

# Jordan

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## 1. Introduction

### 1.1. Summary of VAT Rates

In Jordan, the following GST rates apply:

- Standard rate: 16%
- Reduced rates: 1%, 2%, 4%, 5% and 10%
- Other: Zero rate and exemptions

### 1.2. Legal Basis

The primary Jordanian indirect tax legislation is the General Sales Tax Law, No. 6 of 1994, as amended by Law No. 29 of 2009 ("the GST Law"), and subsequent bylaws and cabinet decisions.

The Income and Sales Tax Department (the "Tax Authority") is responsible for administrative oversight of General Sales Tax (GST) in Jordan.

For links to legislative sources, see Appendix 15.2.

### 1.3. Recent Developments

For the latest developments in indirect taxes in Jordan, see the International Tax Developments Tracker.

## 2. Scope

### 2.1. In General

Under Article 4 of the GST Law, GST is levied on the following, unless specifically exempt, or the transaction occurring in a free zone, warehouse or similar:

- The sale of any goods or, services within Jordan; and
- The importation of any goods or services into Jordan.

### 2.2. Territorial Application

Jordan's GST system applies to the entire sovereign territory of the Hashemite Kingdom of Jordan ("Jordan").

Unless otherwise stated, references to Jordan are to the Jordanian Tax Zone, defined under Article 2 of the GST Law, as Jordanian lands and territorial waters, with the exception of the developmental zones, the Aqaba Special Economic Zone, free zones, duty-free shops, and warehouses.

### 2.3. Taxable Transactions—Overview

Sales and imports are generally subject to Jordanian GST.

Article 4 of the GST Law defines a sale as the transfer of ownership of the commodity or the performance of the service or its supply from the seller to the buyer in exchange for consideration, as well as a self-supply such as the use of the commodity by the taxpayer for his own purposes, or the exchange of the property for other property.

Under Article 4 of the GST Law, a sale is deemed to occur when the ownership of a good is transferred, or a service is rendered or supplied, from the seller to the buyer in exchange for consideration. Moreover, a sale is legally recognized when the taxpayer utilizes the good for personal purposes, permits another individual to do so, with or without consideration, or disposes of the good in any manner that effectuates the transfer of ownership.

In practice, items sold to employees and business assets or goods used by employees for their personal use are likely to also be treated as a deemed supply.

### 2.4. Excluded Transactions

Under Article 10 of the GST Law, the following transactions are not subject to GST:

- The sale of goods or services intended for personal use or purposes unrelated to the taxpayer's licensed taxable activities under GST law, provided that the taxpayer has not previously claimed or received a tax deduction or refund on these goods or services;
- The supply of immovable property;
- The sale of shares and stocks in companies, investment funds, and various types of securities;
- Salaries and compensation received by employees, users, and workers for their services with public or private entities, including bonuses and any supplementary amounts paid to members of the boards of directors of legal entities;
- Goods and services imported for the benefit of projects established in free zones, cities, and markets from outside the Jordan, within the limits necessary to achieve their objectives under special legislation, provided that the tax exemption applies exclusively to activities conducted within these free zones, cities, and markets; and
- Goods and services exported from free zones, cities, and markets to destinations outside Jordan.

### 3. Taxable Persons

#### 3.1. Definition/Scope

##### *Taxable Person*

Under Article 2 of the GST Law, a taxable person is defined as an individual or entity—whether natural or legal—who imports or supplies taxable goods or services and is either registered or required to register for GST.

##### *Registration Threshold*

Under Article 13 of the GST Law, any person who supplies taxable goods or services is obligated to register with the Tax Authority by timely submitting the designated form.

The form must be submitted upon the earliest occurrence of any of the following:

- On the commencement of the business, if the expected taxable turnover in the next 12 months may exceed the applicable registration threshold;
- At the end of the month, if the taxable turnover in the previous 12 months exceeds the applicable registration threshold; or
- At the end of any month if the expected taxable turnover during the 11 months ending with the subsequent month may reach the applicable registration threshold.

The annual thresholds for GST registration are as follows:

- 10,000 dinars for manufacturers of goods subject to Special Sales Tax (SST) (a type of excise tax, levied on top of GST);
- 75,000 dinars for suppliers of goods other than those subject to SST; and
- 30,000 dinars for persons supplying services.

The registration threshold for a person engaged in multiple activities is the minimum threshold specified for any of its activities.

*Planning Point:* There is no registration threshold for entities engaged in the importation of taxable goods or services. Consequently, an obligation to register is triggered upon commencement of these activities, unless an exemption from registration applies.

##### *Importers*

Under Article 13(b) of the GST Law, a person who imports taxable goods or services is required to register for GST on the appropriate form within 30 days of the first import taking place, regardless of the value of these imports, unless the import is made for personal use.

### 3.2. Voluntary Registration

Under Article 14 of the GST Law, persons not required to register for GST may register voluntarily.

### 3.3. Exemptions from Registration

A person is not required to register for GST unless certain criteria under Article 14 of the GST Law are met.

If a person's sales of taxable goods or services are subject to a zero tax rate, the Director of the Tax Authority may, upon the taxpayer's request, grant an exemption from the registration requirement.

Under Article 13(b) of the GST Law, an importer is not required to register for GST if the imported goods are intended to be used for personal purposes. Such an importer is still required to pay GST on the importation of any personal goods under Article 2 of the GST Law.

For more information on registration criteria, see Section 3.1.

### 3.4. Group and Divisional Registration

#### *Group Registration*

Group registration is not permitted in Jordan.

#### *Divisional Registration*

Divisional registration is not permitted in Jordan.

### 3.5. Registration of Nonresident Persons

Nonresident persons who supply taxable goods or services in Jordan and are liable to account for GST are required to register for GST. The mandatory registration thresholds that apply to residents also apply to nonresidents.

For more information on the mandatory registration thresholds, see Section 3.1.

For more information about cross-border e-commerce, see Section 13.3.

## 4. Taxable Transactions

### 4.1. Goods

#### *Taxation of Supplies of Goods*

Supplies of goods in exchange for consideration are generally subject to GST, under Article 4 and Article 4 bis of the GST Law.

#### *Supplies of Goods*

Article 2 of the GST Law defines goods as any natural material or animal, agricultural or industrial product, including electrical energy.

Under Article 4bis of the GST Law, the following transactions are considered supplies of goods:

- Transferring ownership of goods to another person or enabling another person to dispose of them as if they were the owner; or
- Concluding a contract between two parties that results in the transfer of ownership of goods upon the execution of the contract.

A sale is also deemed to occur when the taxpayer uses goods for personal purposes, permits another individual to do so, with or without consideration, or disposes of the goods in any manner that results in a transfer of ownership.

The supply of goods within Jordan is also deemed to occur in the following two cases:

- Goods are transported from outside Jordan, and the importer or another person supplies the goods, which subsequently come into their possession within Jordan; or
- Goods are installed by the supplier or on the supplier's behalf in Jordan.

### *Time of Supply*

Under Article 9 of the GST Law, GST is due on the supply of the goods upon the occurrence of any of the following events, whichever comes first:

- Transfer of ownership of the goods;
- Issuance of a tax invoice; or
- Receipt of the value of the goods in full or in part, or receipt of an installment thereof on credit or through other accepted methods of payment, according to the agreed payment terms.

*Planning Point:* The Director of the Tax Authority may approve the date of the tax invoice for tax purposes if the invoice is issued periodically or at the end of a specified period following the date of transfer of ownership.

## **4.2. Services**

### *Taxation of Supplies of Services*

Supplies of services are generally subject to GST under Article 4 and Article 4bis of the GST Law.

### *Supplies of Services*

Article 2 of the GST Law defines services as any work performed by a person in exchange for compensation, including the provision of benefits to others, but excluding the provision of a commodity.

Further, Article 4(h) of the GST Law provides that any supply that does not constitute a supply of goods is deemed a supply of services

### *Time of Supply*

Article 9 of the GST Law provides that the time of supply of services is the earliest of:

- The issuance of a tax invoice;
- The date of supply of the service; or
- The receipt of payment for services, whether in full or in part.

## **4.3. Intangibles**

Supplies of titles to intangible property, such as patents, copyrights and trademarks, and licensing activities (i.e., allowing the use of intellectual property) are taxed as supplies of services, as they do not fall within the definition of goods in the GST Law.

For more information about the taxation of supplies of services, see Section 4.2

## **4.4. Immovable Property**

The supply of immovable property is not subject to GST under Article 10 of the GST Law.

For more information, see Section 7.3.

## **4.5. Other Taxable Transactions**

No other categories of taxable transactions are addressed.

## **4.6. Mixed Transactions**

Under Article 7(c) of the GST Law, a supply of goods or services that is exempt or zero-rated is subject to GST if the supply is combined or linked with goods or services that are subject to GST.

Under Article 7(d) of the GST Law, if exempt financial services are sold in conjunction with a taxable good, the sale of the taxable good is subject to GST, calculated based on its value before association with the exempt service.

## **4.7. Taxation of Imports**

### **4.7.1 In General**

GST is generally payable on the import of goods or services from outside Jordan, or from free zones or duty-free shops at the same rate that applies to domestic supplies, under Article 4(b)(2) of the GST Law.

#### 4.7.2 Imports of Goods

Under Article 6 of the GST Law, GST applies to the import or supply of goods, based on the value of the goods.

General and special taxes are due on imported goods at the clearance stage, based on the applicable tax rate or category, as of the date of registration of the customs declaration. The tax is collected in accordance with the provisions of Customs Law, unless otherwise specified by GST Law.

Under Article 26(b) of the GST Law, the importer is obligated to pay the tax due upon the release of goods from the Customs Department, in accordance with the established procedures for the payment of customs duties. The clearance of goods is prohibited until the full payment of the tax due is made.

Notwithstanding the provisions of the preceding article, if the importer is registered, the payment of the tax due on the importation of goods may be deferred with the approval of the Director, in accordance with the terms and procedures specified in the executive instructions issued for this purpose.

For information about importers' registration requirements, see Section 3.1.

#### 4.7.3 Temporary Imports or Reexported Goods

Under Article 23 of the GST Law, samples consumed for analytical purposes by laboratories are generally exempt from GST, subject to Implementing Instructions, provided that their quantity is within the limits of analysis requirements in accordance with the rules on approved technical assets.

#### 4.7.4 Imports of Services

A taxable recipient must generally pay GST on the import of services from outside Jordan, or from free zones or duty-free shops, under Articles 4 and 4bis of the GST Law.

Under Article 26 of the GST Law, the recipient or beneficiary of the imported services must pay GST on the earlier of the following dates:

- Within one month of payment or partial payment for the imported services;
- When the items through which the services are delivered (e.g., tapes or compact disks) are released from Customs; and
- Within six months of all or any part of the services being received.

Service imports include imports of various telecommunications and electronic services supplied to individuals. The supplier may register on the Tax Authority's e-services platform, so that the supplier accounts for these supplies, rather than the recipient.

For more information about the place of supply of service imports, see Section 5.2. For more information about electronic services, see Section 13.3.

*Planning Point:* An importer of services may delay the payment of GST for up to six months from the date of receipt of services, provided payment has not been received.

## 5. Place of Supply (or Equivalent)

### 5.1. Place of Supply—Goods

Article 4bis of the GST Law provides that goods are treated as supplied within Jordan when the goods are within Jordan at the time of supply, or, when a supply includes transportation, the transportation starts from within Jordan.

Goods installed or assembled within Jordan by the supplier are supplied in Jordan.

### 5.2. Place of Supply—Services

Article 4bis of the GST Law provides that services are treated as supplied within Jordan if the work was performed or any benefit was obtained in Jordan, in any of the following cases:

- The supplier carries on a business within Jordan;
- The supply is made from a supplier's permanent establishment in Jordan; or



- The supplier has a permanent address in Jordan or usually resides in the country.

The import of services is considered to take place in Jordan under any of the following conditions:

- The recipient of the service is a taxable person who has established their place of business within Jordan, has a permanent establishment in Jordan to which the services are provided, or has a permanent address or usually resides in Jordan;
- The recipient of the service is a nontaxable person, has established their place of business within Jordan, has a permanent address or usually resides in Jordan, and the service falls under the following services:
  - Communications services;
  - Radio and television broadcasting services;
  - Services provided electronically; and
  - Any other services determined by the Council of Ministers based on the recommendation of the Minister;
- The service is related to immovable property located in Jordan;
- The service includes sources of income from cultural, artistic, sports, scientific, educational, entertainment, or similar events held in Jordan; or
- The service consists of restaurant or catering services that are actually performed in Jordan.

### **5.3. Place of Supply–Other Transactions**

No place of supply rules related to other transactions are addressed.

### **5.4. Place of Supply–Imports**

Article 4bis of the GST Law provides that imports are treated as supplied in Jordan when the movement of goods begins outside Jordan, and the importer or any other person undertakes the supply of the goods, and takes possession of them inside Jordan.

For information about the place of supply of an import of services, see Section 5.2.

### **5.5. Special Situations**

No additional place of supply rules for special situations are addressed.

## **6. Chargeable Amount**

### **6.1. Valuation–Generally**

Under Article 15(a)(2) of the GST Law, the value of a supply of goods or services is generally the aggregate of the monetary consideration and the open market value of non-monetary consideration that the buyer is obligated to pay to the seller in exchange for the supply.

### **6.2. Adjustments to Stated Sales Price**

Under Article 15(a)(3) of the GST Law, The Director of Tax Authority may verify the actual value of the sale of goods or services by requiring the taxpayer to furnish all documents and records pertaining to the sale transaction.

### **6.3. Valuation of Imports**

Under Article 15(c) of the GST Law, the value of imported goods for GST purposes is equal to the value for customs purposes, in accordance with the applicable tariff schedules, plus any other import fees and taxes imposed prior to their clearance and any special taxes due.

### **6.4. Coordination of VAT, Customs and Income Tax Pricing**

Customs value is the starting point for calculating the value of an import for GST purposes, subject to any other fees and taxes due on the goods, as provided in Article 15(c) of the GST Law.

## **6.5. Nonfunctional Currency Transactions**

Under Article 15(d) of the GST Law, if the consideration paid for the supply of goods or services is expressed in foreign currency, it must be converted into dinars, according to the exchange rate at the time of supply.

# **7. Tax Rates**

## **7.1. Standard Rate**

The standard rate of Jordan GST is 16%, under Article 6 of the GST Law.

## **7.2. Reduced and Supplementary Rates**

In Jordan, there are reduced GST rates of 1%, 2%, 4%, 5% and 10% under Article 6 and the tables annexed to the GST Law.

Items subject to the various reduced rates include medical, hygiene and educational supplies as well as food items, among others.

Other specified items may be subject to separate reduced rates under Cabinet Resolutions.

Special rates apply in the Aqaba Special Economic Zone. For more information, see Section 7.5.2.

## **7.3. Exempt Supplies or Equivalent**

No GST is charged on exempt supplies and no credit is available for related input GST.

Under Article 3 and Schedule III of the GST Law, goods and services that are exempt include but are not limited to:

- Bread;
- Education;
- Purchase and sale of land and residential properties;
- Healthcare services, health insurance and reinsurance; and
- Electricity generation and distribution.

Under Article 21 of the GST Law, the import by, and supply of goods or services to, various persons and bodies are exempt from GST, including:

- The King of Jordan;
- Non-honorary embassies, and members of diplomatic and consular missions; and
- International and regional organizations operating in Jordan.

## **7.4. Zero-rated Supplies or Equivalent**

No GST is charged on zero-rated supplies, but a credit is available for the related input GST.

Under Article 7(a) and Article 21 of the GST Law, a zero rate of GST is applicable to supplies including exports, certain goods enumerated under the GST Law (such as veterinary medicine and supplies used by the disabled), goods and services supplied to free zones and duty-free shops, and certain goods or services supplied to certain bodies and persons exempt from GST, under Article 21 of the GST Law.

For more information on persons and bodies exempt from GST, see Section 7.3.

## **7.5. Imports**

### **7.5.1 Reliefs from Import GST**

Reliefs from import GST (i.e., exemptions) are available for certain types of goods or services under Article 23 of the GST Law, including samples used for laboratory analysis, personal objects of no commercial value and personal effects.

Specifically, exemptions generally apply to the following:

- Laboratory samples. For more information, see Section 4.7.3;
- Non-commercial personal items, i.e., personal items not intended for personal use, such as medals, sports, and scientific awards;
- Replacement shipments imported to replace previously supplied damaged or missing shipments, for which full tax was initially paid;
- Personal luggage and used furniture brought into Jordan by travelers from abroad and for those establishing permanent residence, subject to the applicable Customs Law provisions; and
- Re-imported goods and services on which tax was initially paid, exported, and subsequently re-imported within the timeframe specified under Customs Law.

*Planning Point:* Certain exemptions, such as the exemption for replacement shipments and for reimportation, is subject to verification by the Customs department.

### **7.5.2 Bonded Warehouses, Free Trade Zones, etc.**

#### *Free Zones, Generally*

Areas outside the Tax Zone of Jordan (where GST is imposed) include free zones, the Aqaba Special Economic Zone, developmental zones, duty-free shops and warehouses. A warehouse is the place or building where goods are deposited under the supervision of the customs department in a situation where duties and taxes are suspended, under Article 2 of the GST Law.

Under Article 10(e) of the GST Law, goods and services imported for the benefit of projects established in free zones, cities and markets from outside Jordan are exempt from GST, within the limits required to achieve their objectives, in accordance with the applicable legislation, provided that the exemption is limited to activities conducted within these free zones, cities, and markets.

Supplies between free zones and duty-free zones are liable to GST under the normal rules.

#### *Aqaba Special Economic Zone*

The Aqaba Special Economic Zone Authority (ASEZA) is governed by specific regulations and instructions for Goods and Services Tax (GST). However, in the absence of specific regulations, the general GST rules govern.

The following goods and services are subject to a 7% tax when sold within the Aqaba Special economic Zone:

- Men's suits and women's clothing sets;
- Perfumes and cosmetics;
- Electrical appliances, including hair dryers, shavers, irons, telephones, pagers, recording devices, audio and video playback, radio and television sets, cameras;
- Other items, including watches, sunglasses, auto spare parts, car tires, cement, construction reinforcement iron, cellular phones (including smartphones), and portable magnetic processing machines weighing no more than 10 kg;
- Hotel services;
- Restaurant services; and
- Tourist car rental services.

### **7.6. Exemptions for Exports**

The export of goods or services outside Jordan is zero-rated, under Article 7(a) of the GST Law.

No specific documents are required for the taxpayer to benefit from zero-rating for exports. However, Executive Instruction No. 5 of 2003 provides that the exporter of goods is required to prepare a customs declaration and provide three copies of invoices.

## 8. Deduction and Recovery of Input Tax

### 8.1. Input Tax Eligible for a Deduction/Credit

Input GST that has been paid by a taxable person for goods and services used for business purposes is generally deductible against output GST charged on the supply of good or services for Jordanian GST purposes. In order to claim the input tax credit, the registered person is required to be in possession of a valid tax invoice or customs documents.

Specifically, under Article 19 of the GST Law, a registered person is entitled to a tax credit against output tax for the following:

- GST charged or paid by him or her on his or her returned supplies;
- GST charged or paid in relation to credit supplies that are treated as bad debts;
- GST paid before registration on goods at hand at the time of registration; and
- GST paid on imports or purchases of goods and services while registered, excluding those listed in Schedule 4 to the GST Law for which a credit is not permitted (see below).

Schedule 4 of the GST Law lists the goods and services on which input GST is specifically irrecoverable, including:

- Goods and services used for nonbusiness purposes;
- Goods and services used in exempt or nontaxable activities;
- Recreational and sports services, other than those used for the purpose of supplying goods or services;
- Hotel and restaurant services, other than those used for supplying goods or services;
- Items purchased which are subsequently returned by the buyer;
- Goods or services used for building and construction purposes, except for those used for the purpose of renting construction and demolition equipment; and
- Cars, other than those purchased for trading or leasing purposes.

### 8.2. Deduction Rules for Mixed Transactions

Under Executive Instruction No. 4 of 2003 on Tax Deduction and Refunds, input tax related to supplies that are partly taxable and partly exempt is partially recoverable. The tax due is calculated on the basis of production formulas and, if this method is not available, the proportion of taxable supplies to total supplies is used.

### 8.3. Timing of the Deduction or Credit

Under Article 53 of the GST Law, the time limit for submitting a claim for an input GST credit is three years.

If input GST is not claimed within three years from the end of the tax period in which it arises, it cannot be claimed in a subsequent period.

### 8.4. Deductions for Input Tax on Capital Goods or Assets

Input GST incurred on capital goods or assets is generally deductible against output GST.

Input GST related to immovable property cannot be deducted, as the supply of immovable property is not taxable for GST purposes, under Article 10 of the GST Law. Input GST incurred on cars and goods or services that have been used for building or construction purposes is also not deductible, under Article 19 and Schedule 4 of the GST Law.

For more information on excluded transactions and cases where input GST is not deductible, see Section 2.4 and Section 8.1.

### 8.5. Refunds to Registered Persons

#### 8.5.1 Resident Taxable Persons

If the input tax exceeds the output tax liability for a tax period, the excess may be carried forward by the registered person to the next tax period for offset against output GST of that period.

Under Article 20 of the GST Law, excess input GS is refunded in accordance with the applicable executive instructions, within a period not exceeding 30 days from the date of submitting the refund request, in any of the following cases:

- The GST is paid on goods or services exported or used in the production of other exported goods;
- The GST is paid in error; or
- The GST has been paid on inputs and held over for a period exceeding two months, but not deducted from the GST payable to the Tax Authority, subject to certain conditions.

A registered person claims a refund by submitting a claim form.

Fast-track GST refunds apply the Golden Taxpayer Scheme. For more information, see Section 13.3.

### **8.5.2 Customs Union Members or Other Special Arrangements**

Jordan has no refund rules specifically addressing customs unions or other special arrangements.

### **8.5.3 Foreign Taxable Persons**

Foreign businesses that are not registered in Jordan are not eligible to claim a refund of GST.

### **8.6. Refunds to Nonregistered Persons (Domestic and Foreign)**

Under Article 20(d) of the GST Law, the GST paid on goods in the possession of nonresident persons upon their departure from Jordan may be refunded, subject to various conditions and restrictions.

## **9. Extension or Shifting of VAT liability**

### **9.1. "Reverse Charge" and Similar Provisions**

Under Article 9(E) of the GST Law, taking into account double taxation agreements, GST on imported services is due when the services are paid in full or in part. The recipient or beneficiary is required to pay the tax due to the Tax Authority.

Under Article 4bis of the GST Law, nontaxable recipients must account for GST on receipt of imports of services related to communication services, radio and television broadcasting services, or electronic services if the service recipient has a place of work or a permanent address within Jordan, or usually resides in Jordan.

*Planning Points:* To avoid the requirement that a recipient of electronic supplies account for GST under the reverse charge system, the supplier can register with the Tax Authority's e-services platform. For more information, see Section 10.1.

### **9.2. Other Mechanics Applicable to Supplies by Nonresidents (e.g., VAT Representatives or Agencies, Subrogation, etc.)**

Under the GST Law, there is no requirement for a nonresident business to appoint a tax representative. However, a nonresident business may register for GST via a tax representative. An application must be made to register the tax representative with the Tax Authority.

### **9.3. Liabilities in Chain Transactions, and Other Special Enforcement Situations (e.g., Abuse of Law Provisions)**

No special enforcement situations are addressed.

## **10. Administrative Matters**

### **10.1. Registration and GST Number**

*Registration, Generally*

Under Article 13(a) of the Jordanian GST Law, a person who supplies taxable goods or services is generally required to register for GST on a prescribed registration form.

For more information on the deadline for registration, see Section 3.1.

### *GST Registration Number*

Upon registration, the Tax Authority issues a registration certificate to the registered person and assigns a seven-digit GST registration number in the format "1234567."

### *Registration for Nonresident Suppliers of Electronic Services*

A recipient, including a nontaxable recipient, of electronic supplies from a nonresident supplier is generally liable to remit the GST to the Tax Authority. A supplier can, however, register with the Tax Authority's e-services platform so that the supplier, rather than the recipient, is responsible for accounting for the GST. Payments can be made electronically using the International Bank Account Number (IBAN) of the Central Bank of Jordan, in accordance with the designated templates provided on the platform. A foreign supplier is, generally a nonresident company without any branches in Jordan.

*Planning Point:* There are no specific registration deadlines for foreign suppliers of electronic services under the GST Law. Therefore, a nonresident business wishing to register should do so as soon as possible after the date of the supply, and in any event, before payment is made by the recipient of the imported services to ensure that the recipient does not account for GST under the reverse charge mechanism.

For more information about cross-border e-commerce, see Section 13.3.

## **10.2. Invoices**

### **10.2.1 Invoicing Requirement**

Under Article 18 of the GST Law, a registered person is generally required to issue a tax invoice for the supply of taxable goods or services.

### **10.2.2 Form and Information**

#### *General Requirements*

Executive Instruction No. 6 of 2003 "Invoices and Records" states that tax invoices must contain the following information:

- A serial number;
- The date the invoice is issued;
- The name, address and registration number of the registered supplier;
- The name, address and registration number of the purchaser; and
- A description of the item sold, along with details of its quantity, price, category, the amount of GST paid and the total amount of the invoice.

#### *Electronic Invoicing*

Jordan implements a mandatory system of electronic invoicing with centralized clearance.

Invoices must generally be issued electronically through Jordan's National Invoicing System, except in the case of certain small taxpayers, under Regulations No. 34 of 2019, as amended.

Taxpayers can connect to the system directly or through accounting software to issue invoices, which are also stored electronically on the National Invoicing System.

Invoices must be approved and cleared by the National Invoicing System before they can be issued.

## **10.3. Returns**

### **10.3.1 Timing for Filing**

Article 2 of Executive Instruction No. 2 of 2003, "Tax Returns" provides that the GST return must be filed by the taxable person within one month of the end of the tax period.

Under Article 16 of the GST Law, the tax period is generally a period of two months.

The GST Return is on the Bloomberg Tax database of International Tax Forms. For a link to this database, see Appendix 15.3.

### 10.3.2 Electronic Filing

Under Jordanian GST Law, a registered person must submit a tax return either electronically or by paper filing.

Nonresident suppliers of electronic services file and pay through a designated electronic platform. For more information, see Section 13.3.

*Planning Point:* In practice, the Tax Authority only accepts tax returns submitted electronically.

GST returns are filed on the Jordanian Tax Authority Online Services portal. For a link to this portal, see Appendix 15.3.

### 10.3.3 Timing of Payments or Deposits

Under Article 8(a) of Executive Instruction No. 1 of 2010, which outlines the methods of payment, remittance, and deferment of sales tax, taxpayers are required to settle GST based on the declaration submitted to the Department within one month of the end of the tax period as specified in the registration notice issued by the Tax Authority.

### 10.3.4 Methods of Payment or Deposit

The Tax Authority accepts GST payments electronically via its online payment system, "eFawateer."

Nonresident suppliers of electronic services file and pay through a designated electronic platform. For more information, see Section 13.3.

GST may be paid from a foreign bank account.

For a link to the Tax Authority's payment website, see Appendix 15.2.

### 10.3.5 Recordkeeping

Under Article 38(a) of the GST Law, the taxpayer must organize and maintain records and documents necessary to determine the amount of tax due, ensuring they are prepared in accordance with international accounting standards, audited, and certified by a licensed public accountant.

Records must be retained for a period of four years, starting from the latest of the following dates:

- The end date of the tax period in which the records and documents were organized;
- The date of submission of the tax return; or
- The date of notification of the result of the administrative assessment decision.

Records may be kept in Arabic and English, although the Tax Authority can request an Arabic translation. Under Article 39 of the GST Law, registered persons may keep and maintain records in electronic form.

### 10.3.6 Other Matters

No further matters relevant to GST returns are addressed.

## 10.4. Appointment of Tax Representative

There is no requirement under the GST Law for a nonresident business to appoint a tax representative. However, a nonresident business may appoint a tax representative.

The tax representative must satisfy certain conditions, including being of Jordanian nationality and holding appropriate accountancy or similar qualifications.

For more information on the appointment of a tax representative, see Section 9.2.

## 10.5. Audits, E-audits

Under Article 43 of the GST Law, the Tax Authority may audit tax returns where there are grounds to believe that they appear to be incorrect.

Audits must take place within four years of the filing date.

## 10.6. Appeals of Assessments

Under Article 48 and 57 of the GST Law, the registered person can lodge an objection to an administrative assessment or audit decision with the Objections Committee within 30 days from the date of notification of the decision.

Under Article 49 of the GST Law, the decision of the Objections Committee can be appealed to the Taxation Court of the First Instance within 30 days from the date of notification of the decision to the registered person, and subsequently, to the Tax Court of Appeals and the Court of Cassation.

## 10.7. Administrative Rulings

The GST Law does not contain any mechanism for the supplier or recipient to apply for tax rulings from the Tax Authority.

## 10.8. Cross-Border Assistance and Cooperation

Jordan has not entered into any agreements with other countries providing for the exchange of information relevant to taxpayers' GST liability.

# 11. Interest and Penalties

## 11.1. Interest (on Underpayments)

Under Article 51 of the GST Law, if the registered person fails to pay the tax owed by the due date, a late payment penalty at a statutory rate is imposed for each week or part of a week of the delay.

## 11.2. Penalties

Under Article 28 of the Jordan GST Law, the Tax Authority may impose a penalty of between 100 dinars and 500 dinars on any person who commits specified offenses.

This includes:

- Failing to apply for registration with the Tax Authority within a period not exceeding 60 days from the date of expiry of the period specified for registration;
- Failing to file a tax return within the prescribed time limit;
- Filing a tax return which underdeclares the taxable supplies by the lower of 10% of the value of taxable supplies or 5,000 dinars;
- Failure to inform the Tax Authority of changes made to the data included in the registration application within the specified period;
- Deducting or refunding the GST in a manner that contravenes the provisions of GST Law if there is an increase in the amount of the deduction or refund that does not exceed 500 dinars;
- Deducting or refunding GST on goods that have been used or utilized in the production of other goods for personal purposes, if the amount of such deduction or refund does not exceed 500 dinars;
- Submitting or issuing incorrect documents, papers or data if this leads to a shortage in the amount of the declared or due GST not exceeding 500 dinars;
- Applying tax rates or categories to goods or services subject to tax in a manner that violates the provisions of this law if this leads to a decrease in the amount of the GST due, not exceeding 500 dinars;
- Disposing of any of the goods exempted from GST or using them for a purpose other than that for which they were exempted in a manner that violates the provisions of GST Law, if this results in a deficiency not exceeding 500 dinars in the amount of the GST due; and
- Not enabling the Tax Authority's employees to carry out their duties or exercise their powers of control and inspection in accordance with the provisions of GST Law.



### *Tax Evasion*

Under Article 31 of the GST Law, any person found guilty of tax evasion is subject to civil compensation, payable to the Tax Authority, in an amount between 200% and 300% of the GST due. Additionally, a criminal fine is imposed, in an amount between 200 dinars and 1,000 dinars.

If the offense is repeated a second time, the criminal fine is doubled. If the offense is repeated within one year following the second instance, the court may impose either the maximum fine or a term of imprisonment of between three to six months, or both penalties concurrently.

## **12. Statute of Limitations**

Under Article 43 of the GST Law, an audit of a tax declaration cannot be made after four years of it being filed.

## **13. Special Regimes or Arrangements**

### **13.1. Sale of a Going Concern**

There are no special provisions for the transfer of a business as a going concern under the GST Law. Accordingly, the sale of a business as a going concern is generally subject to VAT if there is an underlying supply of taxable goods or services.

However, a sale of company shares does not trigger GST.

### **13.2. Bad Debt Relief**

Under Article 19 of the GST Law, if a registered person supplies goods or services to a purchaser, and the amount receivable becomes a bad debt, a credit is available for the related VAT due.

### **13.3. Other Special Regimes**

#### *Digital Services and E-Commerce*

Inbound supplies of electronic services may be treated as imports of services subject to GST, and the reverse charge may apply to both business-to-business and business-to-consumer imports. Alternatively, the foreign supplier can register on the Tax Authority's e-services platform to account for the GST.

For more information, see Section 3.5, Section 5.2, Section 9.1, Section 10.1 and Section 10.3.4.

For a link to the e-commerce platform, see Appendix 15.2.

#### *Golden Taxpayer Scheme*

The Golden Taxpayer Scheme permits listed taxpayers to enjoy benefits in relation to GST and their relationship with the Tax Authority. These benefits include fast track GST refunds, postponed payment of import GST, and expedited audit procedures.

An application is submitted electronically through the Tax Authority's online portal. For a link to the portal, see Appendix 15.2.

*Planning Point:* In order to apply for Golden Taxpayer status, a taxpayer must have met defined conditions over the prior five years, such as having no outstanding tax or customs violations, meeting all required tax return submission and payment deadlines, submitting unqualified audit reports, and having sufficient accounting processes and controls. Accordingly, taxpayers wishing to apply for this status must prepare meticulously.

## **14. State, Provincial or Local Indirect Taxes**

### **14.1. General Information**

#### *State, Provincial or Local Indirect Taxes—General Information*

The Jordanian GST Law is applicable to the entire territory of Jordan. There are no comprehensive state, provincial or local indirect taxes in Jordan.

Special rules apply in the Aqaba Special Economic Zone Authority (ASEZA), which is governed by specific regulations and instructions for Goods and Services Tax (GST). Further treatment of the ASEZA rules is beyond the scope of this chapter. For more information, see Section 7.5.2.

#### **14.2. Registration**

*State, Provincial or Local Indirect Taxes—Registration*

There are no state, provincial or local indirect taxes in Jordan, and therefore, no applicable registration rules.

#### **14.3. Place of Supply (or Equivalent)**

*State, Provincial or Local Indirect Taxes—Place of Supply (or Equivalent)*

There are no state, provincial or local indirect taxes in Jordan, and therefore, no applicable place of supply rules.

#### **14.4. Valuation of Supply**

*State, Provincial or Local Indirect Taxes—Valuation of Supply*

There are no state, provincial or local indirect taxes in Jordan, and therefore, no applicable valuation rules.

#### **14.5. Tax Rates**

*State, Provincial or Local Indirect Taxes—Tax Rates*

There are no state, provincial or local indirect taxes in Jordan, and therefore, no applicable tax rates.

#### **14.6. Recovery of Input Tax**

*State, Provincial or Local Indirect Taxes—Recovery of Input Tax*

There are no state, provincial or local indirect taxes in Jordan, and therefore, no rules on recovery of input tax.

#### **14.7. Timing for Filing and Payment of GST**

*State, Provincial or Local Indirect Taxes—Timing*

There are no state, provincial or local indirect taxes in Jordan, and therefore, no applicable timing rules.

### **15. Appendices**

#### **15.1. Exempt and Zero-rated Goods; Goods Subject to Reduced or Enhanced Rates**

Zero-rated and exempt goods and services are set out in Schedule 2 and Schedule 3 to the Jordanian GST Law.

#### **15.2. Key Websites**

*Domestic Statutes, Regulations, etc.*

Jordanian General Sales Tax Law

Jordanian General Sales Tax Tables

Jordan Income and Sales Tax Department FAQs

Jordan Income and Sales Tax Department (English and Arabic)

*Additional Government Resources*

eFawateer (electronic payment)

E-tax Portal

Nonresident E-commerce Platform

#### **15.3. Relevant Forms**

GST forms for Jordan are available on the Bloomberg Tax database of International Tax Forms.

## About the Authors



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Rami Samman, Managing Partner at BDO Jordan, is a seasoned tax expert with over 34 years of experience in tax compliance, audits, and strategic advisory. As a Jordanian Certified Public Accountant (JCPA) since 1993, he has served as Tax Commissioner for numerous companies, providing expert guidance on tax planning and compliance. His expertise extends to complex tax audits and disputes, as evidenced by his tenure as an elected expert for Jordanian tax courts.

A recognized authority in the field, Rami is the author of the "Income Tax Guide" and has played a pivotal role in restructuring the Aqaba Special Economic Zone Authority (ASEZA) tax department. He has also led BDO's efforts in building tax systems for several Middle Eastern governments. Rami's comprehensive understanding of finance and management enables him to offer holistic solutions, integrating tax strategies with broader business objectives. His leadership in tax advisory continues to shape regulatory compliance and drive strategic growth for clients across diverse industries and jurisdictions.



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Mohannad Quniebi is a Tax Partner at BDO Jordan with over 24 years of experience in taxation, including corporate income tax, VAT, deferred tax, transfer pricing, and employee taxation. His work involves tax compliance, planning, consulting, and resolving tax disputes with relevant authorities. He holds an LL.M., is a Jordan Certified Tax Expert (JCTE), and is the author of "Explanation of Transfer Pricing" book, which provides a detailed analysis of OECD guidelines and their application in Jordanian legislation.

Previously, he served as a Tax Manager at KPMG, overseeing tax audits, compliance processes, and complex tax filings. He has worked extensively with local, regional, and international clients across various sectors, including finance, insurance, manufacturing, and telecommunications. Mohannad has also led VAT implementation projects in the Gulf region and conducted training courses in tax, accounting, and transfer pricing. His approach combines technical expertise and practical insights gained from working on tax assignments in diverse industries.




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