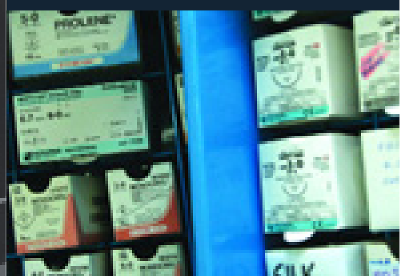
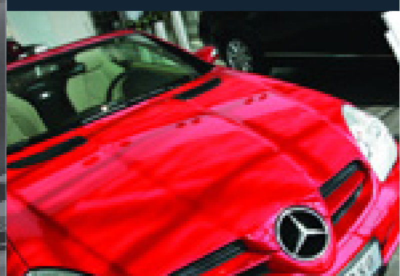
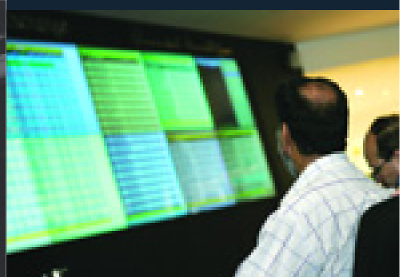
Legal Framework

Legislative changes to come







LEGISLATIVE CHANGES TO COME

The government sets out to upgrade investment and financial legislation

THERE IS PLENTY OF INCENTIVE FOR INVESTING IN THE KINGDOM – AND MORE ON THE WAY

The Jordanian government has recently embarked on overhauling the main investment- and fiscal-related legislation of the kingdom. Many draft laws have been prepared and some of them have already been submitted to parliament. Included in this proposed legislation are a new investment law as well as significant amendments to the income tax law and to the free zones corporation law, the industrial estates laws and the companies law.

Although the investment law and the amendments to the income tax law have already been submitted to parliament, it is still unclear what the final outcome will be as these laws are hotly debated and it is expected that parliament will propose major amendments to the drafts.

The new draft investment law introduces major changes to the current regime that should meet the approval of the business sector in Jordan. The draft starts with a new concept: that all projects within the exempted sectors benefit from the incentives in the law without the need to make a specific application to the Investment Promotion Board. If an investor so wishes, the board will give a confirmation of the exemptions.

Although the new draft law proposes to continue granting income tax incentives for various projects depending on the area where the relevant project will be located, it has introduced further incentives meant to address past investor complaints. Production inputs will be completely exempted from customs duties and sales taxes with no time limitation.

The same applies to spare parts, which were previously limited in value and time. If the new investment law is indeed passed, all spare parts for an exempted project will be exempted throughout the life of the project, irrespective of their value.

Another novel concept that the new draft introduces is the fully operational investment window. The window has the legal authority to issue full licences if the relevant department fails to issue a licence within a designated period of time.

The proposed amendments of the income tax law have met mixed reviews. Although it proposes to reduce the tax rates applicable to corporations and banks to 20% instead of 25% and 35% respectively, it has provisions casting tax evasion as a "dishonourable" crime that could result in many individuals and professionals losing their licences, as many such licences have conditions requiring that the licensed person does not have a dishonourable crime on his or her record. The new amendments have also removed the confidentiality of banking transactions for income tax purposes. If the amendments are passed, the Income Tax Department will have the power to apply to the Court of Appeals for removal of banking secrecy on a taxpayer's account. Many observers believe that such a removal of banking secrecy may result in the export of foreign currency abroad as many taxpayers will fear maintaining bank accounts in Jordan.

Another draft law is being prepared that will merge the Free Zones Corporation with the Industrial Estates Corporation in recognition of the fact that they are both real estate management enterprise.

Finally, the Ministry of Industry and Trade is working on completely revamping the companies law. Many working groups of leading professionals and businessmen have been formed to examine the various sections of the law and the provisions that govern the companies which can register thereunder in order to come up with recommendations for the amendment of the law. Given that the companies law is a large piece of legislation that consisting of hundreds of articles, it is not expected that the Ministry of Industry and Trade will come up with a comprehensive working draft for some time.

LABOUR LAW: The constitution gives every Jordanian citizen the right to work and sets out the basic principles on which any labour legislation shall be based. In that regard, Labour Law No. 8 of 1996, which governs and regulates the relationship between the employer and the employee, was promulgated as the "Law".

The Law gives a wide definition of the employee to whom it applies. This covers all persons, whether Jordanian or foreigner, working under an employer for wages by virtue of employment contract, whether said contract is written or verbal. Government employees, agricultural workers, domestic workers and family members working in family businesses are expressly excluded from the provisions of this law.

EMPLOYMENT OF NON-JORDANIAN WORKERS: It is not permissible to employ any non-Jordanian worker without the approval of the Minister of Labour if the work itself may be performed with equal accuracy and efficiency by a Jordanian worker. The work permit will be for a period of one year, and this may be renewed annually. The employer will be charged a fee for the issue or renewal of a work permit, and this fee shall be considered as income towards the country's treasury.

The employer will be penalised for the employment of every non-Jordanian who is employed in violation of the provisions provided in this law. The Minister of Labour may also order the deportation of the worker at the expense of the employer.

WORKING HOURS & OVERTIME PAYMENT: In general, parties to an employment contract are free to agree to whatever terms they wish, however, the labour law protects the employee by specifying the maximum number of hours he or she may work, his or her right to paid annual holidays, sick leave and overtime pay.

In general, an employee should not be made to work for more than eight hours per day and for no more than 48 hours per week, which, when distributed, should not exceed eleven hours per day. An employer may require that the employee work overtime, but only in return for overtime compensation as set out in the law.

Employees may agree to work more than eight hours a day, provided they receive an overtime wage of no less than 125% of their usual wage. If employees work on their weekly holiday or on any official holiday, they shall receive an overtime wage of no less than 150% of their usual wage for that day. However, an employee who works in a managerial or supervisory capacity is not entitled to any payment for overtime hours.

A GREAT DEAL OF RESEARCH HAS GONE INTO THE FORMULATION OF NEW LAWS

LEAVE AND SICK LEAVE: Employees are entitled to their weekly holiday of one day fully paid. Friday is the designated weekly holiday. Employees are entitled to 14 days fully paid holiday every year as annual leave. If an employee has been employed by the same employer for a period exceeding five consecutive years, then he or she shall be entitled to 21 days fully paid holiday every year as annual leave.

Any official or religious holiday and any weekly holiday falling during the employee's annual leave shall form part thereof and shall not be added to the annual leave.

Female employees are given particular consideration by the Law in that there are various provisions that specifically govern their employment. These include the right to maternity leave with full pay for a total period of 10 weeks, with the period following birth no less than six weeks.

TERMINATION OF EMPLOYMENT AND UNFAIR DISMISSAL: The law sets general principles with regards to termination of employment whether initiated by the employer or employee. A contract of employment shall terminate on its own accord if both parties agree to the termination, if the contract of employment expires, or the work in question expires. An employment contract will terminate if the employee dies or is disabled by a disease that prevents them from working and such fact is evidenced by an official medical report.

Article 28 of the law sets out the grounds on which an employer may terminate a contract of employment without the need to give prior notice to the employee. In addition, employees are entitled to terminate their employment without giving prior notice to the employer, and receive all the rights and benefits to which they are entitled pursuant to the Law, provided that such termination is for one of the reasons set out in Article 29 of the Law.

A fixed duration contract of employment expires upon the end of the period specified therein. If the employer cancels the contract prior to the expiry of its specified duration, the employee shall be entitled to all the rights and benefits granted by the contract, as well as the wages due for the period remaining between the date of termination and the specified expiry date, unless such termination was based on any of the grounds specified under Article 28 of the Law.

If the employee terminates the contract for a reason other than those set out in Article 29, then the employer may bring a court action to claim from the employee whatever losses or damage the employer has incurred as a result of such termination, provided that the amount that the courts award in this regard shall not exceed half the salary due to the employee for the remaining months of the contract in question.

The Law entitles the employee to resort to the courts within 60 days of the termination of employment if he or she feels that the dismissal was unfair. If the court agrees that the employee was unfairly dismissed then it may either rule that the employee returns to his work or it may order the employer to pay compensation to the employee in addition to payment in lieu of notice and all the other entitlements due to the employee pursuant to the Law, provided that such compensation shall not be less than three months' salary and shall not exceed six months' salary, calculated on the basis of the last salary the employee received.

All court cases resulting from an employment contract shall be dealt with by the Magistrate Civil Court as emergency actions. Such actions must be completed within a period of three month from the date of filing the claim.

SOCIAL SECURITY LAW: The Social Security Corporation (the "Corporation") was established in 1979 by virtue of the Social Security Law No. 30 of 1978. This law was repealed and replaced by Law No. 19 of 2001 (the "Law"). The Corporation has an independent legal personality along with administrative and financial independence and is empowered to implement the Law and to carry out its objectives, which primarily include providing employees and their beneficiaries with the required social coverage and compensation.

APPLICABILITY: The Law applies to all employees over 16 years of age that are subject to the Labour Law, irrespective of their nationality, and regardless of the duration and form of their employment contracts or the nature or amount of their wages, and whether their work is to be performed mainly in or out of Jordan. In addition, the Law applies to Jordanian and foreign companies with a labour force exceeding four employees.

The provisions of the Law shall not, however, apply to foreign employees who are employed by international, political, or military foreign missions, nor to employees whose employment is consider by the board to be "irregular".

INSURANCE: The Law provides for a number of insurances to its subscribers, such as insurance against work injuries, occupational diseases and insurance against disability, old age and death. It should be noted that the insurance provided under the Law replaces and substitutes the gratuity payable to an employee under the Labour Law on termination of his services. Section 73(b) of the Law specifically states that the employer shall pay to the employee his or her service gratuity to which he or she is entitled for the period of service prior to the enforcement of the Law with respect to that employee. Thereafter, the obligation for payment of same shall become the liability of the Corporation.

PAYMENT OF SOCIAL SECURITY CONTRIBUTION AND REQUIREMENTS: Old-age pension becomes due when a male employee reaches 60 years of age, and when a female employee reaches 55 years of age, although they may be able to prolong their employment or find new employment for a further five years each.

By subscribing with the Corporation, the employer shall make the following monthly payments to the Corporation, namely:

SOCIAL WELFARE IS BEING INCREASED

- 9% of the monthly salaries of employees.
- 5.5% to be deducted from the salaries of his or her employees.

These percentages shall be in reference to the insurance for old age, against disability and death. With regards to insurance against work injuries and occupational diseases, a contribution of 2% of the wages of the insured shall be paid by the employer. As consideration for the payment by the employer of the above contributions to the Corporation, the latter takes upon itself the liability to pay to the employee all sums of money which the employer would have been otherwise bound to pay to the employee for:

- Work injuries and occupational diseases.
- Service gratuity payable to the employee by the employer upon termination of his or her service.

The employing company will have to pay the 9.5% contributions to the Corporation for both Jordanian and foreign employees.

FOREIGN EMPLOYEES: Foreign employees will be partially reimbursed for their insurance contributions upon leaving Jordan. Article 45 of the Law provides that if the insured ceases to be subject to the provisions of the Law he or she shall be paid lump sum compensations, provided that his or her contribution is no less that 12 contributions, on the following basis:

- 10% of the annual wage average for each year of service if the period of subscription in the social security scheme is less than a total of 60 months;
- 12% of the annual wage average for each year of service if he or she has subscribed for a period of no less than 60 months and less than 180 months;
- 15% of the annual average wage for each year of service if the period is no less than 180 months.

Payment to foreign employees can be effected either (a) personally by the employer to the employee in Jordan if the insured has paid monthly contributions for 24 months or more, or (b) by transfer to the employee's country of residence upon the completion of the 24 months period if his or her monthly contributions fell short of 24 months. That is, the lump sum compensation can be transferred to the employee's foreign address after the end of the two-year period if the insured has already left Jordan.

REGISTRATION OF COMPANIES: There are several types of companies that can be registered in Jordan, which include general partnerships, limited partnerships, implied trusts, limited liability companies, private and public shareholding companies, exempt and foreign companies. The selection of the type of company that will be registered depends on the objectives, among other things, of the company. Limited liability companies, private shareholding companies, and public shareholding companies are the most commonly used types.

LIMITED LIABILITY COMPANY: A limited liability company (LLC) must be composed of two shareholders or more. The liability of any shareholder for the company's debts, obligations and losses shall be limited to the proportion of that shareholder's share in its capital. The shares of an LLC may not be listed or publicly traded. A special approval from the Controller of Companies can be obtained in order for the company to have only one shareholder.

Share Capital: The share capital of the LLC must be at least JD30,000 ($42,600) subject to any higher requirements set by other laws. An example of such a higher requirement is the Encouragement of Investment Law that sets out a minimum foreign investment requirement of JD50,000 ($71,000) per foreign investor. This JD50,000 requirement must be paid in full at the time of the registration of the company.

Registration: The registration of an LLC is evidenced by a certificate of registration issued by the Controller of Companies and by Articles and Memorandum of Association as set out in Article 57 of Companies Law No. 22 of 1997. Upon registration, at least 50% of the authorised share capital of the LLC must be paid. It should be noted, however, that a foreign shareholder would still be subject to the JD50,000 minimum investment requirement and as such its 50% contribution would have to be at least equal to JD50,000. The remaining 50% of the share capital must be paid within two years of the registration. Each share shall have a nominal value of JD1 ($1.42).

Management: The LLC can be managed either by a single managing director or by a board of directors. The board of directors may have a minimum of two directors and a maximum of seven.

General Assembly: The general assembly of an LLC is composed of all the shareholders therein. The managing director or the board of directors, as the case may be, are subject to the control and supervision of the general assembly of the shareholders.

Auditor and Legal Advisor Requirements: The ordinary general assembly of an LLC must appoint an independent auditor on an annual basis. Furthermore, the company must appoint a legal advisor on a retainer basis if its share capital stands at JD150,000 ($213,000) or more.

Reserve Requirements: The company must deduct obligatory reserves from its profits equal to 10% of the annual net profits of the company until the total of such reserves reaches 100% of the share capital. Furthermore, the company may deduct voluntary reserves of up to 20% of its annual net profits. No distribution of dividends may be made unless the required obligatory reserves have been deducted.

PRIVATE SHAREHOLDING COMPANY

Definition: A private shareholding company must be composed of two shareholders or more, although the Minister of Industry and Trade may, upon a justifiable recommendation by the Controller of Companies, approve the establishment of such a shareholding company by only one shareholder.

Share Capital: The minimum share capital of the company shall be the total of the nominal value of the company's shares, provided that the subscribed capital is not less than JD50,000 ($71,000), to be fully paid upon registration of the company. The Encouragement of Investment Law sets out a minimum foreign investment requirement of JD50,000 per foreign investor. This requirement must be paid in full at the time of registration of the company.

Registration: The registration of a private shareholding company is confirmed by a certificate of registration issued by the Controller of Companies and by the Articles and Memorandum of Association as set out in Article 67 of Companies Law No. 22 of 1997 as per the Temporary Law (4) of 2002. It should be noted however, that a foreign shareholder would still be subject to the JD50,000 minimum investment requirement.

Types of Shares and Shareholding Options: The company may, according to its Memorandum of Association, issue various types and classes of shares which differ in their terms of nominal value, voting rights, and means of profit and loss distribution amongst shareholders. These shares also differ in respect of their rights and priorities upon liquidation and their ability to be converted to other types of shares besides their related rights, advantages, priorities and other restrictions, provided that the said shares to be implied or summarised in the shares' certificates, if any.

Management: Private shareholding companies are each to be managed by a board of directors. The memorandum of association shall determine how many members the board of directors shall be composed of, their qualifications, and the duration of their office, which shall not exceed four years. The board of directors shall elect from its members a chairman and vice-chairman, as well as a secretary. The board of directors shall also appoint the signatories authorised to sign on behalf of the company.

Auditor and Legal Advisor Requirements: Same as that of a limited liability company, as listed above.

Publication: Private shareholding companies are exempted from the publication of their financial statements, profits and losses, and the annual report of their board of directors, in the local newspapers.

PUBLIC SHAREHOLDING COMPANY

Definition: A Public Shareholding Company must be composed of two promoters or more who subscribe for shares that can be listed on stock exchanges. The Minister of Industry and Trade may, upon a justifiable recommendation by the Controller, give approval for a public shareholding company to be established by only one promoter. Certain types of companies, such as banks, financial institutions, concession companies and insurance companies, must be formed as public shareholding companies.

Share Capital: The authorised capital of a Public Shareholding Company may not be less than JD500,000 ($710,000) and the subscribed capital may not be less than JD100,000 ($142,000) or what amounts to 20% of the authorised capital, whichever amount is higher. The authorised capital must be fully subscribed within three years of the registration of the company. The nominal value of shares is JD1 ($1.42) per share but shares may also be issued at a premium or a discount price.

Share Transfer: The shares of promoters' in the public shareholding company may not be disposed of prior to the lapse of at least two years from the formation of the company. Any action in violation of this provision shall be null and void.

Management: A public shareholding company is managed by a board of directors made up of three to 13 members, elected to office for a four-year term by the company's general assembly. These members must be shareholders in the company. The board of directors shall elect a general manager for the company.

Auditor and Legal Advisor Requirements: The ordinary general assembly of a public shareholding company must appoint an independent auditor on an annual basis. It must also appoint a legal advisor that is held on a retainer basis.

OPERATING BRANCHES OF FOREIGN COMPANIES

Definition: A foreign company may register an operating branch in Jordan in one of two circumstances: (i) if it obtains a licence from the relevant regulator in Jordan, in which case, the registration would have unlimited duration, or (ii) if it wishes to implement a major contract that it has been awarded by the government or a major Jordanian company, in which case, registration would be limited to the period necessary for implementing the relevant contract.

Share Capital: There is no minimum in capital requirements for the registration except for any requirements that are imposed by the relevant regulator.

Management: The foreign company must appoint a resident representative to manage the affairs of its branch in Jordan and to act as the contact point. The manager must hold a power of attorney from the foreign company that details the extent of his or her authority and responsibility.

Auditor, Legal Adviser & Reporting Requirements: The branch office must maintain proper accounting books and records, appoint auditors and legal advisers and publish its annual financial statements in the local newspapers.

NON-OPERATING BRANCHES OF FOREIGN COMPANIES, "REGIONAL OFFICES"

Definition: A foreign company is allowed to establish a regional office in Jordan to be the centre of the foreign company's activities in the area. Although the Companies Law does not specify the size or type of the foreign company that may register a regional office, due to the large number of foreign companies that registered regional offices to benefit from the exemptions granted to them, it is now the policy of the Ministry of Industry and Trade, which is in charge of the administration of the Companies Law, to restrict this facility only to substantial and large companies of international standing in their respective fields.

A regional office can conduct business from Jordan anywhere in the world but it cannot conduct business within Jordan. Where operation in the kingdom is concerned, a regional office can collect information generally concerning business possibilities in Jordan or in respect of a particular project but it cannot sign an offer or a contract in respect of such a project. Any violation of this restriction may lead to the cancellation of the registration of the regional office.

EXEMPTIONS AND FACILITIES: Neither the foreign company nor the regional office will pay any local taxes, including income tax and social services tax. The non-Jordanian employees of the regional office are exempted from payment of income tax and social services tax on their salaries. The regional office may import its office equipment and furniture free of custom duties, import fees and all other related charges. The regional office may import its business samples free of custom duties, import fees and all other related charges.

The regional office may import one car every five years free of custom duties for the use of its non-Jordanian employees upon depositing a bank guarantee for the amount of the duty with the Ministry of Finance and Customs. This guarantee will be discharged upon taking the car out of the country or selling the car locally after paying the duty thereon. The Minister of Industry and Trade, upon the recommendation of the Controller of Companies, may allow the regional office to import another car free of custom duties in justifiable circumstances.

The regional office may have an account in Jordan denominated in foreign currency or in Jordanian dinars provided that same are fed with monies from foreign sources. It can pay into the account and take monies out of it without exchange control restrictions.

The regional office should, however, submit to the governor of the central bank every year a short summary of the movements of its foreign currency accounts. No government fees are payable upon registration of or in connection with the operation of the regional office. The regional office will be exempted from the necessity of registering with the Chamber of Commerce and all other professional associations and from the payment of any fees in this regard.

NATIONALITY MATTERS: The foreign company should appoint a representative who shall manage the regional office and grant him a power of attorney that details his or her authorities.

Such a representative can be of any nationality. If he or she is a Jordanian national, then he or she will not enjoy the aforesaid exemptions provided in the Law for non-Jordanian employees of the regional office. The non-Jordanian employees of the regional

OWNERSHIP LAWS ARE FAIRLY LIBERAL

office will be given residence and work permits. However, the number of non-Jordanian employees of the regional office may not exceed that of its Jordanian employees.

GENERAL REMARKS: If it is the intention of the foreign company to establish an operating branch office and a regional office at the same time, then:

- both offices should be accommodated totally separately and independently so that the staff of the branch office should not enjoy the privileges of the regional office;
- each office should have its own separate representative.

OWNERSHIP OF REAL PROPERTY BY NON-JORDANIANS: Ownership of land in Jordan, whether by legal or natural foreign persons, is allowed subject only to the provisions of the Provisional Law of Leasing Immovable Property to Non-Jordanians and Legal Persons and its Amendments No. 24 for the year 2000.

A legal person wishing to buy land within the Regulated Lands (i.e. near the cities) is subject to the following approvals: the Minister of Finance's approval if the land area in question does not exceed 3 ha; or the approval of the Council of Ministers if the land area exceeds 3 ha. However, if the land falls outside the Regulated Lands a legal person must seek the approval of the Minister of Finance if the land area does not exceed 5 ha or the Council of Ministers approval if the land exceeds 5 ha.

As for ownership of land by natural foreign persons within the Regulated Lands for personal use, the approval of the Head of Lands Department is required if the property in question does not exceed two houses and a personal office, the approval of the Minister of Finance if the property exceeds two houses and a personal office provided the land is less than 1 ha, or the Council of Minister's approval for anything in excess of this amount. If the land in question falls within the Regulated Lands area the foreigner will need the approval of the Minister of Finance for up to 1 ha of land and the Council of Ministers for anything in excess.

It must also be noted that reciprocity of treatment between the country of the foreign natural or legal person is a requirement for persons other than Arab nationals. Furthermore, if the land happens to fall within the Regulated Lands area for business purposes the approval of the Minister of Finance for land of up to 1 ha or the Council of Ministers' approval for anything in excess. For Arab nationals seeking to own land outside the Regulated Lands area for agricultural, developing land or housing project purposes, approval of the Minister of Finance is required for land with an area not exceeding 5 ha or the Council of Ministers' approval for anything in excess of 5 ha.

Any foreigner owning land in Jordan, in accordance with the law, must establish a project within three years of his ownership if the purposes of this ownership were residential or business and five years if for any other purpose. If the owner fails to abide by the establishment criteria he or she will then be subject to a penalty of 5% of the market value of the land annually for up to 10 years, at which point failure to comply will result in seizure of the land and the sale of this through public auction.

Land owned by a non-Jordanian natural or legal person cannot be disposed of by transferring its ownership in any manner prior to the passing of three years from the date of its ownership if it is used for residential purposes or five years if it is for any other purpose, unless the approval of the Minister of Finance is obtained based on the recommendation of the Manager of the Lands and Surveys Department, otherwise the transfer will be void.

There is an exception to the above, which is real estate owned by a non-Jordanian natural or legal person where the purpose of such ownership is investing in residential or commercial projects after the establishment of the project.

The law, however, does not apply to legal or natural persons who own Jordanian land specifically for the purposes of establishing projects that contribute to the development of the economy of the kingdom, if the purpose of ownership is to perform economic activities within the dedicated industrial cities, provided that the total area of land does not exceed 5 ha, or the transfer of the land to non-Jordanians through assignment.

INTERVIEW

REAL FRIENDLY

OBG talks to Khaled Asfour, Managing Partner at Ali Sharif Zu'bi & Sharif Ali Zu'bi Law Office

How does Jordan's legal investment climate compare to other countries in the region?
ASFOUR: I think we are quite progressive in our laws and that the business environment is continuously improving. A lot of people mention how Dubai is very investment-friendly, but my impression is that a lot of this is misleading publicity. When you get down to it, I can register a company here in one day. There they say it is the same but this is not always the case. After you finish dealing with all the papers and restrictions and preparations things are not as easy as they first appeared.

I think that we have different advantages. Although in Dubai you don't have taxes, I think in terms of procedure we are more developed. Gulf investors care more about tax rates, this is their first question and they are used to having problems in the system. For a European or US company, they are used to paying taxes but not to delays in the system. Yet given the instability in the region, most investors now are Arab. So to lure them in you will have to reduce taxes.

How will the new investment law that was sent to the extraordinary session of parliament in August 2006 differ from past laws?
ASFOUR: The main difference is in the incentives. Before, you had three years exemption from customs duty on goods invested in business operations. After this period, there is also a 10-year period where the company benefits from reduced taxes anywhere from 25 to 75%, dependant on the location of operations.

This concept is expanded upon in the new draft, which changed two things – the customs duty and sales tax on imports.

KHALED ASFOUR

Now, in addition to the capital investments customs duty exemption, the law has been expanded to allow for further exemptions on all business inputs. So anything you put into production operations is exempt for the life of the product. This should make a real difference in a number of industries such as manufacturing, hospitals and hotels with all their furniture and other investments.

The changes in the income tax law will be similar to those already in effect. Taxes will be discounted from 25 to 75%, probably even 100% in certain areas for a number of years, depending on where the operations are located. While the customs duty changes will be applied through the draft law, the income tax alterations will be carried but through regulations.

This law will also establish an investment window at the investment promotion board. There was a window before which didn't do much, investors would come in with applications for their projects and give it to the person there, who would then basically act as a messenger to deliver to the appropriate agency. Right now every department is different. Some can take one day for a licence and some can take months.

Now the window has been given the authority to issue the licence themselves and they are forced to either issue or reject a licence within a specific period of time. This process will not be implemented to all licences immediately, but will be gradually phased in a few sectors at a time.

Have there been any changes to the legal environment or proposed changes for the future that the private sector may not be happy with?
ASFOUR: The income tax law also has two controversial points. It will be removing some of the secrecy currently allowed in the banking sector. The government pushed for greater transparency and the end result was something more in the middle ground where access to the information can be granted, but only through a court order. But this should not be too hard to obtain in practice. So the effect in the end will be greater transparency and less secrecy.

Another controversial point is that the law will make the avoidance of paying income tax a crime of honour. This has significant repercussions for professionals as they can have their licence revoked and be barred from practising their profession if they commit a crime in this category. The controversy here is that there could be the potential for abuse by the department that conducts income tax audits. So there needs to be a uniform application of this law as the penalty will be much more severe.