

REGULATORY FRAMEWORK FOR SMEs*, HOME-BASED BUSINESS, COOPERATIVES AND NGOs, FOR NON- JORDANIAN NATIONALS.

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* Jordan does not have a definition for SMEs nor a specific regulation.

PRESENTATION EXPECTATIONS

- The following presentation aims to provide brief legal information about:
 1. Business registration for (Syrians) non-Jordanian nationals in Jordan including home-based business registration* (types of business registration, requirements and challenges)
 2. Cooperatives registration for (Syrians) non-Jordanian nationals in Jordan.
 3. NGOs registration for (Syrians) non-Jordanian nationals in Jordan.

* UNHCR through its legal partner ARDD-LA conducted a research on the ability of Syrian Population of Concern to Legally Work from Home. The full legal summary can be found on <https://data.unhcr.org/syrianrefugees/download.php?id=11249>

BUSINESS REGISTRATION FOR NON-JORDANIAN NATIONALS IN JORDAN INCLUDING HOME-BASED BUSINESS REGISTRATION (TYPES OF BUSINESS REGISTRATION, REQUIREMENTS AND CHALLENGES)

- Companies Registration

- **Companies Law of 1997:** divided companies into the following forms:
 - General Partnership
 - Limited Partnership
 - Limited Liability Company
 - Limited Partnership in Shares
 - Private Shareholding Company
 - Public Shareholding Company

* The law does not stipulate any specific provisions for non-Jordanian investors.

COMPANIES FORMS AND REQUIREMENTS

Company Form	Minimum capital for registration	Min/Max number of partners	Brief provisions
General Partnership	n/a	Two/ twenty natural persons	partners are jointly and severally liable for the debts of the company. Only the names of the actual partners may be included in the company's name.
Limited Partnership	n/a	Two/ twenty natural persons	consists of two categories of partners, jointly and severally liable partners for the debts of the company, limited partners whose liability of the debts of the company is limited to their contribution to the capital. The limited partners may not participate in the management of the partnership or act in its name.
Limited Liability Company	1 JOD/ depends on the purposes of the company	Two/ -	the company shall be considered independent from the liability of every shareholder in it. However, the controller may agree to register a limited liability company comprised of one person
Limited Partnership in Shares	100 JOD	Minimum two jointly and severally liable partners for the debts of the company and minimum three limited liability partners.	Partners are not required to be natural persons, the name of the company should include the name of one or more of the jointly and severally liable partners and the words, "Limited Partnership in Shares".
Private Shareholding Company	JOD 50,000	Minimum two persons.	The financial liability of a Private Shareholding Company is considered independent of that of its shareholders. The Company with its property and assets shall be exclusively liable for its debts and obligations. A shareholder shall be liable to the Company for such debts and obligations only in the value of his shares in its capital.

CONT..

Company Form	Minimum capital for registration	Min/Max number of partners	Brief provisions
Public Shareholding Company	500,000 JOD issued share capital and 100,000 JOD subscribed share capital	Two/ -	A Public Shareholding Company shall consist of a number of founders not less than two who subscribe for shares that can be listed on the Stock Exchange and may be negotiated and transferred in accordance with the provisions of this Law and any other legislation in force.

The above mentioned forms of companies shall be in one of the applicable following categories:

- Regular
- Civil
- Offshore
- Non-Profit

SPECIFIC NOTES FOR BUSINESS REGISTRATION FOR NON-JORDANIANS

- Jordanian Companies law does not include specific requirements for non-Jordanian investors/ partners.
- Investment law number 30 of 2014 provides that: Article 10: “Any non-Jordanian person shall have the right to invest in the Kingdom through possession, partnership or sharing according to the basis and conditions set out pursuant to a regulation issued for this purpose”
- According to the previous law, a new regulation of “Regulating non-Jordanian investments” was promulgated on 16/06/2016 removing the minimum investment capital of (JOD 50,000) requirement of the previous regulation.
- The “ Regulating non-Jordanian investments” regulation provides that in general; the non-Jordanian investor may own any economic activity wholly or partially or may participate in it in any percentage. There are some exceptions where the non-Jordanian investor cannot own a share more than 50% of a company’s capital in some sectors, 49% in other sectors and some defined sectors that are closed for non-Jordanian investors.
- However on the administrative level, the registration of a business for a non-Jordanian “investor” is referred to “Foreign Investors Affairs Department of the Ministry of Interior” the department usually has certain requirements that ensure the financial capacity of an investor; they have verbal instructions that sets out minimum capital requirements for certain sectors..etc. and they provide Companies Control Department” with their approval for the non-Jordanian investor to be registered or not.

BUSINESS REGISTRATION WITH MoTIS

According to Jordanian Commercial law a Commercial Registry was established to register individual businesses, generally, to register with MoITS, one must:

1. Verify their identity, by providing documentation;
2. Complete and submit a form generated by MoITS staff;
3. Prove that he or she possesses funds of a specified amount.*

* Typically, MoITS determines the amount of funds one must have on hand (i.e. in his or her bank account) according to the nature of the business. In general, with respect to many businesses, the amount is often prohibitively high (e.g. 50,000 JOD).

However, there are some uncertainty about the process of individual registration for non-Jordanians, it is based on verbal instructions most of the time and such instructions changes from time to time.

INDIVIDUAL BUSINESS REGISTRATION STATISTICS FOR SOME NATIONALITIES. (ACCORDING TO MOITS' WEBSITE) during the period 01/01/2009-19/07/2016

Nationality	Number of individual establishments registered	Capital in JOD
Iraqi	17	712,000
Egyptian	17	805,000
Saudi	05	310,000
Lebanese	03	2,000
Syrian	65	1,861,500
Total	107	3,690,500

The average capital for individual Syrian businesses registered as Establishments is: (28,638 JOD)

HOME-BASED BUSINESS

- According to ARDD-LA's legal summary: "In theory, it is possible to obtain a vocational license to work from home. On this topic, it is helpful to begin by noting that Jordan has two separate laws regarding the issuance of vocational licenses in general: one, the Law of "Professional" Licenses for the City of Amman, applies only therein; the other, the Law of "Professional" Licenses, applies in all other municipalities. The Law for Amman has been supplemented, in accordance with the Law's text (Art. 6(b)), with instructions that pertain to working from home in particular.
- **"Licensing Instructions for the Exercise of "Professional" from inside the Home of 2012"** (Art. 5 and 6) stipulate that the applicant must:
 1. Apply to the Mayor of Greater Amman (using the approved form);
 2. Be in compliance with the requirements that apply to the practice of similar
 3. occupations;
 4. Submit a proof that he or she resides within the home and, if he or she is renting, that the landlord has agreed to the specified use of the premises;
 5. Register with MoITS (as an individual or company).
- A list of "professions that are Licensable to be exercised from home was promulgated and it includes 42 "professions".

ARDD-LA's OBSERVATIONS

“ In an effort to clarify the application requirements, ARDD-LA attorneys visited the Greater Amman Municipality, the body foremost responsible for licensing and regulation. Municipal staff indicated that, while they have heard of the Instructions, they lack any practical insight into the application procedures and regulatory framework. When asked about the application form (mentioned in the Instructions), they indicated having no knowledge of it. This is not surprising. Based on our general observations. It seems that very few people, if any, seek to obtain the licenses in practice and thus, the procedures for doing so remain largely unused and undefined.

Likewise, because the Instructions are unused, it is extremely difficult to predict how they might apply in practice to foreigners, and refugees in particular.”

LEGAL FRAMEWORK FOR COOPERATIVES

1. Cooperation law No. (18) OF 1997 provides that a regulation shall be issued according to the law to regulate the procedures and requirements for Cooperatives registration.
2. Cooperatives Regulation No. (36) of 2016 provides that a Cooperative shall be founded by a number of founding members not less than (15). The founding member shall meet several requirements, the first among such is to be a Jordanian national. However, both the law and the regulation do not include specific provisions for non-Jordanian members.
3. However, every Cooperative has its own Bylaw that governs the internal provisions of the Cooperative, in which the founding members may set requirements for the membership of the cooperative according to the Law and the Regulation.

LEGAL FRAMEWORK FOR NGOS

REGISTRATION/ Membership

- NGOs in Jordan might be registered under different categories; societies, cooperatives, and not for profit companies.
1. “Societies”: are governed by Societies law, must be founded by at least seven members, the application shall be approved by the Societies Council unless there was a non-Jordanian national, or a juristic person among the founding members where an approval from Council of Ministers shall be made.
 2. Not for profit companies: are governed by Companies law, and “Not for profit companies regulation No (73) of 2010; the regulation limits the sectors where not for profit companies may be registered in, the sectors are: health, education, small businesses financing, investment promotion and training that aims to develop the community or any relevant purpose to the mentioned sectors. The forms and other legal provisions related to the not for profit company are the same included in Companies law.

Investment Law of 2014

- The Law was promulgated in 2014 and it provides different incentives and taxes exemptions for investments under different categories- criteria.
- The law applies to Jordanian nationals and non-Jordanian nationals equally.
- It provides different incentives for investors outside and inside : Free Zones and Development areas.
- The law does not apply in ASEZA.
- 26 regulations/ instructions were promulgated pursuant to the law the regulations include for example: Sales tax, Incentives, and Residency in Free Zones and Development Areas regulations.

Thank you!