the date on which it would have reached its destination in the ordinary mail, and in proving such service, it shall be sufficient to prove that the letter containing such notice was duly addressed and posted and any notice sent under this subsection shall be deemed to have been duly delivered to the person to whom it is addressed even if he refuses to accept it. For the purposes of this article, the word “Notice” shall include all correspondence issued by the Department including the lists, Summons and tax assessment notices.

=   provided that government, public institutions and local authorities employees do not disclose any particulars or details which under the provision of this law they are obliged not to disclose. It also stipulated that secrecy of banking operations is not to be divulged.

(73) This is how this paragraph was added by virtue of the amended law no. (25) for the year 2001 published in page (2751) and the next of it of the issue no. (4496) of the Official Gazette issued on 16/7/2001the first article of which stated that it shall be effective from 1/1/2002

**B.**  If it was impossible to send a notice in accordance with the provisions of paragraph (A) of this article, the Director shall make notice by publishing it in two local daily newspapers for at least two times and such publishing shall be considered as legal notification from all aspects (74).

**C.**  Notwithstanding anything to the contrary contained in any other law, all returns, information and correspondence arising therefrom, in accordance with the provisions of this law, as well as tax payments, may be sent postage free by post to the assessing officer in envelopes marked (Income Tax) (75).

**D.**  All applications, objections and correspondence arising therefrom shall be exempted from revenue stamps.

**Article ( 26 )**

**A.**  Every person, who has taxable source or sources of income should submit, no later than the last day in the fourth month subsequent to his fiscal year, to the concerned Income Tax Assessing Office a Return including all details relating to his gross and taxable income and tax due on him from previous year.

**B.**  The act of posting the returns by registered mail within the period mentioned in paragraph (A) is considered as an act of submitting it in accordance with the provisions of this article.

**C.**  The Director may, under certain instructions issued by him for organizational purposes, exempt, temporarily, some categories of taxpayers from submitting the said Returns.

**D.**  The information mentioned in the Returns of self-assessment is not considered as an evidence to the taxpayer’s income for the years preceding the enforcement of this law.

 (74) This is how this paragraph was added to become (B) by virtue of the amending law no  (14) for the year 1995 published in page (2971) of issue no (4072) of the Official Gazette issued on 1/10/1995, the first article of which stated that it shall be effective from 1/1/1996

(75) This is how paragraphs (B), (C) of this article were re-numbered to become (C) and (D) consecutively by virtue of the amending law no  (14) for the year 1995 published in page (2971) of issue no (4072) of the Official Gazette issued on 1/10/1995, the first article of which stated that it shall be effective from 1/1/1996.

***The Director’s authority to request***

***Certain categories of***

***Taxpayers to submit Returns***

**Article ( 27 )**

**A.**  The Director may give notice to certain individuals or categories in the form of an order published in the Official Gazette and in one local newspaper or more to submit the Returns stipulated under article (26) and at dates specified therein. 2% is to be added to the

     tax due in respect of every month of failure to file the Return by the  taxpayer covered by the above mentioned decision provided that the total sum of additional tax does not exceed 24% of the tax due in accordance with instructions issued by the Director to that effect.

**B.**The Director may cancel or reduce the additional tax stipulated under paragraph (A) of this article if he was convinced that the delay in submitting the Returns was for reasonable reason.

**Article ( 28 )**

**A.**  Every taxpayer is obliged to pay the amount of tax admitted in the Return or the amount due on him as a down-payment towards the liquidation of the amount due on him and which is approved by the Director. The above person should enclose together with his Return a receipt voucher or anything that proves that he has paid the amounts stipulated in this article within the period specified in article (26) of this law.

**B.**  Every person who has submitted a correct Return and paid the tax declared enjoys the right to deduct (6%) of the tax due if the payment is made within the Subject Year covered by the return or during the first following month and (4%) if the payment is made during the second following month and (2%) if the payment is made during the third following month of this year. Similar deduction is granted for any amount paid on the a/c or deducted and paid.

**C.**  If it was approved to allow the taxpayer to pay the amount of tax admit by installments, the said taxpayer has the right to enjoy the deduction prescribed in paragraph (B) here above in respect of amounts that have been paid on the above specified dates (76).

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(76) This paragraph has been previously amended by virtue of the provisional amending law no. (4) for the year 1989 published in page (186) of issue no. (3601) of the Official Gazette issued on 17/1/1989 which was effective from 1/1/1989 until 31/12/1990, whereas, this paragraph used to state the following:

C- If it was approved to pay on installments the admitted tax amount or part of it, then, the taxpayer does not deserve the deduction stipulated in paragraph (B) of this article for the amounts paid in the delays stipulated thereof in it.

***Self assessment in case of***

***submitting the Return***

**Article ( 29 )**

**A.** The Assessing Officer is to scrutinize the Return mentioned under articles (26 & 27) which is submitted by the taxpayer. If he has any reason to believe that the said Return is partially or wholly incorrect, he shall send his remarks or comments in writing to the taxpayer and request him to attend a meeting that he sets in order to discuss the matter in question. As a result of this meeting, the following items are appended:

1)      If the taxpayer agrees to amend his return, tax is determined on the basis of the amended amount. The taxpayer will be so notified, by written notice.

2)      If the taxpayer refuses to amend return submitted by him, the Assessing Officer shall estimate the taxpayer’s taxable income and the tax due thereon in the light of information available to him and the memo provided for in paragraph (A) of this article. He should make reasoning for each separate item of his decision showing the reasons which made him disbelieve of the taxpayer’s view points, otherwise such item will be considered as agreed upon and the taxpayer shall be notified of this in writing and this decision shall be subject to objection within thirty days from the date of notice (77).

**B.**  If no notice has been served to the taxpayer in accordance with paragraph (A) of the article disapproving his personal assessment within one year from the date of receipt of the return submitted by him to the Income Tax Department then his personal assessment is considered as approved by the Assessing Officer (78).

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(77) This is how this item was amended by virtue of the amending law no  (14) for the year 1995 published in page (2971) of issue no (4072) of the Official Gazette issued on 1/10/1995, the first article of which stated that it shall be effective from 1/1/1996

         Whereas, this item used to state by virtue of the original law no. 57 for the year 1985 which was    effective from 1/1/1985 until31/12/1995 the following :

        2- If the taxpayer refuses to amend his statement, then, the Assessing Officer shall estimate the income by virtue of a written decision in light of the information available to him and the memorandum indicated to, where the taxpayer shall be notified in writing of the tax, and the decision shall be subject to appeal.

 (78) This is how this paragraph was amended by virtue of the amending law no  (14) for the year 1995 published in page (2971) of issue no (4072) of the Official Gazette issued on 1/10/1995, the first article of which stated that it shall be effective from 1/1/1996, whereas, this paragraph used to state by virtue of the original law no. 57 for the year 1985 which was effective from 1/1/1985 until 31/12/1995 the following :

        B- If the taxpayer does not receive a notification of non-acceptance of his self  assessment return within one year from the date of receiving his return by the department, then his self assessment return shall be considered as approved.

***Income assessment in case of failure***

***to submit a Return by a Taxpayer***

**Article ( 30 )**

In cases when a taxpayer has not submitted a Return referred to in articles (26 & 27) of this law at the dates fixed therein, the assessing officer determines the taxable income of this person in the light of the information available to him and a notice of the tax due shall be served upon him.

**Article ( 31 )**

**A.**  Any person who has been subject to tax assessment under the provisions of clause (2) of paragraph (A) of article (29) and article (30) of this law may object to such assessment in writing within thirty days from the date of serving the notice of assessment. Such notice must state the grounds on which he bases his objection (79).

**B.**  If the said objection has been submitted after termination of the period and if the assessing officer is satisfied that the person in question was unable to submit his objection within the aforesaid period due to his absence from the Kingdom, sickness or any other reasonable cause, the assessing officer may extend the said period as may be deemed reasonable.

**C.**  The objector should pay, in advance, on submitting his objection, a sum equivalent to the amount of the tax admitted by himself in the statement of objection.

**D.**  On applying the provisions of paragraph (C) of this article any amount paid by the objector on the account of the year/years of objection in any way in accordance with the provisions of this law including those of article (37) shall be taken into consideration.

**E.**  The objection is to be dismissed if the amounts specified in paragraph (C) of this article were not paid.

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(79) This is how this paragraph was amended by virtue of the amending law no  (14) for the year 1995 published in page (2971) of issue no (4072) of the Official Gazette issued on 1/10/1995, the first article of which stated that it shall be effective from 1/1/1996.

         Whereas, this paragraph used to state by virtue of the original law no. 57 for the year 1985 which was effective from 1/1/1985 until 31/12/1995 the following:

A- Any person whose tax was estimated according to the provisions of article (30) of this law, has the right to object to this assessment in writing within thirty days from the date of his notification of the assessment  notice, whereas, he should mention in his objection pleading, the reasons on which he based his objection.

**F.**  The assessing officer summons the objector to a meeting to consider his objection and the objector has the right to give evidence of  his objection and the assessing officer has the right to request the necessary information and details as well as the necessary records and documents relating to the income of the objector. The assessor may question any person that he thinks has information relating to the assessment in question provided that the assessing officer does not question the employee or the client or any other person that have access to the personal matters of the objector without the prior approval of the latter.

**G.**  If the assessing officer agrees to the amount stated by the objector, the assessment shall be amended accordingly.

**H.**  If the assessing officer does not give his consent as referred to in the preceding paragraph of this article he may issue a reasoned decision confirming the assessment objected to or may reduce, increase or cancel it. The decision made in accordance with the provisions of this paragraph shall be subject to appeal.

**I.**  In all cases, the assessing officer shall notify, in writing, the objector about the outcome of his objection.

**Article (32)**

**A.**  In cases where the amount of final assessed tax on any person, (other than public shareholding companies), for any year does not exceed one thousand Dinars, the Director may consider such tax as a lump sum basic tax for each of the following years of such year, provided that it does not exceed five years, thereof, the above mentioned person, must pay the lump sum tax within thirty days from the end of each year of the years during which the tax is effective (80).

(80) This is how this paragraph was amended by virtue of the amended law no. (25) for the year 2001 published in page (2751) and the next of it of the issue no. (4496) of the Official Gazette issued on 16/7/2001the first article of which stated that it shall be effective form 1/1/2002, whereas this paragraph used to state by virtue of the original law no. 57 for the year 1985 which was effective from 1/1/1985 until 31/12/2001 the following :

         A- In cases where the final assessed tax due upon any person (other than shareholding companies) for any year of assessment does not exceed 200 dinars the Director may consider such tax as a basic tax fixed for every year of the following years up to five years and the taxpayer concerned shall pay such tax within 30 days from the date of each of the aforesaid years to which it applies. The Director may cancel such decision.

**B.**  Notwithstanding any text to the contrary, the Director may take a decision imposing a fixed annual tax on any category or certain categories of taxpayers. He shall, under the above decision specify the taxable incomes and the years applicable thereto. The Director may, in writing, entrust the job to the Assessing Officer.

**C.**  It is allowed for any person upon whom the decision of the lump sum basic tax applies according to the provisions of paragraph (A) & (B) of this article, to request from the Director to reconsider the decision, provided that a request is submitted within thirty days from the end of the year in which the tax is effective, or from the date of his notification of the assessment notice, the Director may reduce the tax or cancel it, in case it is canceled, then, the tax is assessed according to the provisions of this law (81).

**D.**  The Director has the right to cancel any of the decisions issued according to the provisions of paragraphs (A,B) of this article, and to put this decision into force for the years following its issuance, without prejudice to the provisions of article (33) of this law (82).

**E.**  The decision issued by the Director according to the provisions of this article can be appealed at the Income Tax Court  of Appeal(82).

**Article ( 33 )**

**A.** The Director or the employee authorized by him in writing and during a period of four years from the date of submitting the annual return stipulated in article (26) of this law, or from the year in which the assessment was carried out on the taxpayer according to the provisions of article (30) & (32)  of this law, may reconsider the annual return or any procedures taken by the assessor, provided that the Director or the employee authorized shall not take a decision to reduce the tax unless in any of the following cases:

(81) This is how this paragraph was amended by virtue of the amended law no. (25) for the year 2001 published in page (2751) and the next of it of the issue no. (4496) of the Official Gazette issued on 16/7/2001the first article of which stated that it shall be effective from 1/1/2002, whereas this paragraph used to state by virtue of the original law no. 57 for the year 1985 which was effective from 1/1/1985 until 31/12/2001 the following :

         C- Any person to whom the fixed basic tax applies under the provisions of the preceding paragraphs may apply to the Director for reconsideration of the tax provided that such application is submitted within 30 days from the end of any taxable year and the Director may reduce or cancel the tax accordingly.

(82) This is how these two paragraphs were added by virtue of the amended law no. (25) for the year 2001 published in page (2751) and the next of it of the issue no. (4496) of the Official Gazette issued on 16/7/2001the first article of which stated that it shall be effective from 1/1/2002

1-     Correcting arithmetical errors.

2-      Adjusting the exemptions stipulated in articles (13) & (14) of this law or any setting-off or discount provided for set-off in this law.

3-      In cases where the due tax according to articles (29), (30), (31) of this law does not exceed one thousand Dinars before any  setting-off is made(83).

**B.**  The Director or the employee authorized by him in writing may reconsider the assessment of the income of any person from any source which was not one of the matters or facts on the merits of which the court gave its ruling when it examined the assessment as a matter of appeal or cassation (84).

**C.**  The decision issued in accordance with the provisions of this article which involves an increase or fixing or reduction of the tax due on the taxable income is subject to appeal provided that the Director or the employee authorized by him shall not take a decision which involves an increase or reduction in the tax unless in cases of misapplication of the law or a decision ignoring a fact or an action or due to the existence of an income which was not handled at that time. In the case of increasing the tax, the Director or the employee authorized by him has to produce an evidence to this effect Notwithstanding any other text, and a fair opportunity

(83) This is how this paragraph was amended by virtue of the amended law no. (25) for the year 2001 published in page (2751) and the next of it of the issue no. (4496) of the Official Gazette issued on 16/7/2001the first article of which stated that it shall be effective from 1/1/2002, whereas this paragraph used to state by virtue of the original law no. 57 for the year 1985 which was effective from 1/1/1985 until 31/12/2001 the following :

         A- The Minister or the employee authorized by him in writing may during the year or within four years from the expiration of the year during which the return has been submitted or a notice of assessment has been served under the provisions of articles (29), (30) and (31) of this law reconsider the self assessment and any procedures adopted by the assessing officer .

         provided that the Minister or employee authorized by him shall take a decision not to reduce the tax except in the following errors:

         1. For purposes of correcting arithmetical errors.

         2. For purposes of adjusting personal and family and university deductions provided for in articles (13,14)  as well as the setting-off provided for in articles (18) & (19) of this law.

         3. In cases where tax due in accordance with the provisions of articles (29), (30) & (31) of this law does  not exceed 1000 dinars before any setting-off is effected.

(84) This is how this paragraph was amended by virtue of the amended law no. (25) for the year 2001 published in page (2751) and the next of it of the issue no. (4496) of the Official Gazette issued on 16/7/2001the first article of which stated that it shall be effective from 1/1/2002, whereas this paragraph used to state by virtue of the original law no. 57 for the year 1985 which was effective from 1/1/1985 until 31/12/2001 the following :

B-    The Minister or the employee authorized by him in writing may reconsider the assessment of the income of any person from any source which was not one of the matters or facts on the merits of which the court gave its ruling when it examined the assessment as a matter of appeal or cassation.

should be given to the taxpayer to hear his statements and to expound his case (85).

D.1**)** The Director may determine the principals of choosing annual

          samples of self-assessment returns and assessment decisions made according to the provisions of this law for the purpose of auditing them or re-auditing them either the due tax is final or not according to instructions issued by him for this purpose.

2) Samples are chosen according to the principals indicated to in item (1) of this paragraph within one year from the date of submitting the return, or issuing the assessment decision according to the provisions of this law regardless of the year in which the annual return was submitted or a decision being made therein.

3)     The Director or the employee whom he authorizes for this purpose in writing may reconsider the auditing or the assessment of the annual samples referred to in item (2) of this paragraph.

4)      The Director or the employee whom he assigns in writing for this purpose may audit the decisions issued according to item (3) of this paragraph and issue the appropriate decision in this regard according to the provisions of this law (86).

(85) This is how this paragraph was amended by virtue of the amended law no. (25) for the year 2001 published in page (2751) and the next of it of the issue no. (4496) of the Official Gazette issued on 16/7/2001the first article of which stated that it shall be effective from 1/1/2002, whereas this paragraph used to state before its amending the following :

         C- The decision issued in accordance with the provision of this article which involves an increase or reduction of the tax due on the taxable income is subject to appeal provided that the Minister or the employee authorized by him shall not take a decision which involves an increase or reduction in the tax unless in cases of misapplication of the law or a decision ignoring a fact or an action or due to the existence of an income which was not handled at that time. In the case of increasing the tax the Minister or the employee authorized by him has to produce an evidence to this effect Notwithstanding any other text, and a fair opportunity should be given to the taxpayer to hear his statements and to expound his case.

(86) This is how this paragraph was amended by virtue of the amended law no. (25) for the year 2001 published in page (2751) and the next of it of the issue no. (4496) of the Official Gazette issued on 16/7/2001the first article of which stated that it shall be effective from 1/1/2002

***Appeal & Cassation***

**Article ( 34 )**

A.   1) A court is established within the domains of the Ministry of Justice called (Income Tax Court of Appeal Cases) located in Amman, its sessions are held in the headquarters or in any place it deems appropriate, presided by a judge whose grade is not less than second and a membership of two judges the grade of each is not less than fourth, upon whom, the legal regulations effective on regular judges are applied, whereas, this court practices its competence according to the provisions of this law and the regulations issued thereof, and whereas, the provisions of the principals of civil courts are applied.

2) The court specializes in looking into any appeal presented to contest the decisions of assessment, and on reconsidering the assessment that can be appealed according to the provisions of this law. As well as the claims related to fines, additional amounts, and any amounts to be deducted, paid, deducted as final tax, or as down payment from the account of the tax according to the provisions of this law (87).

**B.** 1)Income tax appeals submitted to the above-mentioned Court shall be treated as urgent cases and pleadings shall be heard not in public unless the court rules otherwise. The person who issued the assessment decision or reassessment decision, as the case may be, shall be cited as (the defendant).

2) The Director may in agreement with the appealer or the  cassator solve some of the income tax appeal & cassation cases at the courts of specialty in a reconciliatory manner before the issuance of a final decision, where in this case, the court of specialty must authenticate this reconciliation and consider it a definitive decision issued by it.

(87) This is how this paragraph was amended by virtue of the amended law no. (25) for the year 2001 published in page (2751) and the next of it of the issue no. (4496) of the Official Gazette issued on 16/7/2001the first article of which stated that it shall be effective from 1/1/2002.

         whereas this paragraph used to state by virtue of the original law no. 57 for the year 1985 which was effective from 1/1/1985 until 31/12/2001 the following :

         A- (The Income Tax Court Of Appeal) shall be competent to reconsider appeals against assessment orders and decisions which are allowed to be appealed under the provisions of this law. It is a special court situated in Amman constituted within the Ministry of Justice and shall be composed of a President Judge whose rank is not below the grade 2 and 2 other judges as members the rank of each is not below the grade 4 and all of whom shall be subject to the legal provisions and conditions applicable to regular judges. The said court shall commence to exercise its competence in accordance with this law and the regulations enacted thereunder as well as the provisions of Code of Civil Procedures and shall hold its hearings at its premises or at any other place that it deems fit.

      3) The Department is represented before the courts in the cases in which it is a party in all pleading, defenses, proceedings, petitions, and submitting recommendations to the Director to make reconciliation whom is assigned or authorized in writing by the Director from the legal assessors, whereas, each one of them practices the authorities of the assistant Civil General Attorney according to the provisions of The Law of the  Establishment of Civil Courts applied.

 4) Notwithstanding what was mentioned in any other legislation, half of the service period of the assessor which spent in the manner mentioned in item (3) of this paragraph is considered as judicial service according to the provisions of Independence of Judiciary law and the regular lawyers union law, provided that the service of the assessor is not less than three consecutive years prior or after to the issuance of the provisions of this law (88).

**C. 1)** Prescribed fee for each year shall be collected separately.

 2) The Appealant must state in his statement of appeal the amount of the assessed tax which, he admits for each year and must submit to the Court with his statement of appeal a receipt of payment of that amount or the amount approved by the Director.

    Failure to pay the aforesaid amount as therein prescribed shall be cause to dismiss the appeal.

**D. T**he onus of proving that the assessment for which the appeal has been filed is excessive, shall be on the Appealant. It shall not be permissible to prove any facts which were not claimed before the respondent whose decision is contested.

**E.** The Court may confirm the assessment, reduce it, increase it, cancel it, or return the case to the defendant for re-assessment (89).

(88) This is how this paragraph was amended and become consisting of four items by virtue of the amended law no. (25) for the year 2001 published in page (2751) and the next of it of the issue no. (4496) of the Official Gazette issued on 16/7/2001the first article of which stated that it shall be effective from 1/1/2002.

         whereas this paragraph used to state by virtue of the original law no. 57 for the year 1985 which was effective from 1/1/1985 until 31/12/2001 the following :

          B- Income tax appeals submitted to the above-mentioned Court shall be treated as urgent cases  and pleadings shall be heard not in public unless the Court rules otherwise, the person who issued the assessment decision or reassessment decision as the case may be shall be cited as (the Defendant).

(89) This is how these two paragraphs were amended by virtue of the amended law no. (25) for the year 2001 published in page (2751) and the next of it of the issue no. (4496) of the Official Gazette issued on 16/7/2001the first article of which stated that it shall be effective from 1/1/2002.

         whereas this paragraph used to state by virtue of the original law no. 57 for the year 1985 which was effective from 1/1/1985 until 31/12/2001 the following :

**F.**  If any decision is issued according to the provisions of article (33) of this law, whereas, the taxpayer had submitted an appeal against the decision of the assessor related to the same year of assessment, then the court shall do the following:-

1) Drop the appeal submitted against the decision of the assessor.

2) Look into the appeal submitted according to the provisions of article (33) of this law after charging the appealant for the payment of the difference between the fees incurred on the appeal against the decision of the assessor and the fee due of the appeal (89).

**G.**  With the exception of what is provided for in items B,C of  paragraph (2) of article (10) of the law of The  Establishment of Civil Courts No. (26) for the year 1952, every judgment or order issued by the court in this regard shall be final and not subject to cassation unless the amount of income tax assessed by the assessing officer, Minister or the person authorized by him exceeds 1000 Dinars before any setting-off is made.

**H.**  The assessing officer shall notify the taxpayer in writing of the amount of tax due in accordance with the court judgment.

**I.** 1) If the appeal is dropped temporarily because of absence or any

        other reason, it is permitted to renew the application of the appeal request within thirty days from the date of notifying the taxpayer of the court decision by the Department, whereas, the appealed decision is considered as final if not renewed within this period.

2) It is not permitted to renew the appeal, which has been dropped for the same reason more than twice.

=   E- The Court may approve, reduce, increase or cancel the assessment, or it may remit the case to the defendant to make a re-assessment in accordance with any directions which the Court may deem fit to issue. The Court may, in all cases where it decides to dismiss the appeal wholly or partially, order a payment of an additional amount equal to 10% of the amount which is not admitted by the appealant from the tax which is payable under the Court Judgment for every year during which the case was before the Court.

      F- Where an appeal against an order or assessment issued under the provisions of article (33) of this law is submitted by a taxpayer who had already submitted an appeal against an order made by the assessing officer and where both appeals relate to the same year of assessment, the court shall :

       1. Require payment by the appealant of the difference between fees due on such appeal and those due or paid in respect of the appeal previously submitted against the decision of the assessing officer.

       2. Consider the new appeal submitted and drop the appeal previously submitted against the assessing officer.

3) If the appeal is stopped by law either for the death of the appealant or loosing his eligibility, or for the nonexistence of the capacity of his representative, then the case must be carried out within one year from the date of notifying the taxpayer or his inheritors, or whom represents them by law, other than that, the appealed decision is considered as final (90).

**Article ( 35 )**

The Minister or the person authorized by him or the assessing officer may at any time and under certain circumstances, correct, of his own free will or upon the request of the taxpayer, the arithmetical or writing errors that are found in decisions, notices and memos due to oversight. Procedures of this correction are not subject to rebuttal.

**Article ( 36 )**

**A.** 1) Every taxpayer should pay the due tax on the dates specified in

          this law, if no specific date is set out for payment, it shall be paid within thirty days from the date of notifying him the assessment date, in case the self – return stipulated in paragraph (A) of article (26) of this law is submitted according to its provisions.

 2) If the taxpayer does not submit the self - return referred to in item (1) above within the specified period by law, then, the tax is considered as due on the last day of the fourth month after the end of his financial year.

**3)** If the taxpayer contests the assessment decision by objection or by appeal according to the provisions of this law, he must pay a fine on the unpaid due amount in case of its accrual according to the provisions of article (38) of this law (91).

(90) This is how this paragraph was amended by virtue of the amended law no. (25) for the year 2001 published in page (2751) and the next of it of the issue no. (4496) of the Official Gazette issued on 16/7/2001the first article of which stated that it shall be effective from 1/1/2002.

(91) This is how this paragraph was amended by virtue of the amending law no  (25) for the year 2001 published in page (2751) of issue no (4496) of the Official Gazette issued on 16/7/2001, the first article of which stated that it should be effective from 1/1/2002.

         whereas this article used to state by virtue of the original law no. 57 for the year 1985 which was effective from 1/1/1985 until 31/12/1995 the following :

         Article (36): Every taxpayer should pay the due tax on him at the dates specified in this law, if no certain date is specified for payment, it should be paid within thirty days from the date of notifying the assessment notice, and the Director may issue instructions by virtue of which he allows the tax to be paid on installments.

         Whereas this paragraph has been previously amended by virtue of the amended law no. (14) for the year 1995 published in page (2971) of the issue no. (4072) of the Official Gazette issued on 1/10/1995 which was effective from 1/1/1996 until 31/12/2001, whereas this paragraph used to state the following:

         A-1- Every taxpayer should pay the tax due on him at the dates specified in this law, if no certain date is specified for payment the tax will be considered due as a maximum on the last day of the fourth month of the taxpayer’s financial year end.

**B.**  Every liquidator of a company or an estate or bankruptcy or insolvency or compromise or any person responsible for any similar liquidation or settlement of any type should inform the Director in writing of the commencement of liquidation procedures to state and recognize the due tax amounts. In case of default in doing so, each of the above shall be directly and personally responsible for the payment of such amounts in accordance with the provisions of the law, provided that this ruling will not exempt the heirs from paying such amount out of any movable or immovable funds descended to them from the estate(92).

**C.**  Every trustee or guardian or custodian of any property, has to pay the tax due on arising or resulting income therefrom and who is vested with the responsibility of its management and at the prescribed dates of the payment thereof in accordance with the provisions of this law (92).

**D.**  The Minister upon a recommendation from the Director may issue the necessary instructions to apply the provisions of this article, and it shall be published in the Official Gazette (93).

**Article ( 37 )**

**A.**  A taxpayer who has not submitted an annual Return of his income at any year of assessment at the date stipulated in this law shall pay an amount equal to 50% of “final tax assessed”. If there was no tax finally assessed, he should pay 20% of the amount of tax assessed as per the stipulated method and at dates specified by instructions issued by the Director for that purpose.

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=    2- No penalty shall be imposed on the taxpayer before the tax due thereon has become final and if he has paid the tax which he approved in his return in addition to (50%) of the amount in question of disagreement as a payment in trust to be paid by him during thirty days from the date on which the assessment notice is served to him. Such payment will be repaid to him after deducting the due tax amount in addition to an interest to be calculated for him on the refunded amount on the basis of the interest rate of treasury bonds from the date of payment up to the date of refunding thereof. If this is not made he will be subject to a penalty at the rate of (1.5%) per month on the unpaid amount which exceeds (30%) of the amount in question of disagreement in case of its realization and after one year of the date specified in clause (1) of this paragraph, provided that the penalty shall not exceed in this case (50%) of that amount.

       3- The Minister shall issue upon a recommendation of the Director instructions to allow for payment of tax on installment basis.

(92) This is how these two paragraphs were added by virtue of the amended law no. (14) for the year 1995 published in page (2971) of the issue no. (4072) of the Official Gazette issued on 1/10/1995 which was effective from 1/1/1996.

(93) This is how this paragraph was added by virtue of the amended law no. (25) for the year 2001 published in page (2751) and the next of it of the issue no. (4496) of the Official Gazette issued on 16/7/2001the first article of which stated that it shall be effective from 1/1/2002.

**B.** For the purposes of this article the expression “final tax assessed” shall mean in relation to any person, the tax due for the latest year of assessment in which tax has become fixed.

**C.**  The provisions of paragraph (A) of this article are not applicable to taxpayers whose taxable income consists of a rate of 70% or more of taxable income in respect of salaries, wages, bonuses, or commitment or annuity provided for under subsection (2&5) of paragraph (A) of article (3) of this law.

**D.**  Every payment made by any person under the provisions of this article, for the purpose of tax collection, shall be set-off against tax imposed on the taxable income of that person for the assessment year in respect of which such payments were made, or against the tax imposed on his taxable income for the previous or following year of assessment.

**Article ( 38 )**

**A.**  If the tax or amounts due for payment on the tax account are  not paid in their specified dates according to the provisions of this law, an equivalent of (1.5%) of the tax amount or the indicated amounts shall be added to the tax balance for each month of delay from the legally specified date, and these amounts shall be collected according to the provisions of this law (94).

**B.** The additional amount paid under the provisions of this article is not considered as part of the tax.

**C.**  The fines, and any additional amounts stipulated by this law are considered as civil compensation for the Department (95).

**D.** The Minister upon a recommendation from the Director may issue instructions by which he allows payment of the tax or amounts due for payment on the account of the tax, as well as payment of fines and additional amounts on specified installments, where, the balance of these installments shall be incur an annual interest of (9%) (95).

(94) This is how this paragraph was amended by virtue of the amending law no  (25) for the year 2001 published in page (2751) of issue no (4496) of the Official Gazette issued on 16/7/2001, the first article of which stated that it shall be effective from 1/1/2002.

         whereas this paragraph used to state by virtue of the original law no. 57 for the year 1985 which was effective from 1/1/1985 until 31/12/2001 the following :

         A. If the tax is not paid within the period prescribed under this law an additional amount of (1.5%) shall be added to the amount of unpaid tax for each month of delay, the provisions of this law relating to the collection of taxed shall be applicable to the collection of this additional amount.

(95) This is how these two paragraphs were added by virtue of the amending law no  (25) for the year 2001 published in page (2751) of issue no (4496) of the Official Gazette issued on 16/7/2001, the first article of which stated that it should be effective from 1/1/2002.

**Article ( 39 )**

If the tax and the additional amount and fines were not paid within the period prescribed under the provisions of this law, the assessing officer shall notify the taxpayer by means of a memo requesting him to pay either of them within the period stipulated by the assessor. If payment is not effected within the period prescribed in the said memo, the assessing officer may proceed forthwith to enforce payment in accordance with the provisions of the Law of Collection of Government Funds in force, and shall, in such a case exercise the powers vested in the Administrative Governor, and the Committee for the Collection of Government Funds provided for under the aforesaid law (96).

**Article ( 40 )**

**A.**  The assessing officer may assess the income of any person who is about to leave the Kingdom for good before the end of the year of assessment. He may impose the tax due on him in respect of the previous period of the year of assessment and collect the tax within 10 days from serving a written notice for him. The Director may also request the competent authorities not to permit the taxpayer to leave the Kingdom before the settlement of his case or before furnishing a security for payment of the tax.

**B.**  Notwithstanding the contents of any other law the prime Minister may, upon the recommendation of the Minister, issue any orders deemed necessary for the purpose of collecting tax due on taxpayers. He is also authorized to prevent the taxpayers who failed to pay their dues from leaving the Kingdom.

(96) This is how this article was amended by virtue of the amending law no  (25) for the year 2001 published in page (2751) and the next of it of issue no (4496) of the Official Gazette issued on 16/7/2001, the first article of which stated that it should be effective from 1/1/2002.

         whereas this article used to state by virtue of the original law no. 57 for the year 1985 which was effective from 1/1/1985 until 31/12/2001 the following :

         Article (39) :

         If the tax was not paid within the period prescribed under the provision of this law, the assessing officer shall notify the taxpayer by means of a memo requesting him to pay the tax due on him within a period stipulated by the assessor. If payment is not effected within the period prescribed in the said memo, the assessing officer may proceed forthwith to enforce payment in accordance with the provisions of the Law of Collection of Government Funds in force, and shall in such a case exercise the powers vested in the Administrative Governor, and the Committee for the Collection of Government Funds provided for under the aforesaid law.

**C.**  The guarantor of the taxpayer is considered responsible in the same capacity as the taxpayer as regards his liability to pay the tax, the social services tax, the additional amounts, and the fines accrued in the limits of his guarantee, whereas it should be collected from him jointly with the taxpayer as if it was a tax due on him (97).

***Refunds***

**Article ( 41 )**

**A.**  If it is proved that any person has paid tax for any year by deduction or otherwise exceeding the correct amount due for him, such person shall be entitled to a refund of such excess and the assessing officer shall issue a certificate for the amount to be refunded and the Ministry of Finance shall refund, upon receipt of the said certificate, the amount specified therein.

**B.**  Any person who has been done injustice by a decision of the assessing officer regarding the amount to be refunded under the provisions of this article shall have the right to appeal the said decision before the Income Tax Court of Appeal.

***Offences and Penalties***

**Article ( 42 )**

Any person who willfully evades or tries to evade the payment of tax or who helps or urges others to evade payment of tax by willingly committing any of the following acts:

**A.**  Submits an incorrect statement of account by omitting therefrom or understating therein or not mentioning any income or part of any income in respect of which he is required under this law to submit and which substantially affects the amount of tax due on him.

**B.**  Makes a false statement or a fictitious or incorrect entry in any Return or statement submitted under this law.

**C.** Prepares, keeps or allows the preparation of any fictitious or false books, accounts or records of falsifies or allows the falsification of any books, accounts or records, or hides or destroys wholly or partially, such books, accounts or records with the intention of concealing any income taxable under this law, or any part of such income, or to evade the payment of tax wholly or partially or to obtain illegally an exemption, reduction or set-off permissible by this law.

(97) This is how this paragraph was added by virtue of the amending law no  (25) for the year 2001 published in page (2751) and the next of it of issue no (4496) of the Official Gazette issued on 16/7/2001, the first article of which stated that it should be effective from 1/1/2002.

**D.** Resorts to any fraud or deceit of any kind or allows the use of such means to evade the payment of tax or to reduce its amount in any way.

**E.**  Refrains to provide information requested from him or provides incorrect information or data in respect of any event or matter or issue which may affect his liability or that of any other person for paying the income tax or undermining the amount of such tax (98).

**F.** Gives any false reply in writing, to any question or request addressed to him for the purpose of obtaining information or statement required under this law with the intention of evading the payment of tax wholly or partially.

**G.** Abstains from submitting the self - return stipulated in article (26) of this law, and was among the categories under obligation to submit the return by law after being notified of his obligation to submit the return by the notification methods referred to in article (25) of this law (99).

When convicted of each of these offences, the person involved shall be liable to imprisonment for a period ranging between one week to one year, or to a fine of not less than 100 Dinars and not more than 500 Dinars. He shall also, in any case, be liable to pay double the amount which he attempted to evade.

**Article (43) …………………………………….. (100)**

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(98) This is how this paragraph was amended by virtue of the amending law no  (14) for the year 1995 published in page (2971) of issue no (4072) of the Official Gazette issued on 1/10/1995, the first article of which stated that it shall be effective from 1/1/1996, whereas, this item used to state the following before its amendment

E-     Gave false information or data in what regards any act, issue, or matter that affects his liability, or the liability of any other person in paying the income tax or in affecting its value.

(99) This is how this paragraph was added by virtue of the amending law no  (25) for the year 2001 published in page (2751) and the next of it of issue no (4496) of the Official Gazette issued on 16/7/2001, the first article of which stated that it shall be effective from 1/1/2002.

(100) This is how this article was cancelled and re-numbered the articles from (44-54) to become from (43-53) by virtue of the amending law no  (25) for the year 2001 published in page (2751) and the next of it of issue no (4496) of the Official Gazette issued on 16/7/2001, the first article of which stated that it shall be effective from 1/1/2002, whereas this article used to state before it was cancelled the following :

         Article (43) :

         Every person who commits any of the following acts is considered to be guilty and when convicted shall be penalized by a fine not less that 5 Dinars and not exceeding 50 Dinars :

A-     Fails to comply with the provisions of any notice or request issued to him under this law, or.

B-      Fails to appear in answer to a notice issued to him in pursuance of any of the purposes of this law, or.

C-      Appears but fails to answer any question lawfully put to him in pursuance of the purposes of this law, or.

D-      Fails to submit the Return prescribed in paragraph (A) of articles (26) & (27) of this law.

**Article ( 43 )**

Any person who commits any offence in violation of the provisions of this law or any of the regulations enacted thereunder, or fails to comply with any of the provisions of such regulations shall, if no special penalty has been provided for such violation or default, be liable upon conviction to a fine of not less than 100 Dinars or to imprisonment for a period not exceeding one month (101).

**Article ( 44 )**

**A.** The Director may make a reconciliation for any act committed contrary to the provisions of this law against payment of a fine decided by him, also he is allowed to stop any procedures taken before a definite judgment is issued, or to make a reconciliation in this regard.

**B.**  Notwithstanding what is stipulated in any other law, the public right case is dropped in the crimes stipulated in this law after the passing of three years on the date of occurrence of any act against its provisions, if a proceeding is not carried out in this regard (102).

**Article ( 45 )**

Proceeding taken in relation to penalty, fine or imprisonment under this law shall not drop any person’s liability to pay the tax.

 (101) This is how this article was amended after it became with no. (43) by virtue of the amending law no  (25) for the year 2001 published in page (2751) and the next of it of issue no (4496) of the Official Gazette issued on 16/7/2001, the first article of which stated that it should be effective from 1/1/2002.

         whereas this article used to state by virtue of the original law no. 57 for the year 1985 which was effective from 1/1/1985 until 31/12/2001 the following :

         Article (44) :

         Any person who commits any offence in violation of the provisions of this law or any of the regulations enacted thereunder, or fails to comply with any of the provisions of such regulations shall, if no special penalty has been provided for such violation or default .

         Be liable upon conviction to a fine of not less than 25 dinars or to imprisonment for a period not exceeding one month.

(102) This is how this article was amended after it became with no. (44) by virtue of the amending law no  (25) for the year 2001 published in page (2751) and the next of it of issue no (4496) of the Official Gazette issued on 16/7/2001, the first article of which stated that it should be effective from 1/1/2002.

         whereas this article used to state by virtue of the original law no. 57 for the year 1985 which was effective from 1/1/1985 until 31/12/2001 the following :

         Article (45) :

         The Director may effect a settlement of any act committed in violation of the provisions of articles (42), (43) & (44) of this law against payment of a fine to be determined by him. He may before the final judgment stop any proceedings taken thereunder and make a settlement regarding such violation.

**Article ( 46 )**

If any of the above acts is considered as an offence penalized more severely under the provisions of any other laws, the provisions of the said law shall be applicable to this offence.

***Management***

**Article ( 47 )**

**A.**  The Department of Income Tax shall be responsible for the enforcement of this law and shall be attached to the Minister of Finance and shall have a Director General and the necessary assistants, assessing officers and employees.

**B.**  For the purposes of this law, the Director is considered as an assessing officer, and he may practice the following powers (103) :-

1)      Form one or more committees of assessing officers to consider cases of taxpayers and to give judgment in such cases at any stage in the assessment proceedings if he deems it necessary in the interest of business. The decision of the committee shall be unanimous or by majority, and in case the committee consisted of two members, who had divergent opinions, the Director shall appoint a third member. The decision issued by such committee shall be considered a decision issued by the assessing officer under the provisions of this law.

2)      Assessment decision issued by assessing officers or assessing committees, wholly or partially, including the decision of the assessing officer in accepting the annual statement, shall be subject to prior instructions to be audited by him either directly or by any person appointed by him from the Income Tax Department staff. Assessment decisions which are subject to such audit and scrutiny shall not be legal and binding unless they are thus confirmed and any service of notice of assessment prior to such confirmation shall be null and void and the Director shall give judgment in any matter arising therefrom.

(103) This is how this paragraph introduction was amended & cancelled the item (1) of it and           re-numbered the items from (2-4) to become from (1-3)  by virtue of the amending law no  (25) for the year 2001 published in page (2751) and the next of it of issue no (4496) of the Official Gazette issued on 16/7/2001, the first article of which stated that it should be effective from 1/1/2002.

         whereas this paragraph introduction and item (1) of it, used to state by virtue of the original law no. 57 for the year 1985 which was effective from 1/1/1985 until 31/12/2001 the following :

         B- The Director may:

              1. Exercise all the powers vested in the assessing officer under this law.

3)      Prescribe forms for statements, notices and memos or any forms which he may deem necessary for the implementation of the provisions of this law or any regulations enacted thereunder. He may also amend or cancel any forms which were used previously.

**C.**1) The Minister may authorize any of his powers stipulated in this

          law to the Director provided that the authorization is in writing and specific.

2) The Director may authorize any employee of the Department to practice the powers entrusted to him according to the provisions of this law and according to the conditions that he determines provided that the authorization is in writing and specific (104).

**D.**  The Director is to issue the instructions prescribed under this law after obtaining the approval of the Minister thereon.

**Article ( 48 )**

**A.**  Every person required to carry out any official duties to implement the provisions of this law shall :

1)      Consider all documents, information, statements, assessments, decisions and copies which he has access to and which relate to the income or details relating to the income of any person, as strictly private and confidential and deal with them on that basis.

2)      Submit and sign a declaration, the text of which shall be determined by the Minister, to maintain secrecy of official documents.

3)      Submit within 2 months of the implementation of this law, or from the date of his appointment, a statement on his movable and immovable properties together with his sources of income and his wife’s and minor children’s funds. He should also at the beginning of every subsequent year point to any increase in the said properties and funds.

(104) This is how this paragraph was amended by virtue of the amending  law no  (25) for the year 2001 published in page (2751) and the next of it of issue no (4496) of the Official Gazette issued on 16/7/2001, the first article of which stated that it should be effective from 1/1/2002.

         whereas this paragraph used to state by virtue of the original law no. 57 for the year 1985 which was effective from 1/1/1985 until 31/12/2001 the following :

         C- The Director General may upon the approval of the Minister authorize in writing any employee of the first class Income Tax Department officials to exercise the powers vested in the Director under the provisions of this law, and in accordance with such conditions and restrictions as he may prescribe.

**B.** The person appointed under this law or who is required to enforce its provisions shall not be entitled to produce, in any court other than the Income Tax Court of Appeal, any documents or statements or assessment, decisions or copies thereof nor to divulge to any court or give it any information or any matter or thing which may have come to his knowledge in the course of performing his duties under this law except as may be decided by the Director under this paragraph to be necessary in each case arising from the enforcement of the provisions of this law or for the prosecution of any offence relating to income tax in the course of investigation of such an offence.

**C.**  Any person having possession of, or control over any documents, information, statements or assessments decisions or copies thereof relating to the income or particulars of income of any person or who at any time discloses or attempt to disclose such information or anything contained in such documents, information or assessment decisions or copies thereof to any person :

1)      Other than the person to whom he is authorized by law to disclose it.

2)      For any purpose other than those provided for in this law.

     He shall be considered to have committed an offence under this law and shall be liable upon conviction to a fine not exceeding 200 Dinars or to imprisonment for a period not exceeding one year or to both penalties.

**Article ( 49 )**

**A.**  The Minister’s Council may issue the necessary regulations to execute the provisions of this law including:

1)     Regulating the fundaments of tax proceedings followed in the appeal and cassation cases of income tax which are contested according to the provisions of this law, including provisions related to pay fees, contestation dates and its procedures, the contents of the pleading, and who has the right to bring a case to a court, and all the provisions and procedures necessary to proceed with a tax case.

2)     Deducting tax and paying it from salaries and any other income, the provisions of this law require that tax should be deducted from, and this regulation should include provisions related to the payment dates, procedures, and other necessary provisions (105).

**B.**  The Council of Ministers may issue instructions and regulations relating to payment of compensations to employees of the Income Tax Department and others and the determination of conditions for such compensation together with bonuses for the purposes of satisfactory execution and fair imposition of tax. Amounts that should be expended for these purposes and for improvement of work and performance in the department and for the development of its system are to be allocated annually in the State budget.

**C.**  Until the regulations provided for in paragraph (A) of this article are issued, the regulation issued in accordance with the Income Tax Law No. 25 for, 1964 shall remain in force to the extent that they do not conflict with the provisions of this law.

**Article ( 50 )**

The Council of Ministers is to form a higher committee headed by the Minister of Finance whose duty is to issue recommendations relating to any instructions that may be issued under this law and to offer advice necessary for the implementation of the provisions of this law.

(105) This is how this paragraph was amended by virtue of the amending  law no  (25) for the year 2001 published in page (2751) and the next of it of issue no (4496) of the Official Gazette issued on 16/7/2001, the first article of which stated that it shall be effective from 1/1/2002.

         whereas this paragraph used to state by virtue of the original law no. 57 for the year 1985 which was effective from 1/1/1985 until 31/12/2001 the following :

         A- The Council of Ministers may issue regulations necessary for the enforcement of the provisions of this law including :

         1- Regulating the procedures for appeal and cassation of income tax cases which are submitted under this law and incorporate therein provisions regarding the payment of fees and other necessary provisions. .

         2- Deduction and payment of tax from salaries and any other income entitled to a deduction under this law.

***Date of coming into effect of this Law and***

***Repeal of Law No. 25 of 1964***

**Article ( 51 )**

**1st.**  Income tax shall be imposed and collected for each year of assessment before 1982 under the provisions of Income Tax Law No. 25 of 1964 and amendments thereto.

**2nd.** Income tax shall be imposed on incomes earned in the years 1982, 1983 and 1984 and collected under the provisions of the Provisional Law No. 34 of 1982.

**3rd.** Income tax shall be imposed and collected on income earned in 1985 onwards in accordance with the provisions of this law (106).

**Article ( 52 )**

Income Tax Law No. 25 of 1964 and all amendments thereto shall be canceled.

**Article ( 53 )**

The Prime Minister and Ministers shall be responsible for the enforcement of this law.

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(106) Subject to the provisions of the amending laws for this law, which were indicated to in the margin of the texts to which amendments have occurred.