

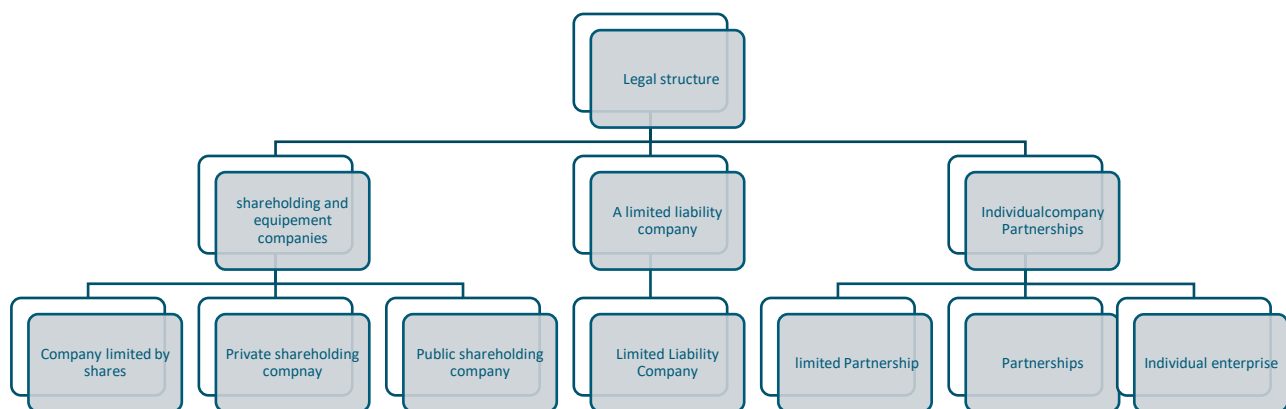


**Guide to setting up your
company in Jordan**



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 individual 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 individual enterprise are

- 1- Simplified formalities.
- 2- There is no minimum capital.
- 3- Independence and freedom in decision-making.

Individual enterprise

- 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

Articles I, II and III of the Jordanian Companies Law of 2006

Partnership company

Disadvantages	Advantages
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

Part Two of the Jordanian Companies Law of 2006

Limited partnership

Disadvantages	Advantages
A limited partner may not participate in managing the affairs of a limited partnership company otherwise he will be jointly liable for its debts	The limited partner has the right to unilaterally assign his share to another person and without the need to obtain the consent of the general partners

- 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

Chapter Four of the Jordanian Companies Law

Limited Liability Company

Disadvantages	Advantages
<ul style="list-style-type: none"> • A limited liability company may not offer its shares, increase its capital, or borrow by way of subscription. 	<ul style="list-style-type: none"> • A partner is not liable for debts, obligations and losses except to the extent of his shares in the company.

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.

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

Public
shareholding
company

Chapter Fifth of the
Jordanian Companies
Law

- 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	Advantages
<ul style="list-style-type: none"> • It does not offer its shares for public subscription 	<ul style="list-style-type: none"> • The financial disclosure of the private shareholding company is considered independent of the financial disclosure of each shareholder.

Private
shareholding
company

الباب الخامس من قانون الشركات
الأردني

- 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

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.

Company
limited by
shares

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.

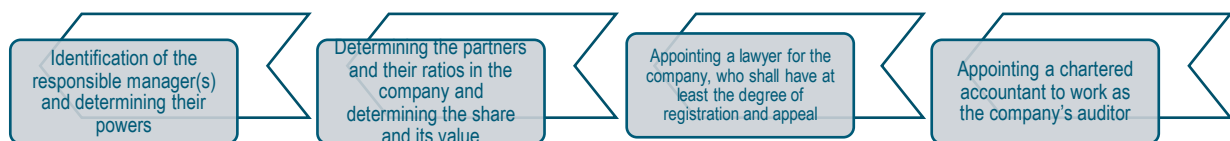
The following list includes some of the authorities concerned with providing funds to assist the investor in starting his own project:

- 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	Partnerships, company limited by shares and limited partnership	Public and private shareholding companies, limited liability and exemption
<ul style="list-style-type: none"> •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 	<ul style="list-style-type: none"> •Monitored record document from the Ministry of Industry, Trade and Supply •The original lease or ownership contract •Occupancy Permit Document •National ID card 	<ul style="list-style-type: none"> •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

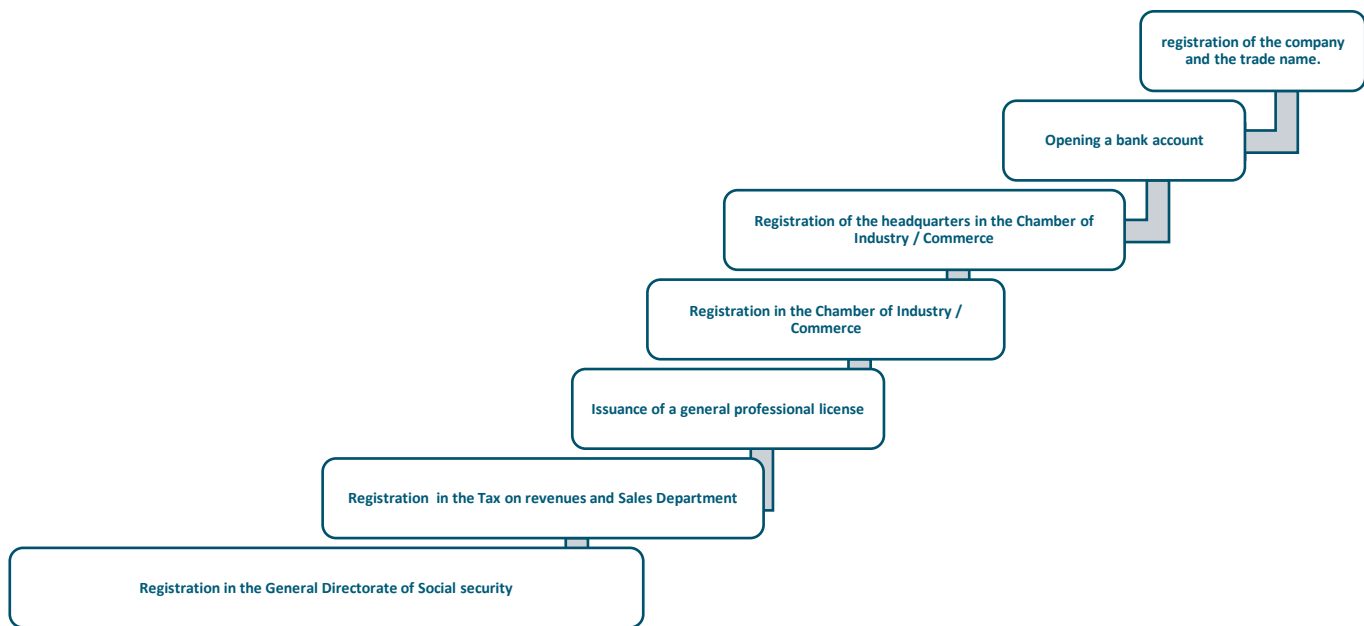



Table 1: The most important documents required according to the procedures necessary to set up companies

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	<ul style="list-style-type: none"> • Memorandum of Association • Identification card 	https://www.ccd.gov.jo/Default/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=hSc20
Opening a bank account	<ul style="list-style-type: none"> • Memorandum of Association • Identification card 		The approved form of Partnership company /limited partnership/ with limited liability

Procedures	Paperwork	Official Website	Synonyms Documents
	<ul style="list-style-type: none"> • Site planning map issued by the municipality • Residence Permit • Copy of the land title 		
Registration in the Tax revenues and sales department.	<ul style="list-style-type: none"> • Identity identification • Registration of the company • Trade name • Professional license 	https://istd.gov.jo/Default/Ar	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 :



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