



STARTUP

Country Guide 2024

THE HASHEMITE KINGDOM OF JORDAN

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CHAPTER 1

Exploring the startup sphere

I. The Jordanian entrepreneurial ecosystem

Jordan's national vision places a significant emphasis on nurturing a thriving startup ecosystem, particularly in the digital and fintech sectors. The country's entrepreneurship scene has not only gained recognition across the region but also on the international level. This is largely due to its strong focus on Information and Communication Technologies (ICT), which is supported by a robust network of accelerators, incubators, angel investors, venture capitalists, mentors, and proactive government entities.

The Economic Modernisation Vision is a cornerstone of the comprehensive reform called for by His Majesty King Abdullah II Ibn Al-Hussein. This vision is aimed at unlocking the national potential across various sectors, with a particular focus on fostering an environment conducive to entrepreneurship. The Jordanian government's commitment to this vision is evident in its efforts to integrate innovative technologies and services into the national economy.

The Entrepreneurship Policy and National Strategic Plan 2021-2025² is a testament to Jordan's dedication to creating a friendly, nurturing, and stimulating environment for entrepreneurs. The plan's objectives are stated as follows :

- Dismantle barriers to entrepreneurship.
- Maximize the economic potential of the Jordanian entrepreneurial system.
- Growth that will drive the economy and sustainable development forward.

Jordan entrepreneurial ecosystem is at a pivotal point, with strong foundations laid out by the national vision and strategic plans. Entrepreneurs in Jordan can look forward to a supportive environment that, despite its challenges, is progressively adapting and evolving to ensure the success and sustainability of startups in the kingdom. Invest Jordan is one of the eight (8) drivers of the Economic Modernization Vision, which stimulate domestic and foreign investments through an attractive and efficient investment environment.

An integral part of this ecosystem is StartupsJo, Jordan's destination for innovators, entrepreneurs, investors, and the broader support networks. Powered by the Ministry of Digital Economy & Entrepreneurship (MoDEE), supported by the Innovative Startups and SMEs Fund (ISSF), and managed by the Information and Communications Technology Association (int@j), StartupsJo is designed to providing high-potential startups with the essential tools, knowledge, and networks they need to succeed. Through digital tools and targeted training, StartupsJo enhances entrepreneurs' "Investment Readiness," streamlining their journey from concept to market and boosting deal flow.

1. Startup definition

In Jordan, several national policy documents attempted to define startups, tech startups, and tech-enabled startups.

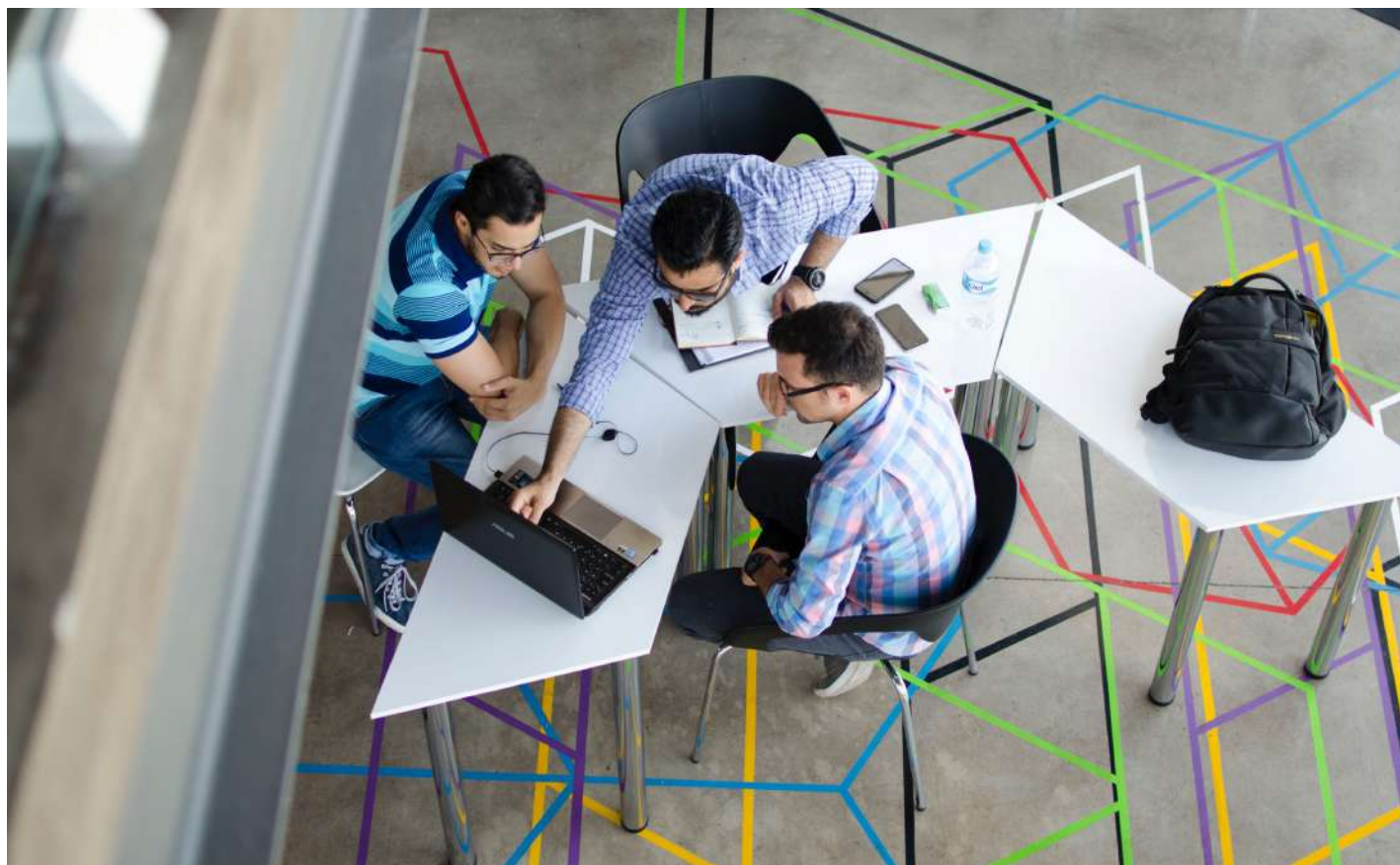
- The 2018 by-law on Venture Capital (VC) companies does not literally define tech or innovative startups. However, it refers to high-risk and promising high-growth SMEs as an investment target for VC companies in Jordan.

The regulation No. (143) of 2018 for venture capital companies, Article 4, VC companies must invest in or create funds to invest in the capital of high-risk, high-growth small and medium-sized enterprises (SMEs).

- The 2014-2018 National Entrepreneurship and SME Growth Strategy for Jordan, led by the Jordan Enterprise Development Corporation (JEDCO) does not define startups or tech startups but proposes a definition for an early-stage startup (ESSU): “A new business that has been in operation for no more than two (2) years”. Within the updated but still draft 2016-2020 National Entrepreneurship and Micro & SME Development Strategy, JEDCO explicitly defines startups as “new and registered enterprises not exceeding two (2) years of operation”.

- The World Bank Innovative Startups Fund Project (2017) for Jordan identifies companies for the purpose of finance provision as “firms with less than 5 years of activity”.
- The newly established Innovative Startups and SMEs Fund (ISSF) defines startup as: “Any SME in the process of becoming operational or any existing SME that has yet to sell its product or service commercially”. SMEs are defined in ISSF as: “Formally established innovative companies (new or existing) less than five (5) years old”. Innovative are defined as: “new or improved products, goods or services; new or improved processes and/or business models”.

As stated above, no local common definition exists for startups in Jordan. However, various organizations and initiatives propose different relevant definitions with few common factors, namely, innovation and the age class of a given company.



2. Promising sectors in Jordan

The thriving entrepreneurial ecosystem in Jordan predominantly revolves around the Information and Communication Technology (ICT) sector. Despite facing recent challenges due to local and regional economic difficulties, Jordanian Technology-Based Startups (TBSs) have displayed high performance potential. These startups significantly contribute to export diversity, female employment, high-wage job creation, technology transfer, and diffusion. Jordan's ICT sector stands out with markedly high value added, reaching 11,64% of total growth during the last three (3) years.

Here are the most promising sectors leading the change in Jordan:

E-commerce and retail

The e-commerce and retail sector in Jordan is expanding rapidly, fueled by increasing internet penetration, a shift towards online shopping, and a growing middle class. The sector is characterized by innovative business models, with key sub-sectors including online marketplaces, Direct-to-Consumer (DTC) brands, logistics and delivery. Notable trends include the rise of mobile commerce, the use of Artificial Intelligence (AI) and data analytics for personalized shopping experiences, and a growing emphasis on sustainability with eco-friendly products and practices.

FinTech

The fintech sector in Jordan is one of the most dynamic and rapidly evolving industries, supported by regulatory frameworks, a youthful population, and high smartphone penetration. Startups are developing cutting-edge financial solutions, with key areas of growth in digital banking, digital payments, and lending and microfinance. Key sub-sectors include peer-to-peer lending, insurtech, and digital wealth management. Trends such as the increasing use of blockchain technology for secure transactions, the emergence of regtech solutions for regulatory compliance, the adoption of open banking systems highlight the sector's dynamic evolution, and cryptocurrencies.

EdTech

The education technology (edtech) sector is transforming the way education is delivered and accessed in Jordan. Key areas of growth include online learning platforms, interactive learning tools, and skill development initiatives. Major trends include adaptive learning platforms that personalize education, the use of virtual and augmented reality for immersive learning experiences, and a growing focus on lifelong learning and continuous skill development.

Healthcare

Healthcare startups in Jordan are making significant strides in improving the quality and accessibility of medical services. Key areas of growth include dental technology, telemedicine, health management applications, and advanced diagnostics. The sector encompasses key sub-sectors like digital health records, and wearable health tech. Trends such the use of AI in diagnostics and treatment recommendations, and a focus on preventive care are driving innovation and improving patient outcomes.

Together, these four (4) sectors illustrate the diverse and dynamic nature of Jordan's startup ecosystem, showcasing the country's potential as a hub for innovation and entrepreneurship.

3. Jordan startup scene

Jordan’s top startup industry sectors by funding¹

- E-commerce and retail
- EdTech
- Healthcare

Jordan’s top startup industry sectors by deals¹

- E-commerce and retail
- FinTech
- Healthcare

Startup ecosystem in numbers

- Number of operating startups³ : 375
- Number of incubators² : 11
- Number of accelerators² : 14
- Number of coworking spaces⁴ : 22

Entrepreneurship and innovation in Jordan: Indexes and Rankings (2023)

Index	Ranking	Index	Ranking
Business environment ⁵	54	Innovation linkages ⁵	37
Economic freedom ⁷	90	Knowledge workers ⁵	79
Entrepreneurship policies and culture ⁵	46	Mobile app creation ⁵	27
Financing of startups and scaleups ⁵	35	Operational stability for businesses ⁵	75
Global innovation ⁵	71	Regulatory environment ⁵	37
Global knowledge ⁶	97	State of cluster development ⁵	27
ICT access ⁵	104		



A man with a beard and a woman wearing a pink hijab and red top are sitting at a wooden table, looking at papers. The man is in the foreground, and the woman is slightly behind him. They appear to be in a professional meeting or workshop.

CHAPTER 2

**Beginning your entrepreneurial
journey**

I. Guiding steps to launch a startup

1. Country specific legal structures

In Jordan, entrepreneurs can choose among distinct types of legal structures, each tailored to suit their company's specific activities. Each business type possesses unique attributes designed to accommodate distinct economic objectives. Below, are the legal structures ranged from simple, single-owner setups to more complex organizations with multiple stakeholders and regulatory requirements.

- **Sole proprietorship.**
- **Partnership company.**
- **Limited partnership company.**
- **Limited liability company.**
- **Private Shareholder company.**
- **Operating company branch.**
- **Foreign company.**

The Limited Liability Company (LLC) is the most convenient legal structure for startups in Jordan due to its inherent advantages.

- **Limited Liability:** Owners (shareholders) have limited liability, meaning their personal assets are protected, and they are only liable up to the amount they invested in the company.
- **Minimum Shareholders:** While an LLC typically has two (2) or more shareholders, if there's only one (1) owner (shareholder), they will need approval from the company controller at the Companies Control Department.
- **Capital Requirements:** The minimum capital required to establish an LLC in Jordan is just Jordanian Dinar (JOD) 1.
- **Flexibility:** The company's management structure can be tailored to the needs of the business, and profit distribution can be decided internally without strict regulatory interference.
- **Operational Simplicity:** LLCs are not subject to the same stringent regulatory requirements and reporting standards as Public Shareholding Companies.
- **Tax Benefits:** LLCs in Jordan benefit from favorable tax treatment compared to sole* proprietorships and partnerships.
- **Attracting Investment:** The structure is well-understood by venture capitalists and private equity investors, making it easier to raise funds.
- **Continuity:** An LLC has a perpetual existence, meaning it continues to exist even if the ownership changes.

An LLC in Jordan is required to have both an auditor and a lawyer. The lawyer's role includes filing necessary papers to confirm their legal counsel status for the company, but this is only mandatory if the company's capital exceeds JOD 20,000. Please note, that to be in lined with articles 61 and 62 of Personal Status Law in Jordan, female entrepreneurs must take in consideration husband's permission to leave the home, including for entrepreneurial ventures.

2. Legal steps

The Government of Jordan offers comprehensive institutional support and resources to facilitate the streamlined and legally compliant establishment of startups, as outlined in the legal steps below.

The Ministry of Industry, Trade and Supply, along with the Companies Control Department (CCD), plays a crucial role in determining the necessary preapprovals for startup registration. The Companies Control Department, under the Ministry of Industry, Trade, and Supply, is primarily responsible for overseeing the registration of Limited Liability Companies.

The registration of trade names is overseen by either the Central Registration Directorate or the Directorate of the Ministry of Industry, Trade, and Supply in different governorates. Registering trademarks falls under the jurisdiction of the Ministry of Industry, Supply, and Trade. Additionally, the Chamber of Commerce and Chamber of Industry actively contribute to this process. Acquiring a vocational license is essential for the compliant business operations, and startups must follow the specific preapproval procedures. To complete the registration, entrepreneurs should submit the required documents to the nearest municipality's Customer Service Department. These institutions collectively ensure that startups receive the necessary guidance and support for a smooth establishment while adhering to regulations.

Legal steps



Step 1: Obtain a preapproval

Before starting the registration process, the entrepreneur might need to obtain preapproval from relevant governmental authorities depending on the sector the company will operate in. Preapprovals specifically pertain to the business registration process and do not encompass licensing, which is a subsequent stage.

We advise that the entrepreneur visits the Ministry of Industry, Trade and Supply, and the Companies Control Department (CCD) to confirm which preapprovals are needed to obtain, as they are subject to change.

Step 2: Register as a Limited Liability Company

The main institution involved in registering limited liability companies is the Companies Control Department (CCD), under the umbrella of the Ministry of Industry, Trade and Supply.

Steps

- 1 Visit the nearest Companies' Control Department branch.
- 2 Submit the required documents from the list below.
- 3 Sign the documents witnessed by a CCD employee, public notary, or a lawyer.
- 4 Obtain and submit a letter from the CCD if your business requires preapprovals from related authorities.
- 5 Choose and register a name for your company.
- 6 Present a bank statement to prove that the partners possess no less than half the amount of the company's capital.
- 7 Pay the required fees at the accounting department and obtain a receipt.
- 8 Collect the registration certificate for your company.

Requirements

- Residents of Amman must go to the CCD or the Jordan Investment Commission.
- Residents of Amman should only go to the Jordan Investment Commission if they are seeking to do business in sectors that may enable them to seek custom exemption, subject to the location of their business. These sectors include: the industrial sector, agricultural sector, medical sector and energy sector and specifically the following sub-sectors: manufacturing and handicrafts, farming and animal-rearing, hospitals and specialist medical centers, hotels and tourist facilities, amusement parks and recreational activities, research centers and scientific laboratories, call centers, media and film production, conference and exhibition centers, transportation, distribution and/or extraction of water.

- Residents outside of Amman must go to the Companies Control Department branch in their governorate situated in the [following locations](#).
- Jordanian partners must commit to covering the rest of their share in the company's capital within two (2) years of the company registration date.

Documents

- A national ID card or a valid passport for non-Jordanians.
- A Signed and completed Memorandum of Association form (You can find the template at the Companies Control Department or use this [link](#) to download a template).
- A bank statement proving that the partners possess no less than half the amount of the company's capital.
- A formal authorization/power of attorney if the shareholders are not present in person.

Costs

- Stamp: 0.0003% of the company's capital.
- Power of attorney: 10 JOD.
- Registration: 0.0002% of the company's capital (A minimum of 25 JOD).
- Memorandum of Association and amendments: 10 JOD.
- Deposit of ledger: 10 JOD.
- Photocopying and ratification: 5 JOD.
- Amendment: 20 JOD.
- Certificate of issuance: 10 JOD.
- Access to information: 20 JOD.
- Deposit mortgage deed: 20 JOD.
- Official gazette publication: 15 JOD.

Duration

- Up to one (1) day, if no preapprovals are required.
- The process takes longer if you are asked to deposit the capital prior to the registration.
- The process takes longer if one (1) of the company's partners is not Jordanian.

● Step 3: Become a member of the Chamber of Industry or Commerce

This step is exclusive to companies operating within specific sectors listed in the requirements below.

Steps

- 1 Visit the nearest Chamber of Industry or Chamber of Commerce.
- 2 A chamber employee will enter all the required data into the system.
- 3 Provide the necessary documents and pay the registration fee.
- 4 Collect your membership certificate, stamped, and signed by the authorized employee.

Requirements

- The authorized signatory must be physically present at the Chamber.
- In case of inability to attend, the registration and the commercial sector form must be signed by the authorized signatory.
- The title deed must clearly state the location of the company as a commercial entity. Otherwise, individuals must present an occupational permit or a zoning map showing that the location is commercial.
- To register for the chamber of Industry, your business must fall under one of the below relevant sectors:
 - Food, supplies, agricultural and livestock.
 - Leather and garments.
 - Engineering, electrical and information technology (IT).
 - Plastic and rubber.
- To register for the chamber of commerce, Your business must fall under any of the below relevant sectors:
 - Information and communications technology (ICT).
 - Banking and finance.
 - Food processing.
 - Furniture and stationery.
 - Service and consulting.
 - Electronics and electricity.
- The official website of the Jordan Chamber of Industry guides you to locate the nearest Chamber of Industry.
- Below is a list of all the chambers of industry across all governorates:

Amman Chamber of Industry:

This Chamber serves residents of Amman and governorates unaffiliated with other chambers. The Amman Chamber of Industry has offices at the Jordan Investment Commission and the Ministry of Industry, Trade, and Supply. It also has branches in the following locations:

- Abdullah II Ibn Al-Hussein Industrial Estate.
- Marka Industrial City.
- Aqaba Special Economic Zone Authority (ASEZA).
- Ma'an Industrial Estate.

Irbid Chamber of Industry (Irbid, and its branches in Jerash and Ajloun):

- Zarqa Chamber of Industry (Zarqa and its branch in Mafraq).

 **Documents**

- The registration form for the [Chamber of Commerce](#) or the [Chamber of Industry](#).
- The registration certificate from the Companies Control Department.
- The trade name document from the Ministry of Industry, Trade, and Supply, if applicable.
- An original copy of the lease or the title deed.
- The occupational permit.
- A National ID card of the authorized signatory.
- A proof of identity (passport, for non-Jordanians).
- A document that states the company's capital, names of partners or stakeholders in addition to their respective shares, and the authorized signatories, issued by the Ministry of Industry, Trade, and Supply.
- The company's Memorandum of Association.
- The signatory to the commercial sector form (for subscription to the chamber of commerce).

 **Cost**

- To view the membership cost for the chamber of commerce, visit [The official website of the Jordanian e-Government](#) and select "estimated fees".
- Fees associated with the chamber of industry depend on the sector.

 **Duration**

Up to one (1) hour.

Step 4: Obtain a vocational license

Acquiring your vocational license allows you to operate your business legally. A vocational license also requires preapprovals.

Steps

- 1 Submit the required documents to your nearest municipality's Customer Service Department.
- 2 Provide the required preapprovals to the municipality, if applicable.
- 3 Complete the final licensing procedures at the Department of Vocational Licenses, after obtaining the necessary approvals.

Requirements

The vocational license application is submitted at the municipality in which the business is located.



Documents

- A valid occupational permit from the greater Amman municipality.
- A copy of a valid site zoning location plan from the greater Amman municipality.
- A land or location scheme from the Department of Lands and Survey.
- A title deed from the Department of Lands and Survey.
- A registration certificate (after receiving preliminary approval).
- A proof of membership in the Chamber of Commerce or the Chamber of Industry.
- An original copy of the lease agreement.
- The required formal preapprovals according to the type of business activity.

Cost

- Fees differ according to the nature of your business and the associated municipality.

Duration

- Up to two (2) days, if you are applying for a regular license for the first time without a committee review.
- Up to ten (10) days, if your license requires approvals from the Department of Vocational Licenses or relevant committees.

● Step 5: Register with the tax department

It is mandatory to have a unified tax number and/or general sales tax certificate. Their obtention depends on the nature of the activity. Entrepreneurs can submit the registration through the electronic registration on the Income and Sales Tax Department website or visit the Income and General Tax Department to submit the application in person.

Documents

- A copy of the company registration certificate.
- A copy of trade the name certificate, if available.
- A lease contract, if available.
- A copy of the professional license.
- An export license, if available.
- A salary certificate and social security for employees, if available.

Cost

Depends on the economic activity.

● Step 6: Enroll in the Social Security Department

Entrepreneurs can obtain the social security registration number for the company or the social security registration numbers for each employee from the Social Security Department. Please note that you need a liaison officer and a signatory for the social security application and management.

Steps

- 1 Visit the firm's registration page on the Social Security Corporation (SSC) website.
- 2 Fill in the necessary information and provide the required documents. The specific requirements may vary depending on the type of corporate or company.
- 3 After the submission, the SSC will review the application and may contact you for any additional information or documents.

Documents

- The company registration certificate.
- The professional license.
- The business official seal.
- The authorization of employees' salary schedule.



II. Other country-specific considerations

1. Considerations for foreign investors

Foreigners can typically own businesses in Jordan with minimal restrictions on foreign ownership, except in specific sectors where a Jordanian partner is required. [Regulation No. 77 of 2016](#) introduced changes to foreign ownership limits in certain industries, reducing the maximum non-Jordanian ownership from 50% to 49%. Nonetheless, some restrictions remain, particularly in areas like retail, wholesale trading, and engineering, where foreign ownership is limited to less than 50%. You can consult the [Licensing Manual](#) to see the list of these activities.

Jordan has double taxation arrangements with (39) countries. Under these agreements, residents of Jordan who are subject to taxes in those countries are exempted from double taxation.

2. Tax regime

Brief overview of Jordan's tax regime

Jordan has a tax regime that includes various types of taxes applicable to enterprises and startups, such as corporate income tax, sales tax, and national contribution tax. Here is a general overview of the tax regime for businesses in Jordan:

Corporate Income Tax (CIT)

In general, income tax is levied on corporate entities and foreign branches with respect to all income earned in, or derived from, Jordan, regardless of where the payment is made, and on income generated from investing Jordanian capital outside Jordan. In Jordan, CIT is imposed at flat rates. CIT rates vary from 20% to 35% based on the industry or business activities from which income is generated. The CIT rates, as outlined in the income tax law, are structured as follows:

- 35% for the banking sector.
- 24% for telecommunication, insurance, reinsurance, financial intermediation companies (including exchange and finance leasing companies).
- 20% for other companies.

Jordanian resident corporations are generally not taxed on their global income, except for income derived from Jordanian deposits and funds, which is taxed at a rate of 10%.

Social security contributions

The amount of social security contribution is based on the employee's January salary. Changes to the salary made during the year are not reflected in the employee's social security contribution until the following January. Social contributions are set out on the monthly salaries and certain allowances as follows:

- For employer: 14.25%
- For employee: 7.50%

Payroll tax

As per the income tax law, the payroll tax rates are imposed at progressive rates ranging from 5% to 30%.

Withholding Taxes

If certain services are provided by resident individuals or civil companies in Jordan, a 5% WHT applies. Income from interest, deposits, commissions, and profits linked to banks and financial company investments in Jordan is subject to a 5% WHT for individuals and 7% for legal entities. Receipt of dividends from limited liability companies, general partnerships, limited partnerships, and private and public shareholding companies that are resident in Jordan is exempt. For non-resident individuals or entities earning taxable income, a withholding tax of 10% must be deducted by the payer as a final tax on the earlier of two dates: either the due date of the payment or the actual date the payment is made. Furthermore, a national contribution ranging from 1% to 7% is also imposed on these payments to non-residents.

Sales tax

Sales tax in Jordan operates similarly to a VAT. The threshold for registration stands at JOD 75,000 for companies operating in the commercial and industrial sectors, and 30,000 in the service sector. Sales tax is imposed at a rate of 16% on transactions such as the sales of goods and services. Services exempt from sales tax include, but are not limited to, education, disposal of waste, and activities of social organizations.

Capital gains

Capital gains derived from the sale of depreciable assets are subject to the corporate income tax and national contribution rates as applicable to the type of activity in which the company engages. In addition, except for the first sale, capital gains derived from the sale of stocks or shares of information technology companies and institutions that deal with creating, processing and storing information using electronic devices and software are subject to tax at the applicable corporate income tax rate if the sale occurs after the lapse of 15 years from the date of establishment of such companies.

National contribution tax

A national contribution is imposed on taxable income of all corporate entities and foreign branches in Jordan. The national contribution rates vary from 1% to 7%, depending on the type of sector.

National contribution tax payment could be made online through [online payment](#) on the Income and Sales Tax Department website.

3. Tax compliance requirements

The administrative burden of tax compliance can be challenging for SMEs and Startups. However, the Jordanian government has taken steps to make starting a business more accessible by significantly reducing the minimum capital requirement for establishing a company. In the case of SMEs and startups in Jordan, the key tax compliance requirements include:

- Filing tax returns on time and paying the correct amount of corporate income tax.
- Withholding and remitting the appropriate amount of taxes for employees.
- Complying with [the new income tax law introduced in 2018](#) which includes amendments to individual and corporate income tax rates, withholding tax rates, and various administrative changes.
- Keeping proper records to substantiate income and deductions claimed on tax returns.
- Staying informed about tax regulations and changes to avoid penalties and interest for underpayment or late payment of taxes.

In Jordan, tax returns are an essential part of the tax compliance process, here is what startups need to know about returns:

Taxable Period: The tax year for corporations is their accounting (financial) year.

Filing Tax Returns: Taxpayers are required to submit their tax returns before the end of the fourth month following the conclusion of the tax period.

The tax return includes a payroll listing and information pertaining to goods and services supplied for the year, including details related to the corporation's income, expenses, exemptions and tax due²⁶. They must be filed electronically on a prescribed form in Arabic within four (4) months after the tax year ends. Taxpayers can file tax returns online through the eFawateercom system.

The Income and Sales Tax Department (ISTD) encourages taxpayers to submit their income declarations for 2023 electronically and ensure registration in the national billing system.

For more specific details or to view and download tax returns, you can visit [the Ministry of Finance Income and Sales Tax Department website](#).

Taxpayers whose gross income equaled or exceeded JOD 1 Million in the preceding tax year are required to make an advance tax and national contribution payment within 30 days following the end of the first half of the tax year and another advance tax and national contribution payment within 30 days following the end of the tax year. Each advance payment is equal to 40% of the preceding year's tax and national contribution if the current year's interim financial statements are not available.

Sales Tax (ST) returns and payment: ST must be declared to the Income and Sales Tax department (ISTD) through a bimonthly electronic ST return due within 30 days following the end of every two-month period.

Sales tax payment could be made online through [online payment](#) on the [Income and Sales Tax Department website](#). In the context of Jordan's transition into the digital era, the government has been proactively streamlining the procedure for tax declaration submissions. The act of filing a tax return has been condensed into a swift, online endeavor, achievable within minutes via [the official e-portal of the tax administration](#). An auditing official proactively requests any additional documents and information required for a tax audit.

Social security contributions: Employers are responsible for monthly reporting and withholding of these contributions. Social security tax payment could be made online through [online payment](#) on the [Income and Sales Tax Department website](#).

4. Financial reporting and auditing regulations

The corporate financial reporting framework in Jordan is regulated by [Companies Law No. 22 of 1997 \(as amended 2006\)](#). This law requires that established entities under its jurisdiction must prepare financial statements as a mandatory requirement.

The Companies Law No. 22 of 1997 (with amendments in 2006), mandates that public shareholding companies, limited liability companies, private shareholding companies, and foreign companies conducting business in Jordan must produce yearly audited financial statements in accordance with the International Financial Reporting Standards (IFRS) set forth by the International Accounting Standards Board (IASB). Specifically, public shareholding companies, whose securities are traded on public markets, are subject to the oversight of the Jordanian Securities Commission and are obliged to adhere to the IFRS.



CHAPTER 3

Navigating startup regulations and incentives

I. Government incentives

1. Tax incentives

The investment incentives regime is covered by the [investment law No. 30 of 2014](#), the Investment Incentives Regulation No. 33 of 2015, the Sales Tax Law No. 29 of 2009, [the Income Tax Law No. 34 of 2014](#), and the Decision of the Investment Council No. 1/1/2016, dated January 25, 2016.

Overall tax incentives available for investors are dependent upon the sector in which the investor operates. Several incentives are available for all companies irrespective of their sector, and in some cases, these are also complemented by sector-specific incentive packages. Sectors for which the Government of Jordan offers customized incentive packages include industry, handicraft, ICT, renewable energy, and energy efficiency.

All sectors' tax incentives include CIT reduction by 50% for ten (10) years for economic activities established in the designated least developed regions. To learn more about existing tax incentives, please check the [Licensing Manual](#).

Jordan has implemented tax reductions for specific sectors located in development zones or free zone areas. These typically require pre-approval. The industrial sector receives tax liability reductions, (e.g., in 2023, manufacturing companies in all sectors benefit from a 5% rate of reduction in their CIT) with eligibility determined by specific instructions.

Economic activities operating outside the Development and Free Zones will benefit from a zero-sales tax rate on fixed assets, production requirements and inputs, and spare parts necessary for conducting their businesses. This exemption is based on a schedule issued by the Cabinet.

2. Non-tax financial incentives

This section explores the diverse range of non-tax incentives in Jordan, mainly, those supporting entrepreneurship, fostering innovation and investment, and contributing to the nation's economic vitality and global competitiveness.

Sector-specific custom fee exemption

Some specific sectors may enable you to seek exemption from custom fees based on the location of your business by the Jordan Investment Commission. These sectors include:

- Industrial sector.
- Agricultural sector.
- Medical sector.
- Energy sector.
- Manufacturing and handicrafts.
- Farming and animal-rearing.
- Hospitals and specialist medical centers.
- Hotels and tourist facilities.
- Research centers and scientific laboratories.
- Transportation.
- Distribution and/or extraction of water.

Jordan Loan Guarantee Corporation (JLGC)

The Jordan Loan Guarantee Corporation is a government-owned financial institution in Jordan that provides loan guarantee programs to support Small and Medium-sized Enterprises (SMEs) and various economic activities. Its primary objective is to help SMEs gain access to financing through a process which reduces the risk that financial institutions face when provide them with lending.

The JLGC provides a guarantee to financial institutions, such as banks or lending organizations, for a portion of the loans they extend to SMEs. This guarantee serves as a form of collateral, which helps incentivize lenders to provide loans to businesses that might have limited collateral or credit history. If a borrower defaults on their loan, the JLGC steps in to cover a portion of the outstanding balance, thus reducing the financial risk for the lending institution.

Find below the most relevant programs for your startup by JLGC.

Startups loans guarantee program

- Maximum loan amount: 250,000 JOD.
- Max payment period: 92 months.
- Guarantee ratio: 85%.

Loan guarantee program for SMEs from Jordan Loan Guarantee Corporation

- Maximum loan amount: 250,000 JOD.
- Max payment period: 72 months.
- Guarantee ratio: 70% (80% for projects owned and/or managed by women).
- Non-Jordanian owners must offer a Jordanian resident sponsor and a credit that are acceptable and/or appropriate as guarantee.
- The project should be privately owned and operates within Jordan.

Kafala program for small and medium-sized businesses in cooperation with Islamic banks

- Maximum loan amount: 250,000 JOD.
- Max payment period: 72 months.
- Guarantee ratio: 70% (80% for projects owned and/or managed by women).



3. Special Economic Zones

The Ministry of Investment has developed different types of Special Economic Zones (SEZs) across the Kingdom to promote business. These zones are designated for various types of businesses and industries and are equipped to serve the needs of the investor with quality infrastructure in addition to providing support services. In addition to the benefits below, each zone is complemented with an incentive package.

Foreign investors located in free zones enjoy:

- 100% foreign ownership of the investment allowed in all sectors.
- Facilitated visa and residency permits for investors, workers, and their families.
- Repatriation of capital and profit.

To learn more about Special Economic Zones, please check the [investment-environment-law-no.21-of-the-year-2022_eng_final \(3\)-4.pdf \(moin.gov.jo\)](#)



Free zones

List of free zones operating and deployed in the Kingdom:

	Location	Area	Investment activities
Zarqa Free Zone	<ul style="list-style-type: none"> • Zarqa Governorate / a 35 kilometers northeast of the capital Amman. 	<ul style="list-style-type: none"> • 1360 acres 	Industrial Commercial Service Tourism
Sahab Free Zone	<ul style="list-style-type: none"> • City skyscraper / King Abdullah II Industrial City / Capital Governorate. 	<ul style="list-style-type: none"> • 16 acres 	
Queen Alia International Airport Free Zone	<ul style="list-style-type: none"> • Queen Alia International Airport / Capital Governorate. 	<ul style="list-style-type: none"> • 30 acres 	
Karak Free Zone	<ul style="list-style-type: none"> • Hussein Bin Abdullah II Industrial City / Karak Governorate. 	<ul style="list-style-type: none"> • 37 acres 	
Karama Free Zone	<ul style="list-style-type: none"> • Mafraq Governorate / 360 kilometers east of the capital / Jordanian-Iraqi border. 	<ul style="list-style-type: none"> • 2470 acres 	

Development zones

The registered enterprise that carries out an economic activity in the development zone shall enjoy the following benefits:

- The tax on the enterprise registered in the developmental zones arising from the activities of the licensed manufacturing industries in these zones where the local added value is not less than (30%) is at the rate of (5%).
- Income tax shall be at a rate of (10%) of the taxable income of the registered enterprises in the development zone for the rest of its activities and projects.
- The General Sales Tax Law applies a reduced general sales tax rate of 0% to purchases or imports made by registered enterprises for the sole purpose of conducting their economic activities within designated development areas.

To learn more about the Development Zones in Jordan, please visit [invest in Jordan portal](#).

Aqaba special economic zone

The Aqaba Special Economic Zone (ASEZ) is a designated economic area in Jordan that aims to promote economic growth, attract investment, and facilitate international trade. It is in the city of Aqaba, Jordan's only coastal city strategically situated at the northern tip of the Red Sea.

Aqaba Special Economic Zone (ASEZ) provides several incentives including:

- Import exemption on customs duties excluding vehicles.
- Exemption from social service tax.
- Exemption from share and quota distribution tax.
- 5% tax on the net income of any project excluding banks, insurance, and land transport services. Income tax is applicable in the customs area.
- Exports abroad are subject to a sales tax of zero.
- Simplified procedures for foreign worker permit and residence permits.
- Projects can employ up to 70% of foreign workers.
- 0% income tax on stored transit goods & re-export.
- 0% sales tax on final consumption of vast majority of goods & services.

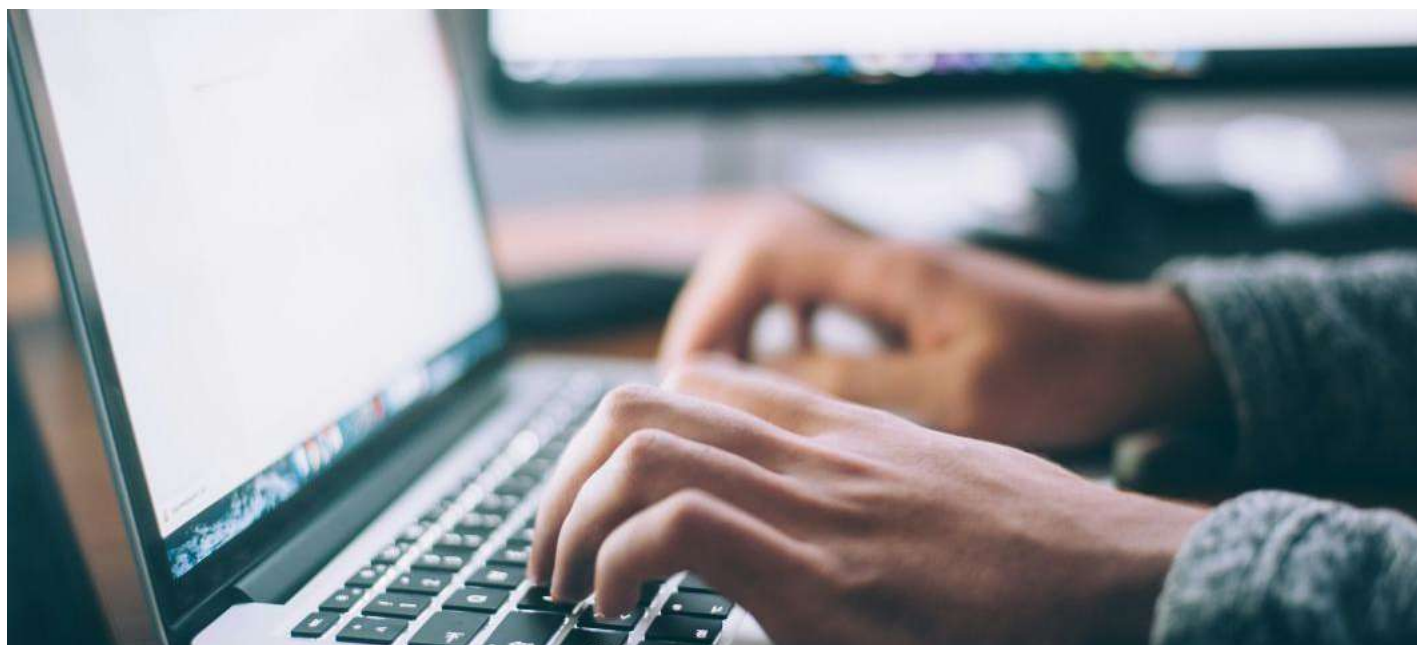
To learn more about ASEZ incentives, [please visit its official website](#).

Additional incentives

Investors operating outside the development and free zones may be eligible for additional incentives provided that they meet certain criteria, such as those related to the employment of Jordanian workers, targeted exports, local added value, utilization of technology, investments in strategic projects or public-private partnership projects.

The Cabinet of Ministers, can provide six (6) additional incentives with specific conditions related to operational time and employing Jordanian labor: Some of these incentives include:

- Deduction of infrastructure service costs from the investor's receivables within 5 years after starting operations.
- Contribution to or deduction of 50% of the electric energy bill from the investor's receivables for 5 years, with the specific contributing entity determined by the Council of Ministers.



II. Labor and immigration regulations and facilitations

Investors, whether operating inside or outside the Development and Free Zones, are allowed to employ up to 25% of their technical and managerial workforce as foreign labor. This limit can be increased to 40%, provided certain conditions are met.

1. Investment residency for corporate owner, partner, or through company

This visa facilitates foreign investors engaged as partners or company owners to seek approval for residing within the territory of Jordan. It involves the submission of an electronic application, attaching the necessary documents, payment of service allowance fees, electronic printing of the approval notice, and subsequently visiting the relevant security center to finalize the residency procedures and procure a residence card. The application process for this visa is initiated through the [E-service](#) of the Ministry of Interior.

Documents

- A copy of the applicant's passport.
- A recent commercial register copy (for entities without a national number).
- A valid business or activity license for companies operating in free zones.
- A letter from the bank confirming a minimum balance of JOD 10,000 in the applicant's personal account applying as a partner or owner of a company, under a bank deposit.
- A recent bank letter that either confirms the applicant's bank deposit if their ownership is less than JOD 50,000, or requests the release of a JOD 20,000 deposit. If not, the applicant can provide a social security contribution statement for at least five (5) employees for a duration of at least six (6) months.
- A copy of the Residence and Borders Department's approval letter for a 5-year residence permit (if the application is for a 5-year permit).

2. Work permit for the Kingdom

Steps

- 1 Submit the documents from the list below to the employment department.
- 2 Follow up data entry and obtain approval.
- 3 Submit the work permit request.

4 Stamp the passport and the work contract.

5 Fill out the residency form.

Documents

- A Work Permit Form (Arabic).
- An application form designated to non-Jordanian workers (Arabic).
- A request from the Ministry of Interior for hiring non-Jordanian workers.
- A work contract (two copies).
- One personal photograph.
- A medical check-up from the Ministry of Health.
- A copy of worker's passport.
- An insurance policy, depends on insurance companies in the Kingdom.
- Release, in case of changing the guarantor.

Cost

- Arab workers in non-agriculture: 180 JOD.
- Foreign workers in non-agriculture: 300 JOD.
- Arab workers in agriculture: 60 JOD.
- Foreign workers in agriculture: 120 JOD.
- Work permit certification fee: 2 JOD.
- Stamps: 5% of the monthly salary.

3. Work permit for the SEZ

Steps

1 Fill out and submit ASEZA's application form for the work permit.

2 Pay the fees.

3 Fill out and submit ASEZA's application form for the work permit.

4 Pay the fees.

Documents

- An application form.
- A copy of the employment contract.
- If the contract is not available, a letter from the employer clarifying the period of employment, the nature of the worker's job, and the estimated wage.
- A declaration by the employer to prove compliance with the provisions of the ASEZ regulations.
- A copy of the worker's passport or traveling document.
- Two (2) passport-size photos.
- A certificate issued by a medical center recognized by the Ministry of Health proving that the worker is clear from prevailing contagious diseases, or a written commitment from the employer to submit such certificate within 21 (twenty-one) working days.
- A discharge letter from the worker's previous employer.

Cost

- If the period of the visa or permit exceeds three months, the fee shall be collected once at the rate of 40 JOD for every three-month period.
- Work card and permit card: 15 JOD.

4. The Jordan Citizenship by 'Investment Program'

The Jordanian government welcomes affluent foreign individuals who wish to make a significant, qualified investment into the country that would boost the economy through foreign direct investment. Under this program, individuals and their immediate family members can become citizens of Jordan within three (3) months. To learn more about the Jordan Citizenship by Investment program, please check out the following [document](#) from the Ministry of Investment's website (Arabic).

Steps

- 1 Fill out and submit ASEZA's application form for the work permit.
- 2 Pay the fees.
- 3 Fill out and submit ASEZA's application form for the work permit.

III. Data protection

Currently, there are no data protection laws and no data protection authority in Jordan. However, the Jordanian authorities are considering laws in relation to personal data processing activities. The Parliament of Jordan released, on 2 April 2023, the Draft Personal Data Protection Law for 2022. You can visit this [link](#) (Arabic) to learn more about the working draft.

IV. Intellectual property

Jordan recognizes and provides protection for intellectual property rights under its legislation and international agreements. Under these provisions, investors can claim ownership over the creation of an invention, a design, a distinctive mark, or an artistic work etc. The protection of these creations gives an exclusive or unique right of exploitation. It gives owners the right to take judicial and other measures for their protection in case of unlawful unauthorized copying and use by third parties.

Overall, there are five (5) common types of intellectual property rights recognized in Jordan: patents, trademarks, copyright, trade names, and Industrial Design. The section below covers the steps needed to receive protection under three (3) types based on their relevance to startups. The application process is administered by the Ministry of Industry, Trade and Supply.

1. Patents

In Jordan, patents are the granted certificates for the invention protection; they aim to cover a broad spectrum of innovations, including inventions, research models, and utility systems applicable in various business and industrial sectors. These innovations can encompass machinery, tools, processes, chemicals, biotechnology, software, and more.

The legal framework governing patents in Jordan is established by [Patent Law](#) No. (32) of 1999. A patent remains in force for twenty (20) years starting from the date of application filing, or from the priority date if a priority claim is made. For application entrepreneurs need to visit the patent registration section under the Industrial Property Protection Directorate under the Ministry of Industry, Trade and Supply.

Steps

- 1 Fill in the [online application](#) and provide the necessary documents.
- 2 Present the document to the reception clerk of the directorate.
- 3 Pay the fees to the ministry's treasurer and attach the receipt to the application.
- 4 Receive a serial number.
- 5 Receive a certificate (tentative approval).
- 6 The request will be published in the Official Gazette.

Requirements

- The applicant should apply in person or through an authorized proxy with a legal authorization letter (a lawyer, or an agent of an industrial property in case the application relates to a foreign invention).
- The invention should be novel in terms of industrial technology.
- The invention should feature an inventive step.
- The invention should be capable of industrial application.

Documents

- An official ID card, a letter of authorization, or a power of attorney.
- A detailed description of the invention (two copies in Arabic and two in English).
- Drawings related to the invention (two copies in Arabic and two in English).
- An invention abstract (two copies in Arabic and two in English).
- Claims (two copies in Arabic and two in English).
- A power of attorney duly certified by the Ministries of Foreign Affairs and Justice.
- A certificate of registration for the establishment (if the applicant is a legal entity).
- A document proving that the applicant is entitled to registration if they are not the inventor.
- A document proving priority right, if applicable (two copies in Arabic and two in English).
- The certificate of temporary protection of inventions presented at official exhibitions.

Duration

Immediate registration.

Cost

- Registration: 50 JOD.
- Publication in the Official Gazette: 50 JOD.
- Final certificate: 50 JOD.

2. Trademarks

Trademarks in Jordan encompass distinctive symbols, logos, slogans, and brand identifiers associated with a company, business, or product. They serve as unique identities that set apart the startup offerings from competitors in the market.

The legal framework for trademark protection in Jordan is primarily governed by the Trademarks Law, Law No. 33 of 1952, which was amended in 1999.

Trademark applications are to be filed with the Industrial Property Protection Directorate at the Ministry of Industry, Supply, and Trade. The trademark registration is initially valid for ten (10) years from either the application filing date or the priority date. Subsequently, the owner can renew this protection for additional ten (10) years, ensuring the continued safeguarding of their trademark.

Steps

- 1 Visit the Industrial Property Protection Directorate.
- 2 Fill out the trademark application form and the required documents.
- 3 Pay the registration fees at the accounting department.
- 4 Submit documents to the Industrial Property Protection Directorate at the Ministry of Industry, Trade, and Supply.

Requirements

- Residents of Amman must go to the Industrial Property Protection Directorate at the Ministry of Industry, Trade, and Supply, located in Abdali.
- Residents of Amman are required to visit the directorate in person, send an attorney, or an officially authorized individual.
- Residents outside of Amman need to authorize an attorney and/or industrial property agent to manage the application process on their behalf.
- A full list of authorized industrial property agents is available under the Industrial Property Protection Directorate section on the [website](#) of the ministry.

Documents

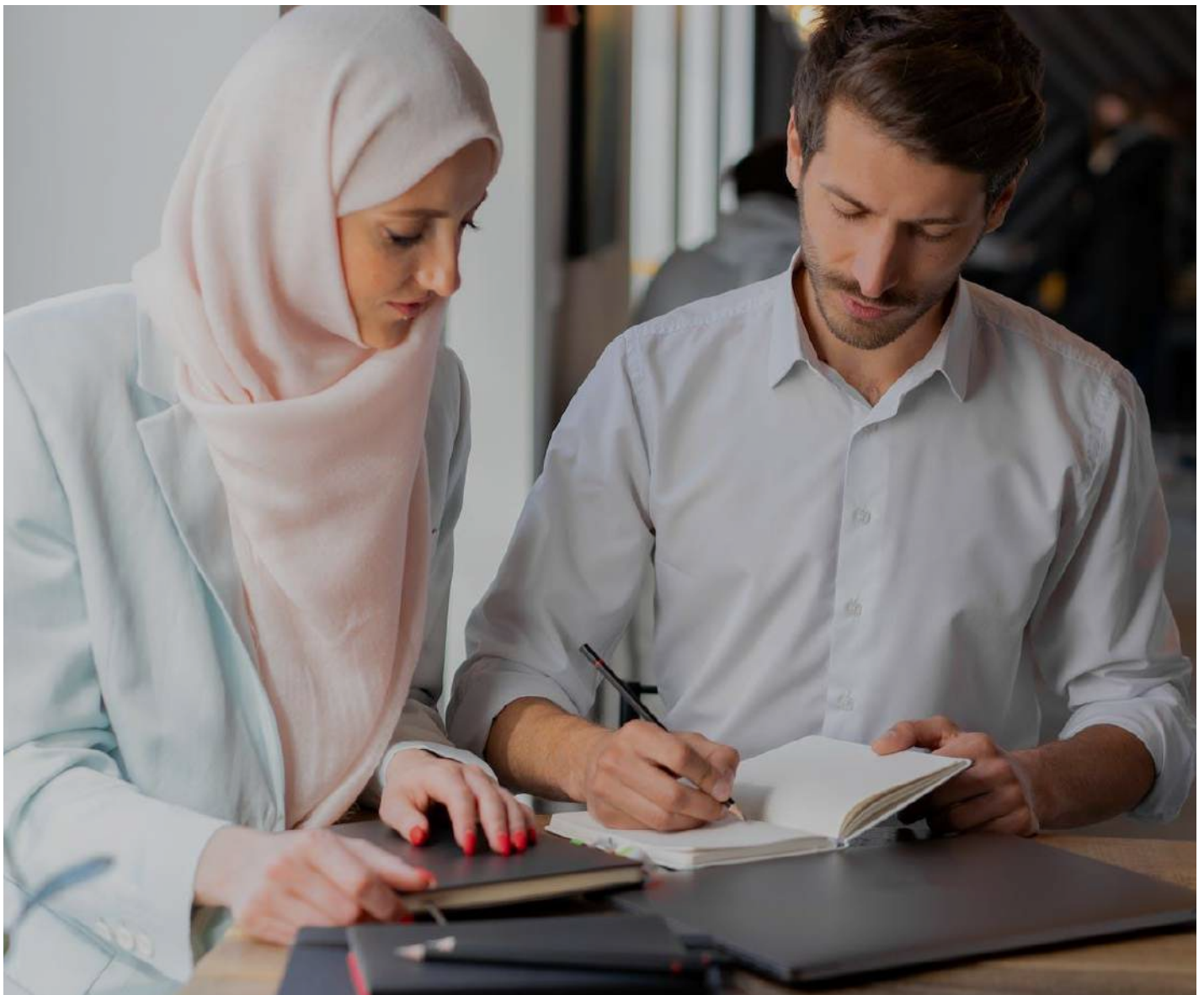
- A completed trademark application [form](#) in Arabic.
- [A trademark photocopy form.](#)
- [A trademark Advertisement Form.](#)
- Four (4) copies of the trademark publishing form printed in Arabic and English.
- Two (2) copies of the image/photocopy of the trademark.
- A registration certificate of the applying company, company's objectives, and authorized signatories.
- A general or special power of attorney attested as per the rules and regulations.
- A copy of a document that establishes priority rights, if applicable.

Cost

- Trademark application: 100 JOD.
- Trademark registration: 200 JOD.
- Publishing: 50 JOD.
- Final registration: 300 JOD.
- General power of attorney: 5 JOD.
- Special power of attorney: 2 JOD.

Duration

Immediate registration.



3. Industrial designs

If the startup is involved in the design of products, investors can protect the appearance of these products by registering the corresponding industrial designs. An industrial design or model can be registered if it is new and is not disclosed to the public in any form anywhere in the world, prior to the registration application, and if it is independently created. In Jordan, the Industrial Designs and Models Law No. 14 for the year 2000 Official Gazette No. 4423 Dated 2.4.2000 - governs and deals with the mechanism of registration of industrial designs. The validity term for design registration is fifteen (15) years from the date of filing.

After applying to the Patents Registrar, the registrar reviews the application for legal compliance and asks for amendments if needed. Once accepted, the application is published in the Official Gazette, allowing third parties ninety (90) days to oppose. If no opposition occurs, the design or model is registered, and a certificate is issued.

Requirements

- An application Form: Properly filled with the type of product specified.
- An illustrative Data: Drawings, photographs, and other data embodying the design or model.
- A proof of Priority (if applicable): Authenticated copy of the first filing if claiming priority based on an earlier application in another treaty state.
- A power of attorney legalized by the Jordanian Consulate.
- Three (3) sets of specimens or representations of the design.
- The article(s) covered by the design and the material used in producing these items.
- A description of the design pointing out its novel aspects.
- A declaration of novelty and ownership legalized by the Jordan Consulate.
- A deed of assignment document if the designer is different from the applicant, legalized by the Jordanian Consulate.
- A certified copy of the priority document if claimed.
- The class(es) under which the design is to be registered.
- An extract from the commercial register legalized, if applicable.

Cost

- Registration fees: 30 JOD.
- Publication in the Official Gazette: 50 JOD.
- Final certificate: 50 JOD.

V. Key support organizations and initiatives (not exhaustive)

Funding institutions

[Access Bridge Ventures](#)

[Amam Ventures](#)

[Beyond Capital](#)

[Flat6Labs - Jordan Seed Fund \(JSF\)](#)

[Innovative Startups and SMEs Funds \(ISSF\)](#)

[Innovative Startups Fund Project](#)

[Jordan USAID Amman](#)

[King Abdullah II Fund for Development](#)

[MENA Apps](#)

[Middle East Investment Initiative - Jordan](#)

[Middle East Venture Partners \(MEVP\)](#)

[Oasis500](#)

[Propeller](#)

[Sadu Capital](#)

[Shorooq Partners](#)

[Silicon Badia](#)

[TjDeeD](#)

[ZINC's Zain Al Mubadara](#)

Events

[Jordan Startup Expo](#)

[MENA ICT FORUM](#)

Incubators

[Business Development Center Jordan](#)

[HimayaTech – int@j](#)

[Incubator – Jordanian Social Entrepreneurship Finance hub](#)

[Incubator Africa](#)

[iPark](#)

[JOIN Fincubator](#)

[Jordan Youth Innovation Forum](#)

[Madraj](#)

[mySTARTUP - INJAZ Incubator](#)

[Orange AI Incubator](#)

[Orange Corners Jordan Incubator](#)

[TTi](#)

[University of Jordan Innovation and Entrepreneurship Center](#)

[Zain Innovation Campus \(ZINC\)](#)

Coworking spaces

[Business Park](#)

[Regus](#)

[V Business Center VBC](#)

Governmental programs and platforms

[Economic Modernisation Vision](#)

[Intaj](#)

[Jordan Enterprise Development Corporation JEDCO](#)

[Jordan Source](#)

[StartupsJo](#)

[The Queen Rania Center for Entrepreneurship \(QRCE\)](#)

Other useful resources

[Higher Council for Science and Technology \(HCST\)](#)

[Idea Bank](#)

[Leaders International](#)

[NCI](#)

Accelerators

[AB Accelerator](#)

[AHLI FinTech](#)

[Flat6Labs Amman](#)

[Hassad Agritech Accelerator](#)

[Jordan Start](#)

[Jordan Youth Innovation Forum](#)

[Madraj](#)

[Oasis500](#)

[UNDP Jordan Accelerator Lab](#)

[VentureX](#)

[WFP Jordan Innovation](#)

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APPENDIX

Appendix 1: Launching your startup: key success factors

Addressing market demand

Your startup should provide a compelling solution to a specific problem within a large and eager market. Think of it as a puzzle piece that fits perfectly into the demand landscape. Steve Blank's Customer Development Model can guide you in creating a product or service that customers cannot resist.

Feasibility analysis

Conduct a thorough feasibility analysis. This process empowers you to make informed decisions, spot areas needing improvement, and allocate resources effectively. It is your tool for maximizing your chances of crafting a successful, long-lasting venture.

Market insights

Dive deep into market analysis. Understand the current state of your industry segment and define your target market. A strong grasp of market dynamics is essential for positioning your product or service effectively.

Building a stellar team and network

Source and group a team of multitalented experts. This is one of the fundamental steps to scale a startup. These diverse talents will complement each other and will help you access a strong, interconnected network that can be your secret weapon for gaining support, mentorship, and continuous learning.

Analyzing the competition

Competitive analysis is not just about sizing up rivals; it is a vital part of your strategic planning, systematic research and evaluation of your competitors' strengths and weaknesses. It will guide you into finding your competitive edge and creating your added value in the market.

Legal Flexibility

The legal form of a startup must allow for flexibility. Choose a legal structure for your startup that offers the flexibility needed for growth. Make it easy for shareholders to join and leave the company and ensure your memorandum of association can adapt to your evolving needs. In fact, the memorandum of association must be drawn up freely and allow the opening of share capital.

Appendix 2: What type of support to expect at each stage of a startup lifecycle

	Startup development stages	Government support	Funders support	SSOs support
Outreach	<ul style="list-style-type: none"> Idea formation Problem validation Team establishment 	<ul style="list-style-type: none"> Promote entrepreneurship education Facilitate Ideation: Hackathons, startup Weekends, etc. Promote innovation and entrepreneurship culture 	<ul style="list-style-type: none"> Financial literacy and entrepreneurship awareness programs Networking opportunities to connect with potential mentors, advisors, and industry experts 	<ul style="list-style-type: none"> Access to experienced mentors who provide guidance and advice on various aspects of startups Provision of office space, shared facilities, and infrastructure to support the early-stage development of the business
Pre start	<ul style="list-style-type: none"> Idea development Business modeling Problem/Solution fit: prototyping Team Formation: access to training and mentorship 	<ul style="list-style-type: none"> Offer entrepreneurship training and education Facilitate Proof of concept and proof of Business Facilitate Business Modeling Validate MVP 	<ul style="list-style-type: none"> Seed funding for idea validation and product development Coaching to refine business ideas and plans Access to incubators or accelerators providing resources, infrastructure, and networking opportunities 	<ul style="list-style-type: none"> Assistance in refining the product/service, pricing strategies, and go-to-market plans Support in conducting market research and understanding the target market, customer needs, and competitors

	Startup development stages	Government support	Funders support	SSOs support
Launch	<ul style="list-style-type: none"> • Business Creation • Early-stage fundraising • Initial Go-To market: MVP development 	<ul style="list-style-type: none"> • Provide Early-Stage Financing • Facilitate access to client and Go-To -Market • Strategic partnerships • Housing • Operation set up and labeling 	<ul style="list-style-type: none"> • Seed funding to launch the business • Cover initial operational costs • Access to angel investors or venture capital firms • Guidance on legal and regulatory compliance • Support in building a strong founding team and advisory board 	<ul style="list-style-type: none"> • Guidance on company registration, intellectual property protection, and legal compliance • Support in identifying funding sources, preparing investor pitches • Connecting with potential investors
Growth	<ul style="list-style-type: none"> • Product/Market Fit • International Go-To-market • Expansion and scaling 	<ul style="list-style-type: none"> • Facilitate access to Finance • Facilitate internationalization via events, strategic partnership, etc. • Provide operational support 	<ul style="list-style-type: none"> • Series A, B, or C funding rounds for scaling operations and market expansion • Strategic guidance and industry insights from investors • Assistance in negotiating partnerships and strategic alliances • Exit strategies and assistance with mergers, acquisitions, or public offering 	<ul style="list-style-type: none"> • Assistance in scaling operations, managing growth, and overcoming operational challenges • Access to industry experts • Provide sector-specific knowledge and guidance



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