



# COUNTRY GUIDE: JORDAN

[global@zapeo.net](mailto:global@zapeo.net)

<https://zapeo.net/jordan/>

# TABLE OF CONTENTS

● About us	Page 1
● Work Permits/VISA	Page 2
● Employment contracts	Page 3-4
● Paid time off	Page 5
● Employee benefits	Page 6
● Tax	Page 7
● Payroll	Page 8
● Legislation and statutory bodies	Page 9

# ABOUT US

ZAPEO is an International PEO co-employer providing Employer of Record ( EOR ) Services in more than 113 countries around the world.

As an EOR, we provide employment contracts, payroll employees, pay over any taxes and statutory contributions and provide sponsorship for visa applications in order to comply with specific laws and regulations in the country.

We also assist with onboarding and termination of both local or expatriate employees.

## BENEFITS

- Legal compliance
- Time and cost savings
- Access to global talent
- Flexibility
- Reduced liability
- Expertise



# WORK PERMITS AND VISAS



Anyone entering Jordan must get a visa from one of the country's diplomatic missions, unless they are from a nation that is exempt from visa requirements or can do so upon arrival.

Regardless of whether they get a visa prior to travel or at the border, people can obtain a single-entry visa that is valid for up to two months, a double-entry visa that is valid for three months, or a multiple-entry visa that is good for six months. These tourist visas do not permit employment.

For a foreigner to work for your firm lawfully in Jordan, they must have a work visa and authorization. While a work permit in Jordan enables individuals to work once they arrive, a work visa permits them to enter the country with the intention of working.

# EMPLOYMENT CONTRACTS



## **Probation period**

Standard probation period in Jordan should not exceed three months or ninety days.

## **Notice period**

One month before the contract's termination date.

## **Minimum wage**

Jordan's current minimum wage is JOD260, 000 per month in 2023.

## **Working hours and overtime**

The typical work week is 48 hours, divided into five days per week and eight hours per day. Fridays and Saturdays have traditionally been designated as Jordan's official weekends. The total number of work and rest hours per day cannot exceed 11 hours. Overtime is only permitted for 30 days per year. Overtime is calculated as a percentage of the employee's hourly wage.

## **Termination**

The following criteria must be met in order for a contract to be deemed terminated: both parties must agree, the contract's term has elapsed or the job has been completed and the employee must pass away or develop a condition that is judged incapacitating for work and has been certified by a medical authority.

A written notice of termination shall be given to the other party under an employment contract with an indefinite term at least one month before the other party intends to terminate the employment contract. After that, notification can only be canceled with both parties' approval.

# EMPLOYMENT CONTRACTS



## **Severance**

Provided that the total amount awarded is not less than the worker's remuneration for three months and not more than his remuneration for six months, and is calculated on the basis of the worker's last remuneration.

## **Non-compete clause**

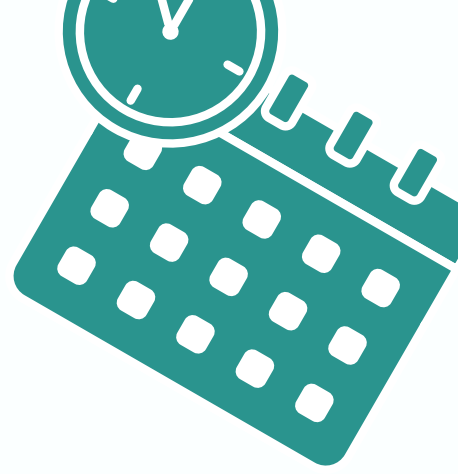
Non-compete agreements are regulated by the Jordanian Labor Law No. (8) of 1996. Employers may insert a non-compete clause in the employment agreement if it satisfies certain criteria. In Jordan, non-compete provisions are not always enforceable and can be contested in court.

## **Collective bargaining**

Collective bargaining agreements may be permanent or of limited duration. A notification of any changes or termination of collective bargaining agreements must be given to the Ministry. Copies of collective bargaining agreements must be made in a minimum of three original copies to be kept by each party as well as the Ministry. These contracts become enforceable on the day specified in the contract or the date they are filed with the Ministry.

Upon request from any employer or employee and following careful review by the Minister of Labor, the scope of application of a collective agreement that has been in effect for at least two months may be extended to include all employers and employees in a particular sector, a group of employers and employees in all regions, or a specific region.

# PAID TIME OFF



## **Annual Vacation**

An employee is entitled to 14 days of yearly leave with full pay for each year of employment, unless a greater length of leave has been agreed upon between the employer and employee.

## **Sick**

Employees have 14 days of paid sick leave per year. Sick leave generally necessitates a medical certificate from a physician.

## **Maternity**

A female employee is entitled to paid maternity leave before and after delivery for a total of 10 weeks, with the post-delivery period not being less than 6 weeks.

## **Paternity**

An employee is entitled to three working days of paid paternity leave following the confinement of his wife, if a medical report attested by a medical doctor or midwife is provided.

## **Family**

Jordanian law provides maternity leave (90 days for women working in the public sector and 70 days for women working in the private sector) and paternity leave for working fathers for two business days after childbirth.

## **National Holidays**

16 public holidays.

## **Other Paid Time Off**

Every employee is entitled to 14 days of paid leave each year for any one of the following reasons: to attend a Ministry-approved workers' education course upon employer or establishment manager nomination, to go on pilgrimage providing they have been in employers service for five consecutive years or to enroll in an official university, institute, or college.

# EMPLOYEE BENEFITS



## Statutory

### Unemployment

Employee, 1%, and employer, 0.5%, of gross monthly covered earnings. The maximum monthly earnings used to calculate contributions are 3,000 dinars.

### Workers compensation

1% of monthly gross covered earnings. The maximum monthly earnings for contribution purposes are 3,000 dinars.

### Social Security

Employee: 6.5% of gross monthly covered earnings; voluntary insured: 17.5%.  
Employer: 11% of monthly gross covered payroll. Employers of employees in hazardous occupations must pay an additional 1%.

### Retirement

Covered by Social Security.

### Health

Jordan's public healthcare is supported by the government and mandatory contributions from the country's workforce. Every employee in Jordan has a monthly deduction taken from their pay.

These employees are then eligible for social security, which entitles them to free or reduced-cost healthcare.

## Private

### Workers compensation

Private companies may offer workers compensation benefits.

### Retirement

Some companies may offer retirement/pension fund benefits.

### Health

Private health insurance available.

### Life

Private life Insurance available.



# TAX



## Personal Income Tax ( PIT )

- **Tax year** : Tax year runs from January 1st to December 31st.
- **Tax rate** : Rates range between 5-30%.
- **Tax method** : Personal income tax is determined using the progressive tax technique.
- **Tax residency requirements** : The tax duties of a person are based on their residency status, including the forms of income that are taxable in Jordan and the applicable tax rates. In general, Jordanians pay taxes on their worldwide income, while non-citizens pay taxes exclusively on their income earned within Jordan.
- **Double taxation agreements ( DTA's )** : Jordan has signed double taxation agreements with a number of nations.

## Investment Income Tax

Investment income is considered taxable.

## Taxable Income

Personal income tax is determined using the progressive tax technique. This implies that as taxable income rises, the tax rate does too. Investment income is also considered as taxable. Any income made in or from Jordan, for any person, regardless of the place of payment, shall be subject to tax in Jordan.

# PAYROLL



## Payroll Elements

- **Income:** An employee's basic salary, overtime, allowances, bonuses, commission, benefits and stock options are just a few of the elements that make up an employee's income.
- **Deductions:** Employers in Jordan are allowed to deduct income tax and Social Security contributions from their employees pay. However, deductions cannot amount more than 50% of an employee's total earnings. Employees' salaries may be withheld to cover appropriate advance payments, provident fund contributions, and loan repayments.
- **Benefits in Kind:** The labor legislation does not directly specify employee benefits in kind, but it does provide written agreements between the employer and employee regarding supplementary benefits.
- **Employer contributions:** Unemployment, Workers compensation and Social security.

## Payroll Taxes

Payroll taxes include income tax ( personal and/or investment ), Social Security contributions as well as Provident fund contributions.

## Payroll Calendar

There are no predetermined dates on which employees must be paid.

# LEGISLATION AND STATUTORY BODIES



## LEGISLATION

- Labor Law
- Social Security Law
- Occupational Health and Safety Law

## STATUTORY BODIES

- Social Security Corporation
- The Ministry of Labor
- Tax Department



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global@zapeo.net

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