



Guide to setting up your company in Jordan





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1. Introduction

The guide to set up companies and enterprises is based on the commercial and Private investement laws in the country as well as the steps to set up companies in its three stages (planning, preparation and incorporation) with determining the legal structure for a number of types of companies as well as a list of all necessary procedures, relevant documents and official bodies.

1.1 Laws Governing Investment in Jordan

Investment Law (30) of 2014 https://www.atwanlaw.com/library/arabic/99 9.pdf



Companies in their various legal forms are also subject to the following law:
The Jordanian Companies Law No. (22) Of 1997 and its amendments up to Law No. (57) of 2006
http://www.undp-aciac.org/publications/ac/legalcompendium/%Donym2%D8%A7%Dature6%D9
%88%D8%A7%D8%A7%D8%A7%D8%B1%D8%A7%D8%A7%D8%A7%D8%A7%D8%A7%D8%A7%D8%A7%D
irect. %D8%B1%D8%AF%D8%D8%Dab.pdf



- Investment Law no. 30- 2014, which includes 48 articles divided into six chapters and its most important content is the following:
 - Establishing the investment window with the aim of providing a one-place service for economic activities licences in the Kingdom and reviewing and simplifying licensing procedures.
 - A licensing guide has been prepared under the Investment Law including the conditions, procedures, requirements, and legal periods for issuing licenses, provided that this guide is the main reference in terms, procedures, requirements and durations of issuing the licenses. It also determines a period of 30 days to decide upon applications that meet all the required data and documents, in case of not determining a period of issuance of a licensing decision. Meanwhile, the investment incentives of economic activities located outside the development and free areas became automatic in conformity with the draft system of investment incentives of economic



activities through interventions and requirements of production as well as the exempted fixed assets attached to the draft law.

- Investment Law No. 30 -2014 determines the other economic sectors that benefit from the incentives under which the goods necessary for these activities will be exempted from customs duties and it will be subject to the general sales tax at a zero rate, whether imported from them or purchased locally in conformity with the regulations and procedures set by the system. These sectors are: Agriculture and Animal wealth , hospitals and specialized medical centres, hotel and tourist facilities, amusements and tourists centres , call centres, scientific research centres and medical laboratories, artistic and media production, conference and exhibition centres, transportation and/or distribution and/or extraction of water, gas and oil derivatives using pipelines, Air, sea and rail transportation.
- Create schedules related to the production inputs that are exempt from customs duties and those that are subject to the general sales tax.
- Putting a framework for the incentives and benefits available to investors and investment projects inside and outside the existing development areas or free areas alike, with the exception of the special economic are of Aqaba .
- Finding an Investment window that operates within the Jordan Investment Commission. This window includes "authorized representatives" from the relevant specific licensing bodies, who enjoy the authority to issue licenses within specific time frames.
- Forming the Investment Council headed by the Prime Minister and including representatives from the public and private sectors. The Investment Council oversees the work of the Jordan Investment Commission and acts as a main advisor to the Council of Ministers in relation to the national legislation, strategies, and policies related to investment, exports, and the broader business environment.

2. The stages of setting up the company

2.1 First Phase (Planning)

2.1.1 Determining the legal structure of the company

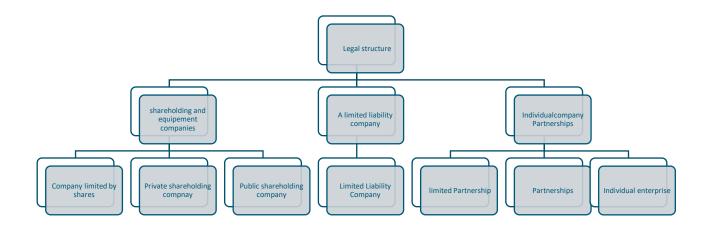
➤ Determining the legal structure of the company is one of the most important basic steps when it comes to setting up the company, and before taking any action. The following section explains the laws governing the setting up of companies in Jordan:





2.1.1.1 Types of commercial companies in Jordan

The following illustration also shows the forms and types of companies and the differences, through which you can choose the appropriate type for your project according to its nature, while Figure (4) explains the characteristics of these companies.





The following figure explains the characteristics of these companies for clarity,

Figure 4: Characteristics of companies

An idividual enterprise is an enterprise owned by a single person that does not have independent legal personality.

The individual enterprises are the preferred form of microenterprise.

The advantages of an inidivdual enterprise are

- 1- Simplified formalities.
- 2- There is no minimum capital.
- 3- Independence and freedom in decision-making.
- Consists of two or more partners
- The number of people does not exceed twenty except in the case of inheritance (provided that each of them has completed eighteen years of age)
- Each partner is jointly liable for the company's debts in his own money and not only to the extent of his share

Disadvantages

Joint liability in the private funds of the partners

A partner in a Partnership company may unilaterally withdraw from the company if it is for an unlimited period

- A hybrid company between the joint partners and the owners of the money (the trustees)
- The joint partner is jointly liable for the company's debts from his own money and not only the amount of his share
- The limited partner is liable for limited liability to the extent of his share, and his name does not appear in the company's address, and he is also prohibited from interfering in its management

Disadvantages	Advantages	

- Consists of two or more partners
- The responsibility of the partner in it according to his share in the capital
- It may be owned by one partner

Disadvantages	Advantages
 A limited liability company	 A partner is not liable for
may not offer its shares,	debts, obligations and losses
increase its capital, or borrow	except to the extent of his
by way of subscription.	shares in the company.

Individuel enterprise

Partnership company

Limited partneship

Limited Liability Company

Part Two of the Jordanian Companies Law of 2006

ArticlesI, II and III of the Jordanian Companies Law

of 2006

Chapter Four of the Jordanian Companies Law



Chapter sixth of the Jordanian Companies Law

- The number of founders shall not be less than 2
- Shares are offered for public subscription and reports on the financial returns to its shareholders
- Examples of public shareholding companies
- Holding Company: : is a public shareholding company that was established for the purpose of owning shares of other companies, managing these companies and providing them with financing.
- Joint Investment Company: a public shareholding company registered in a separate register with the Companies Control Directorate and its purpose is to encourage and facilitate international investment in exchanged securities in the Oman Stock Exchange.

Stoon Entimalige.		
Disadvantages	Advantages	
The authorized capital is not less than five hundred thousand.	The financial disclosure of a public shareholding company is independent of the financial disclosure of each shareholder	
	disclosure of each shareholder	

Chapter Fifth of the Jordanian Companies

الباب الخامس من قانون الشركات

- Consists of two or more people, but no more than 200 shareholders
- The owner of the capital is asked about the company's obligations to the extent of the capital contained in its articles of incorporation
- It does not offer its shares for public subscription

Disadvantages It does not offer its shares for public subscription The financial disclosure of the private shareholding company is considered independent of the financial disclosure of each shareholder.

- 5 partners at least (two partners at least and 3 shareholding companies at least).
- The shareholders partners are jointly liable for the company's debts with their own money
- Contributing partners are responsible for the company's debts to the extent of their contribution to the capital

	1
Disadvantages	Advantages
The full partners are jointly liable for the company's debts with their own money	It is permissible for the full partners and the participating partners to agree in the company's articles of association and its regulation on the existence of types of shares that have voting power.

Public shareholding company

Private shareholding company

Company limited by shares

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2.1.1.2 Startups

The term start-up company refers to a project launched by entrepreneurs looking forward to develop a product or service that they believe meets an urgent need in the market, or provides an effective solution to a problem and thus meets a growing demand in the market. Start-ups often start with modest capital and high costs, and they face many challenges in their infancy in terms of obtaining the necessary funding to grow their operations and expand their presence in the market.

What distinguishes a start-up company from traditional projects is that it aims to achieve rapid growth without this growth being accompanied by a linear (steady) increase in costs. The challenge lies in balancing the ability to receive and serve more customers in return for not incurring large operational expenses. The start-up or start-up company is known for its lack of a crystallized and clear business model. Rather, its efforts in its early days are focused on developing a product that the entrepreneur believes is required in the market.

The initial capital that is invested to launch the start-up company differs from the investment capital in that it is the capital that is brought in to develop an entrepreneurial idea and transform it into a real product or service, and this capital covers the costs associated with presenting and presenting the idea.

As for financing, start-up companies often seek in their early days to attract financing by paying attention to relatives and friends, before the destination shifts towards investment financing agencies that want pioneering projects. You are begging for a donation to fund the project from someone who believes in the feasibility of the project and the idea, especially if the project has a social mission and mission that will reflect positively on the environment and society as a whole.

As for the legal form, the sole proprietorship is the most appropriate form for entrepreneurs wishing to transform their ideas into start-up projects due to the aforementioned privileges enjoyed by the sole proprietorship.

It should be noted that the procedures followed and the documents required to register a start-up company do not differ from the aforementioned procedures according to the legal form of the company determined by the entrepreneur.

The law to which the start-up companies are affiliated does not differ from the aforementioned according to the legal form determined by the entrepreneur, so start-ups in Jordan are subject to the aforementioned companies law.

Start-ups can benefit from technical, financial and advisory support provided by business incubators and accelerators to support entrepreneurs.

2.1.2 Analytical study of the market and the financial feasibility of the project

Doing a feasibility study for the project is very important before starting it. The feasibility study determines the appropriateness of starting the project or not.

There are two types of feasibility studies:

- > The first type: a preliminary feasibility study to measure the appropriateness of entering into the project.
- > The second type_: an integrated feasibility study, which comes after the initial study to find out the appropriate location for the commercial project, to determine the profit rate in the project, to determine



the initial project cost and to determine the best ways to expand the commercial project as well as other things that the feasibility study works on explaining and clarifying.

Therefore, this step is important in establishing the project from scratch and it is linked mainly to conducting a market survey. This survey shall include the following:

- Accurate and detailed identification of the target market and its size.
- Accurate identification of potential clients.
- Indicating the priority of the site for establishing the project.
- Measuring the ratio of supply and demand.
- Measuring the degree of competition.
- Studying the expected costs to be disbursed and the profits expected to be obtained.

2.1.3 Financing

> Starting a small business does not necessarily require a lot of money, but it will require some initial investment, as well as the ability to cover ongoing expenses before you can turn a profit. Hence, the importance of knowing the ways to finance the project.

Among the most important decisions that shall be taken to determine the amount of funding required is:

- 1. Determining the capital by importantly estimating the initial one-time construction costs (licenses and permits, equipment, legal fees, insurance, brand acquisition and market research, inventory, brand building, grand opening events, property rental, etc.
- 2. Determining the expenses that you estimate you will need to keep your business open for at least 12 months (rent or purchase value and utilities, marketing and advertising, production, supplies, travel expenses, employee salaries, your salary, etc.). Therefore, the sum of these numbers represents the amount of the initial investment that you will need or the estimate of the starting capital.

The following list includes some of the authorities concerned with providing funds to assist the investor in starting his own project:

- Jordan Loan Guarantee: https://www.jlgc.com/
- Development and Employment Fund: http://www.def.gov.jo/
- Women's Microfinance Fund: https://www.microfund.org.jo/



2.2 Second phase (Preparation)

This stage is considered as starting point to establish the project, as it revolves around developing an initial work plan that includes appointing the necessary staff to prepare the documents required for the establishment. Through this stage, the focus will be on the procedures to be followed to prepare for the establishment of a company. This part is divided into the requirements that shall be met, in addition to the documents required in the preparation stage.

Figure 6: Procedures that shall be followed to prepare for setting up a company



2.2.1 Prepare the documents required to establish a company

The documents and papers required for the registration of companies differ according to their type. The following is a review of the documents required for the registration of companies in Jordan according to the legal form of the company:

Figure 5: Documents required for company registration in different legal forms of companies:

Individual enterprise

- •The original commercial register
- •Tenancy or ownership contract for the premises
- •Trade name document (issued by the Ministry of Industry, Trade and Finance)
- Document showing occupancy permit or organizational site plan
- •Identification card

Partnerships, company limited by shares and limited partnership

- Monitored record document from the Ministry of Industry, Trade and Supply
- The original lease or ownership contract
- •Occupancy Permit Document
- National ID card

Public and private shareholding companies, limited liability and exemption

- Document of the Companies Controller Register from the Ministry of Industry, Trade and Supply
- •Trade name document
- •Lease or property contract
- occupancy permit
- National ID card
- •A document stating the company's capital
- a document that proves private shares of each shareholder.
- The document bylaws of the institution and the articles of incorporation of the company signed by the Ministry of Industry, Trade and Supply



2.3 Third phase (Foundation)

2.3.1 Procedures to be followed for establishing a trading company

During this stage, the focus will be on the legal procedures and steps necessary for incorporation, which differs according to the legal structure of the companies. The following section explains the most important procedures necessary for establishing companies, which are summarized in the following figure:

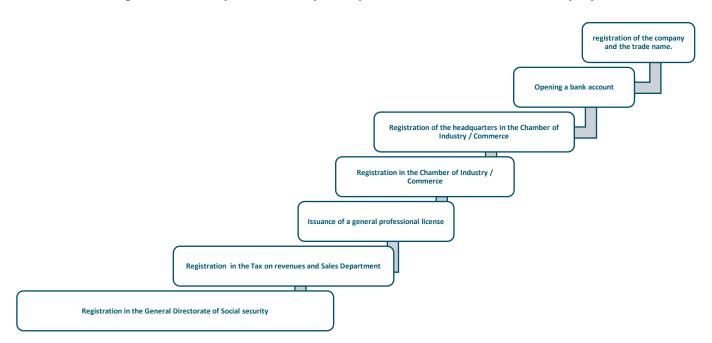


Figure 7: A summary of the most important procedures needed to establish a company

Table 1: The most important documents required according to the procedures necessary to set up companies

Procedures	Paperwork	Official Website	Synonyms Documents
Registration of the company and the commercial name in the Companies Control Department at the Ministry of Industry, Trade and Supply	Memorandum of AssociationIdentification card	https://www.ccd.gov.jo/Def ault/Ar	Memorandum of Association and Articles of Association https://portal.jordan.gov.jo/wps/wcm/connect/87e344004be521b7a387e3072cbc4d35/Ministry of Industry and Trade Form %2520%2520 BI 103102.pdf?MOD=AJPERES&CVIDk=hSc2O
Opening a bank account	Memorandum of AssociationIdentification card		The approved form of Partnership company /limited partnership/ with limited liability



Procedures	Paperwork	Official Website	Synonyms Documents
Registration of the company and Headquarters in the Chamber of Industry / Commerce	• ID card copies • Ownership / rental contract of the premises (to be in the name of the company) • Certificate of registration in the Ministry of Industry • Memorandum of Association and Articles of Association of the company	Chamber of Commerce: http://www.jocc.org.jo/ Chamber of Industry: https://www.jci.org.jo/	https://ccd.gov.jo/ebv4.0/root_storage /ar/eb_list_page/%D8%B9%Dimage2% D8%AF_%D on allDimage6%D8%B8%D8%A7%D9 %8D8%A7%D8%B1%D8%A7%D8%A7%D8 %A7%D8%A7%D8%A7%D8%A7%D8%A7%D8 %A7%D8%D8%A7%D8 denticles about D8%A%D8%B5%D8%A%D8%A9_%D8% A7%D8%A8%D8%B3%D9 %8A%D8%B7%D8%A9_%D real hairD8%B0%D8%A7%D8%AA_%D8%A7 %D8%B3%D8%A4%D hair %D8%AD%D8%A9_%D8%A7%D8 d8a%D8%A7%D8 d8a%D8%A7 d8 d8 d8 d8 d8a9 Lease contract Lease contract Lease contract
Obtaining a general professional license from the concerned municipality	A registration certificate from the Ministry and a registration certificate from the Chamber of Industry to complete the application form		Application for registration in the Chamber of Commerce https://www.ammanchambe r.org.jo/FP01MS-1(1).pdf Application for registration in the Cha



Procedures	Paperwork	Official Website	Synonyms Documents
	 Site planning map issued by the municipality Residence Permit Copy of the land title 		
Registration in the Tax revenues and sales department.	 Identity identification Registration of the company Trade name Professional license 	https://istd.gov.jo/Default/Ar	Professional license Professional license
Registration in the General directorate of Social Security		https://www.ssc.gov.jo	

2.3.1 In case of establishing a factory

There is no apparent difference between the procedures for registering companies and the procedures for establishing an industrial facility, but you can refer to the following guide issued by the Jordan Investment Authority for more information:

