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**Regulation No. 53 for the year 2005**

Income Tax Regulation in the Aqaba Special Economic Zone (ASEZA) issued  
by virtue of the two articles (32) and (56) of the Aqaba Special Economic Zone  
Law No. 32 for the year 2000

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**Article (1):** This regulation shall be known as “Income Tax Regulation in the Aqaba Special Economic Zone (ASEZA) for the year 2005” and shall be deemed effective as of its publication date in the Official Gazette.

**Article (2):** Wherever mentioned herein, the following words and phrases shall have the meanings ascribed hereunder unless the context indicates otherwise:

**The Law** : The Law of the Aqaba Special Economic Zone (ASEZA).

**The Zone** : Aqaba Special Economic Zone (ASEZA).

**Customs Area** : The lands and territorial waters of the Hashemite Kingdom of Jordan with the exception of Zone.

**The Authority** : Aqaba Special Economic Zone Authority.

**The Board** : The Board of Commissioners.

**The Chairman** : The Chairman of the Board.

**The Registered** : The person registered at the Authority according to the

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**Corporation** provisions of the Law.

**The Tax** : The income tax of the registered corporation and the income tax of the non-registered corporation according to the provisions of the Law and of this Regulation.

**Registered Corporation's Income** : The remaining part of the total income obtained from each source of taxable income after deducting the working expenses and expenditures related to income and losses carried forward from the previous year or years, along with donations respectively according to the provisions of the Income Tax Law in effect as well as this Regulation.

**Registered Corporation's Income Tax** : The income tax stipulated in Article (32) of the law as calculated on the registered corporation's income according to the principles and conditions included in this Regulation.

**Article (3):** In implementation of the provisions of the two clauses (a) and (d) of Article (32) of the law, principles shall be established for calculating the registered corporation's income tax and all related matters according to the provisions of the law, along with this Regulation and the income tax law in force.

**Article (4):** A registered corporation's income from the following sources shall be considered an income obtained from the Zone:

- a) Income generated by the corporation's activity carried out entirely within the Zone as follows:

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- 1) Income generated from selling its goods delivered within the Zone.
  - 2) Income generated from the services performed provided that all the following are met:
    - If the beneficiary from the services is within the Zone.
    - If the services have been provided within the Zone.
    - If the service-provider and the means of performing the service are within the Zone.
  - 3) Income generated as a result of utilizing the Intellectual Property Rights (IPR) of the registered corporation provided that such utilization has taken place within the Zone.
  - 4) Any other income which the Board has decided to consider as income generated within the Zone and according to a decision issued for this purpose.
- b) Income generated from its activities undertaken outside the Kingdom as follows:
- 1) Income generated from selling its goods which are exported or taken outside of the Kingdom including re-exporting profits.
  - 2) Income obtained from carrying out its services provided that all the following are met:
    - If the beneficiary from the service is residing outside the Kingdom.
    - If the service provider or service itself or the means of providing the service has been transferred outside the Kingdom.
  - 3) Income generated as a result of utilizing the Intellectual Property Rights (IPR) of the registered corporation in case such utilization has taken place outside the Kingdom.

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**Article (5):** The provisions in this Article shall apply to the below mentioned matters for the purposes of calculating the income of the registered corporation:

- a) Common administrative and general expenses and expenditures of the registered corporation: In cases of administrative and general expenses commonly shared by both registered and non-registered corporations either in the Zone or in the Customs Area, these expenses shall be deducted according to the below mentioned equation. Meanwhile, the internationally recognized principles and standards shall be applied in terms of designating the items included within the context of the administrative and general expenses:

Total revenues or sales of the registered corporation to the total revenues or the overall sales of the company including its registered and non-registered branches together with the total expenses and expenditures of the registered corporation to the total and overall expenses and expenditures of the company including its registered and non-registered branches, divided by two, and the result shall be multiplied by the total expenses and expenditures which are exclusively common and acceptable insofar as the tax is concerned. Yet, such expenses and expenditures should not exceed 25% of the registered corporation's income before expenses are deducted.

For the purposes of calculating these revenues, the balance sheet declared within the closing accounts authenticated by a registered auditor shall be adopted.

- b) Registered corporation's donations: These shall be calculated according to the provisions of the Income Tax Law in force.

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- c) Registered corporation's losses carried forward: These shall be deducted from the registered corporation's income in case the losses have been sustained within the Zone and according to the same purpose noted within the registered corporation's record, provided that the corporation keeps officially audited and correct accounts.

**Article (6):** Notwithstanding the contents of Article (4) of this Regulation, the registered corporation's income attained from its activity within the customs area and as indicated below shall be subject to an income tax according to the provisions of the Income Tax Law in force:

- a) Income generated from selling the Corporation's goods delivered within the customs area.
- b) Income generated from providing its services if either of the following has been met:
- 1) In the event that the beneficiary from the service has been a resident in the customs area.
  - 2) In the event that the service provider or the service itself or the means of providing the service has been transferred to the customs area.
- c) Income generated as a result of utilizing the Intellectual Property Rights (IPR) of the registered corporation in case such utilization has taken place within the customs area.

**Article (7):** In the event that the service has been provided within the Zone and the customs area together, the registered corporation shall be required to disclose its income generated in the Zone and outside the Kingdom, according to the provisions of clause (a) of Article (32) of the Law, within its financial statements apart from the

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income accrued through its operations inside the Kingdom, otherwise, tax assessment shall be made in coordination with the Income & Sales Tax Dept. in a manner that would secure the Authority's share of the tax due for the corporation's activity within the Zone and outside the Kingdom.

**Article (8):** Self-assessment tax statements of both the registered and the non-registered corporations along with the natural persons practicing their major activities in the Zone shall be submitted to (ASEZA) for the purposes of calculating the tax and according to the provisions of the law along with this Regulation and the Income Tax Law in force. A separate self-assessment tax statement shall be filed on the income accrued for the registered corporation apart from its other sources of income using the forms which (ASEZA) has prepared for this purpose.

**Article (9):** In case of transferring the goods from a corporation registered within the Zone to its premises within the Customs Area or vice versa, the transfer should be made according to the actual cost of the goods.

**Article (10):** The tax accrued according to the provisions of the law and of this Regulation along with those of the Income Tax Law shall be considered public funds payable in accordance with the Law for Collecting State Funds in effect. The Chairman or his authorized designate for this purpose shall exercise all the relevant authorities vested in the administrative governor and in the State Funds Collection Committee.

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**Article (11):** Apart from the cases stipulated in this Regulation, the instructions issued according to the Law and this Regulation, the provisions of the Regulations and the instructions issued in accordance with the Income Tax Law in effect shall be applicable in the Zone.

**Article (12):** According to a memorandum of understanding to be concluded between (ASEZA) and the Income and Sales Tax Department, the tax-related matters shall be regulated including the following:

- a) Procedures related to implementing the provisions of both Articles (35) and (36) of the law along with (Article) 7 of this Regulation.
- b) Procedures for Tax remission from (ASEZA) to the Income & Sales Tax Department and vice versa.
- c) To unify the instructions implemented within (ASEZ) and the Customs Area and simplify its implementation procedures.
- d) Any amendment to tax-related legislations shall be mutually considered.

**Article (13):**

- a) The Board shall issue the instructions needed for implementing the provisions of this Regulation including the following:
  - 1) Determine the services charges which (ASEZA) shall collect in return for the services provided according to the provisions of this Regulation.
  - 2) Determine the way of checking the self-assessment tax statements submitted by the income taxpayers of the registered corporation.
  - 3) Identify the places of residence of the taxpayers and the beneficiaries from the service.

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- 4) Principles of using electronic methods for filing the self-assessment tax statements related to the income tax of the registered corporation.
  - 5) Procedures for paying the income tax of the registered corporation.
- b) According to the authorities granted to him by the law, the Chairman shall issue the instructions needed for implementing the provisions of this Regulation including the following:
- 1) Determine the way of checking the self-assessment tax statements filed by the taxpayers of the non-registered corporation.
  - 2) Procedures for paying the income tax of the non-registered corporation.
- c) Instructions issued according to this Regulation shall be published in the Official Gazette.

**Article (14):** The Regulation of “Income Tax in the Aqaba Special Economic Zone No. 8 for the year 2001” shall be cancelled provided that the instructions issued according to it shall remain valid until cancelled or replaced by other instructions in accordance with the provisions of this Regulation.

**Faisal Ibn Al-Hussein**

**31.05.2005**