

# Newsletter

[23<sup>rd</sup> Edition, August 2022]

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Welcome to the Twenty Third edition of our Newsletter. In this edition we shall look into the legal framework that governs investment in Jordan in order to accurately portray and illustrate (briefly within the limitations of our Newsletter) said legal framework. Whereby, investment is an important feature in any developed society and it is one of the founding pillars of economic prosperity. Due to its importance and its impact on society, it is necessary for any organized state to build a legal framework that allows for investment.

Thus, in this edition, we will discuss some of the most important legal provisions related to investment within the Hashemite Kingdom of Jordan, under the provisions of the Jordanian Investment Law No. 30 for the Year 2014 and its amendments (hereinafter referred to as the “**Law**”) and the Regulation for Regulating Non-Jordanian Investment No. 77 for the Year 2016 and its amendments (hereinafter referred to as the “**Regulation**”).

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*“A draft Investment Promotion law has been in circulation recently, published on 28/06/2022, and many stakeholders, individuals and institutions have been invited by the Legislation and Opinion Bureau to comment upon it.”*



Jordan, Amman, Shmeisani,  
Al Sharif Naser Bin Jamil Street, Cairo  
Amman Bank Building, # 96, 3<sup>rd</sup> Floor

+962 6 569 1112

info@hammourilaw.com

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In this issue of our Newsletter, we will provide the readers with a glimpse to the legal framework and benefits for investment in Jordan, as follows:<sup>1</sup>

## First: Legal framework for investment in Jordan

### A. Introduction

To begin with, from a linguistic point of view, investment can be referred to as the action of investing money for profit; it is the disbursement of funds in the expectation of receiving a future profit that in financial terms is called a “return”. Given that this can entail certain risks, investors tend to seek countries with a stable economy and with a solid governing framework to invest in, in order to mitigate those risk to the extent possible.

From a legal point of view and reference to the current Investment laws in Jordan, investment related terms are defined as follows:

- **Investor:** A natural or legal individual who performs economic activity in Jordan in accordance with the provisions of the Law.
- **Foreign Capital:** The ‘capital’ that a non-Jordanian invests in cash funds or in kind or rights that have a financial value including:

1. Amounts transferred from the investor in Jordan
2. Imported in kind assets
3. Moral rights owned by the investor or which are licensed for use in his/her economic activity.
4. The profits, returns or reserves that result from investing a foreign capital in an economic activity that are used to increase the capital or invest in another economic activity, and the proceeds of the liquidation of an investment or the sale of its economic activity or of the investor’s shares or stocks in it or the proceeds that result from the disposal of the investor’s shares /stocks.

- **Economic Activity:** Any industrial, agricultural, tourism, media, craft or service activity including information technology

Further, the Ministry of Investment (‘MoIn’) is currently the competent body for any matter relevant to investment in Jordan. Until recently, active role in investment matters and trade promotion was taken by the Jordan Investment Commission (the “JIC”); which in turn replaced the Jordan Investment Board (“JIB”), the Exports Department and the Development and Free Zones Commission. The Law also stipulates the

<sup>1</sup> Note: All text from referenced Jordanian laws and legislations in this Newsletter is an unofficial translation from Arabic in to

English and the firm does not hold any legal liability or responsibility for any inaccuracies or mistranslations



existence of the Investment Council, which is headed by the Prime Minister.

## B. Main legislations governing investment

3 Prior to looking into the benefits of investing in Jordan, it is necessary to take a look at the main legislations governing investment. The legal framework of Jordan comprises a number of legislations, whether laws or regulations or instructions, all of which jointly regulate investment both for foreign and for domestic ownership. We present below the most prominent legislations in force as follows:

1. **The Jordanian Investment Law No. 30 for the Year 2014 and its amendments**, that governs the legal basis of investment in Jordan. It treats foreign investors in the same manner as Jordanian investors as they are allowed to invest in Jordan and they are subject to the same rules as a local investor with no distinction between them except for specific investment limitations.
2. **The Regulation of Regulating Non-Jordanian Investment No. 77 for the Year 2016 and its**

<sup>2</sup> Please see the website of the Ministry of Industry, Trade and Supply, the data is available in Arabic only.

<https://www.mit.gov.jo/AR/ListDetails/%D9%82%D8%A7%D8%A6%D9%85%D8%A9%D8%A7%D9%84%D8%A7%D8%AA%D9%81%D8%A7%D9%82%D9%8A%D8%A7%D8%AA%D8%A7%D9%84%D8%A7%D9%82%D8%AA%D8%B5%D8%A7%D8%AF%D9%8A%D8%A9%D9%88%D8%A7%D9%84%D8%AA%D8%AC%D8%A7%D8%B1%D9%8A%D8%A9/79/3>

**amendments**, that regulates the parameters of foreign investment in Jordan; whereby it is known that, following its amendment in 2019 and in 2020, it provides the opportunity for non-Jordanians to invest in certain sectors in larger percentage of ownership than what they were permitted previously (As will be further detailed under the 'Second' section below).

It is worth mentioning that the legal framework of investment in Jordan includes various other legislations than the two main ones mentioned above and that the current legal framework of investment is a flexible framework that can be changed to adapt with changes in investment. It is also worth mentioning, that the investment climate in Jordan is further encouraged through a number of free trade treaties<sup>2</sup> that Jordan has concluded with a number of other states.

## Second: The Percentages of foreign ownership in Economic Activities in Jordan

Complete (100%) foreign ownership in Jordan is permitted in several economic activities as a general rule, however the Regulation restricts

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Also, kindly see the below website which contains data in English:

<https://www.mit.gov.jo/EN/ListDetails/Departments/44/11>



Jordan, Amman, Shmeisani,  
Al Sharif Naser Bin Jamil Street, Cairo  
Amman Bank Building, # 96, 3<sup>rd</sup> Floor

+962 6 569 1112

info@hammourilaw.com

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foreign ownership in certain activities and further it prohibits foreign ownership in others.

The Regulation does not stipulate in which activities foreign ownership is permitted 100%, however it lists the activities in which foreign ownership is restricted or prohibited to be fully owned by a foreign entirely or partially. That means that if the activity is not mentioned in the Regulation (as detailed below), it is permitted 100% unless amended from time to time or if the Investment Committee provides otherwise, and that as follows:

**A. Economic activities permitted to be owned by a foreign for a percentage less than 50%**

#	Economic Activity Type
1.	Retail and wholesale trade, including distribution, import and export (except for what is needed to practise the Economic Activity (as defined in the introduction above) and exporting goods / commodities)
2.	Engineering services and consultancy
3.	Construction contracting and related services

4.	Brokerage, except for brokering and financial intermediary services provided by banks and companies, and financial services
5.	Services of agents, commercial intermediaries and insurance brokers
6.	Money exchange, except those provided by banks and finance companies
7.	Catering services, cafeterias and cafes, except in hotels and motels
8.	Maritime shipping services and its related services, which include: <ul style="list-style-type: none"> <li>- Transport of passengers and cargo excluding transport on vessels owned by non-Jordanians</li> <li>- Maritime inspection</li> <li>- Maritime freight brokers services</li> <li>- Maritime agency services</li> <li>- Supply of ships</li> </ul>
9.	Related services for scheduled and non-scheduled air transport, which include: <ul style="list-style-type: none"> <li>- Inspection</li> <li>- Cargo transport agencies</li> <li>- Air freight brokers</li> </ul>
10.	Road transport services, including the following services:



Jordan, Amman, Shmeisani,  
Al Sharif Naser Bin Jamil Street, Cairo  
Amman Bank Building, # 96, 3<sup>rd</sup> Floor

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	<ul style="list-style-type: none"> <li>- Specialized tourist transport services</li> <li>- Road transport services for passengers and cargo</li> <li>- Parking services</li> </ul>
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It should be noted, that despite the percentage of foreign ownership mentioned above (less than 50%), the Cabinet of Ministers based on a recommendation from the Head of the Investment Committee may grant permission to any foreign investor to own or participate in the Economic Activities mentioned in the table above for a percentage that exceeds 50%.

#### B. Economic activities prohibited to be owned by a foreign investor (whether entirely or partially)

In 'closed' and restricted investment sectors in Jordan, a foreign investor may not own or participate in certain activities and that is according to the Regulation, as follows:

#	Economic Activity Type
1.	Stone saw machines, quarries of construction sand, rock, building stone and aggregates used for construction purposes
2.	Investigation and security services

3.	Private protection and security services and training on their activities
4.	Clearance work, except those related to transport services referred to above
5.	Trading in, import and maintenance of firearms and ammunition
6.	Private shooting activities
7.	Trading in fireworks, and their import and use
8.	Bakeries of all types

#### Third: Benefits Granted to A Non-Jordanian for Investment in Jordan

A. In accordance with the Law, the non-Jordanian investor has the right to:

1. Be treated the same as a Jordanian investor (*as per article 10 of the Law*).
2. Withdraw all or part of the investment's foreign capital in a convertible currency in accordance with the legislations in force (*as per article 41 of the Law*).
3. Transfer the revenues and profits he/she gained from the investment outside of Jordan (*as per article 41 of the Law*).
4. Liquidate his/her investment, sell his/her Economic Activity, his/her interest therein or



Jordan, Amman, Shmeisani,  
Al Sharif Naser Bin Jamil Street, Cairo  
Amman Bank Building, # 96, 3<sup>rd</sup> Floor

+962 6 569 1112

info@hammourilaw.com

shares, or dispose thereof provided he/she fulfills the requisite obligations required by the legislations in force towards third parties or official authorities (*as per article 41 of the Law*).

5. Manage his/her Economic Activity as he/she considers appropriate and have it carried out by the person/s he/she selects. The relevant authorities will provide the needed concessions to this end (*as per article 41 of the Law*).

B. In cases that the Investor is a non-Jordanian in accordance with the Law, the non-Jordanian employee of any economic sector has the right to transfer his/her salary and compensation(s) outside of Jordan in accordance with the legislations in force (*as per article 41 of the Law*).

#### Fourth: Obtaining Jordanian Nationality Through Investment

In an effort to boost the investment environment in Jordan, to localize existing investments and to create job opportunities for Jordanians, the Cabinet of Ministers has issued amendments to the regulatory principles on applications for obtaining nationality or residency in Jordan through investment. The Cabinet of Ministers, following a Committee meeting on 13/09/2021, decreed that an investor may be granted the Jordanian nationality in one of following events:

**One:** The deposition to the Central Bank of Jordan of a (1,000,000) One Million USD deposit without interest for a period of 3 years, in addition to purchasing treasury bonds of a value of (1,000,000) One Million USD for a period of 6 years with interest determined by the Central Bank of Jordan; on the condition that the investor shall be physically present in Jordan for a minimum of one month prior to the signing of the final recommendation of granting him/her the Jordanian nationality.

**Two:** Investment by purchasing shares in Jordanian companies to an amount of not less than (1,500,000) One Million and Five Hundred Thousand USD; provided that:

1. The shares shall not be disposed for a period of a minimum of 3 years; and
2. The Companies Control Department or the Jordan Securities Commission shall place a seizure mark on those shares.

**Three:** The investor is a partner or he/she owns active project(s), within Amman (the Capital Governorate), if the following conditions are met:

1. If the average shareholding of the investor in the total value of fixed assets and non-circulated and tangible assets - which can be calculated for the existing project(s) according to approved



Jordan, Amman, Shmeisani,  
Al Sharif Naser Bin Jamil Street, Cairo  
Amman Bank Building, # 96, 3<sup>rd</sup> Floor

+962 6 569 1112

info@hammourilaw.com



annual budgets during the last (3) years - is not less than (1,000,000) One Million USD.

2. The investor provided a minimum of 20 actual job opportunities to Jordanians during the past 3 years based on statements issued by the Social Security Corporation. However, due to the consequences of the COVID-19 pandemic during the year 2020, for the year 2020 half of the required number of jobs were accepted as a requirement (i.e.: 10 actual job opportunities), based on statements issued by the Social Security Corporation.

It also should be noted that it is possible to join labor percentages in the event that there are two separate projects, for example one in Amman (the capital) and another in any other governorate, for the purposes of calculating the numbers of labor.

**Four:** The investor is a partner or he/she owns current project(s), outside Amman (the Capital Governorate), if the following conditions are met:

1. If the average shareholding of the investor in the total value of fixed assets, non-circulated and tangible assets - which can be calculated for the existing project / projects according to certified annual budgets during the last three years - is not less than (500,000) Five Hundred Thousand USD.
2. The Investor provided a minimum of 10 actual job opportunities to Jordanians during the last 3 years

based on statements issued by the Social Security Corporation.

It is also worth noting that it is possible to join labor percentages in the event that there are two separate projects in Amman (the Capital Governorate) and in any other governorate for the purposes of calculating the numbers of labor on the basis of the Capital Governorate.

### **Fifth: A new legal framework**

A draft Investment Promotion law has been in circulation recently, published on 28/06/2022, and many stakeholders, individuals and institutions have been invited by the Legislation and Opinion Bureau to comment upon it. If passed, this law is anticipated by many to further enhance the investment framework in Jordan making it more competitive and attractive to domestic, regional and international investors. The said law contains many new provisions and if enacted it will repeal the Law and will replace it.

### **Sixth: Conclusion**

In conclusion, the investment environment in Jordan is a mature and strictly regulated system comprised of a framework with numerous legislations and governmental decrees that we have not completely covered under this



Jordan, Amman, Shmeisani,  
Al Sharif Naser Bin Jamil Street, Cairo  
Amman Bank Building, # 96, 3<sup>rd</sup> Floor

+962 6 569 1112

info@hammourilaw.com

Newsletter, including those regulating taxation matters. While we hope to have made you aware of its intricacies with this brief overview of the topic, please note that this article only provides a simple introduction into a much larger legal network of legislations, decrees and practical applications. Should you wish to learn more about

this topic, please feel free to contact us for a legal consultation for more information.



Jordan, Amman, Shmeisani,  
Al Sharif Naser Bin Jamil Street, Cairo  
Amman Bank Building, # 96, 3<sup>rd</sup> Floor

+962 6 569 1112

[info@hammourilaw.com](mailto:info@hammourilaw.com)



If you would like to discuss further any aspects of this Newsletter, please feel free to get in touch with one of our lawyers, using the contact details in the Contributors section below.

If you feel that other persons would be interested to read this Newsletter, please feel free to share this Newsletter.

- 9 If you wish not to have our upcoming Newsletter or if you wish to amend the contact details, please inform us by sending an email to [info@hammourilaw.com](mailto:info@hammourilaw.com), titled “non-subscription” and/or “amending the contact details”.

Warm regards,

**HAMMOURI & PARTNERS ATTORNEYS AT-LAW**



Jordan, Amman, Shmeisani,  
Al Sharif Naser Bin Jamil Street, Cairo  
Amman Bank Building, # 96, 3<sup>rd</sup> Floor

+962 6 569 1112

[info@hammourilaw.com](mailto:info@hammourilaw.com)

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## CONTRIBUTORS TO THIS EDITION



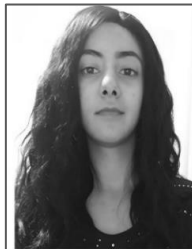
TARIQ M. HAMMOURI, LL.M, Ph. D  
MANAGING PARTNER  
[tariq@hammourilaw.com](mailto:tariq@hammourilaw.com)



YOTTA PANTOULA-BULMER  
OF-COUNSEL, HEAD OF INTERNATIONAL DEPARTMENT  
[yotta.b@hammourilaw.com](mailto:yotta.b@hammourilaw.com)



RAMA ALQASEM  
ASSOCIATE  
[Rama.q@hammourilaw.com](mailto:Rama.q@hammourilaw.com)



ROZANA ALHROOB  
TRAINEE LAWYER  
[rozana.h@hammourilaw.com](mailto:rozana.h@hammourilaw.com)



Jordan, Amman, Shmeisani,  
Al Sharif Naser Bin Jamil Street, Cairo  
Amman Bank Building, # 96, 3<sup>rd</sup> Floor

+962 6 569 1112

[info@hammourilaw.com](mailto:info@hammourilaw.com)

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## ABOUT HAMMOURI & PARTNERS ATTORNEYS AT-LAW

Hammouri & Partners Attorneys at-Law, is a Jordanian multi-practice law firm, founded over two decades ago (established in 1994) by Professor Mohammad Hammouri (1940-2022). Professor Hammouri was a renowned Jordanian attorney and an arbitrator, a former Minister of Culture and National Heritage and a former Minister of Higher Education, who wrote a plethora of books, primarily on constitutional rights. Professor Mohammad Hammouri also founded the first School of Law in the Hashemite Kingdom of Jordan at The University of Jordan, in which he was its first dean. Today, the firm is managed by Dr. Tariq Hammouri, a distinguished academic and attorney and a former Minister of Industry, Trade and Supply. Dr. Tariq Hammouri is both an experienced attorney and an arbitrator, an expert in the Corporate sector, Commercial Transactions, Financial Markets, Banking Law and International Trade. He is an Associate Professor at the School of Law, University of Jordan and (formerly) the Dean of the School of Law. Dr. Hammouri is also an officially appointed member of the International Center for Settlement of Investment Disputes (ICSID) Panel of Arbitrators upon designation by the Government of the Hashemite Kingdom of Jordan, for the period of 2020 to 2026.

Hammouri & Partners team consists of 25 attorneys and a number of other professionals working in the firm's specialized departments, providing professional legal services at a local, regional and international level.

The firm's legal services cover numerous areas of practice, including the following: Corporate and Commercial Law (whether that is corporate set-up or drafting of all types of commercial agreements), Intellectual Property law, Banking and Finance Law (the Firm advises local and international banks regarding all Banking Transactions and Regulatory Compliance). Additionally, the Firm's Litigation and Arbitration department have the capabilities and competence to represent parties in the most complex and novel legal matters, as it encompasses expertise in several areas of law, whether it is before courts or arbitral tribunals. Hammouri & Partners Attorneys at-Law was one of the first firms in Jordan to establish a specialized International department to cater to the needs and requirements of international clients on an array of tasks with an international element, such as those regarding bilateral and international trade negotiations, projects, contracts and others.

In addition to what has previously been stated, Hammouri & Partners provides legal advice and consultation to various industries such as those of Construction & Infrastructure, Manufacturing, Engineering, Trade, Insurance and Energy, as some of its clients are major energy, healthcare, information technology and telecoms companies.

Hammouri & Partners Attorneys at-Law provides its broad services throughout Jordan as well as worldwide, through established collaborations with reputable law firms in the MENA region, Europe, the United Kingdom and the USA. Hammouri & Partners has earned regional and international acclaim by the most reputable legal directories. Chambers and Partners Global, International Financial Law Review (IFLR 1000) and the Legal 500 all highlight Hammouri & Partners as a leading law firm in the Jordanian legal services industry.



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