

# THE EFFECT

Adel Habib & Co. Newsletter

Issue 3, January 2015

As we step into 2015, we'd like to wish you a very warm welcome to "THE EFFECT," Adel Habib & Co. newsletter, keeping you up to date with our latest news and insightful client success stories!

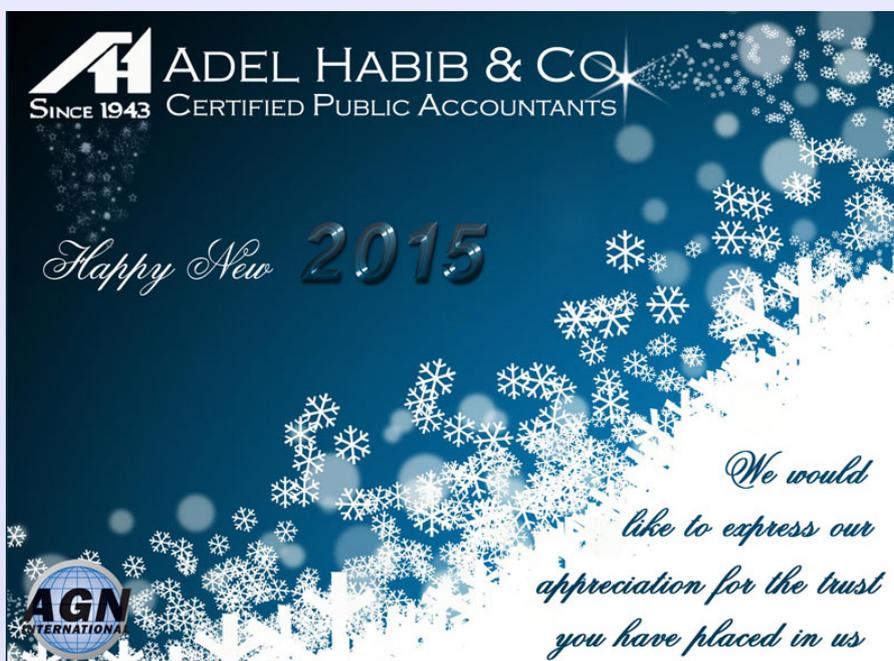
You need confidence to achieve your business objectives, reach new opportunities, manage your risks, and improve the quality of processes and controls of your business. Our commitment in delivering excellent client service across our three lines of service - Audit and Assurance, Business Advisory Services and Taxation Advisory will provide you with all the insight and guidance to do just that. "THE EFFECT" will provide you with [a guide on the best practices](#) that can help organizations with comprehensive assurance based on the highest level of independence and objectivity.

*We are extremely proud of the fact that we have been active in serving a substantial number of our high profile clients continuously for over 50 years.* This success is being built and maintained by understanding our clients' needs and delivering a consistently high-quality value added assurance and business advisory service. In this edition we'd like to [spot the light on our valued client N.C.R. Corporation-Jordan-Consumer Transaction Technologies Global Leader; N.C.R.](#) has been a client of **Adel Habib & Co.** for over 50 consecutive years. You can find more about **N.C.R. Corporation** in the [valued CLIENT SPOTLIGHT section](#).

As you are all aware, [a New Income Tax law No.\(34\) of 2014](#) was published at the official Gazette on December 31, 2014 effective from January 1, 2015, and, as part of our commitment at Adel Habib & Co. to update you with the latest development in laws and regulations, we summarize the important articles in the new law stating the differences with the old one.

## In This Issue:

- Highlighting some of the services that are in increasing demand by our clients
- We have been active in serving a large number of our clients continuously for over 50 years
- A summary of the major changes of the New Income Tax Law No. (34) of 2014



*As we enter 2015, we want to thank you for your support and also wish you peace, all the blessings and a healthy, abundant 2015.*

*“Internal auditing is an independent, objective assurance and consulting activity designed to add value and improve an organization's operations. It helps an organization accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control, and governance processes.”*



Adel Habib & Co. professionals work closely with clients to respond to the need for strong financial control. We assist our clients solve complex business problems and aim to help organizations with comprehensive assurance based on the highest level of independence and objectivity. To help you get ahead we have prepared this summary ***guide to address the services that are in increasing demand from our clients. (according to a recent study that we did internally, and below are some of the services).***

## Internal Audit

Provides the management, boards and shareholders of the company with:

- ⇒ ***Effective and efficient operations;***
- ⇒ ***Safeguarding of assets;***
- ⇒ ***Evaluating controls;***
- ⇒ ***Reliability and integrity of reporting processes;***
- ⇒ ***Compliance with laws, regulations, policies and procedures ;***
- ⇒ ***All elements of the risk management and internal control framework;***
- ⇒ ***Assist with channeling effective solutions for controls improvement.***

**In summary,**

**outsourcing internal audit provides you with a highly specialized, systematic approach to a task that carries the utmost importance to the success of your business.**



### ***Our Approach***

The Adel Habib & Co. internal Audit function assists your organization accomplish its objectives by bringing a systematic, disciplined approach to examine, monitor, evaluate and improve the effectiveness of risk management, and internal control processes.

### ***Advantages***

While managers are responsible for establishing policies and processes to help the organizations achieve specific objectives, such as budget targets, our internal audit professionals perform audits to evaluate whether the policies and processes are operating effectively and provide recommendations for the improvement. The internal audit function can strengthen internal controls in key business areas and further explore and enhance the profitability of your business operations.

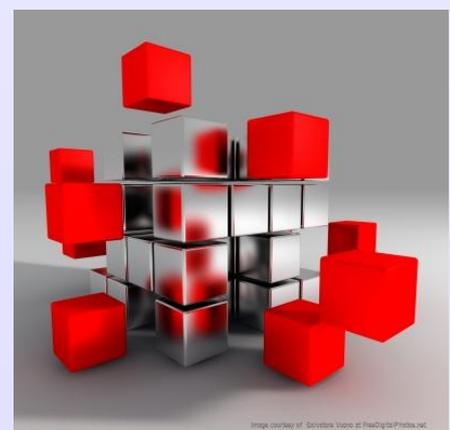
## **Payroll Services:**

A professional payroll services provider includes calculating all payroll elements: basic salary, allowances, employee income tax and social security.

Processing in-house payroll for all businesses can be a hassle, it can also be both a challenging and time-consuming routine. Many of our clients have found sense in outsourcing the job and use Adel Habib & Co. added-value payroll service and make use of our extensive experience and global knowledge with compliance work supported by AGN International and other international bodies.

In our experience, the biggest benefits of using a third-party payroll service are:

- ⇒ ***Saving time and money***
- ⇒ ***Protecting against tax penalties***
- ⇒ ***Reducing costs***





# BUSINESS

More specifically, our payroll service includes:

- √ Calculate and process a timely payroll for all your employees in line with Jordanian laws and IFRC procedures.
- √ Send the pay slips to the employees.
- √ If necessary and after receiving the funds from the Client, pay the contribution to the authorities and third parties.
- √ Inform the client with any relevant changes to the tax and social security legislation in Jordan.
- √ Provide the client with updates and recommendations about taxes and methods of paying in tax effective ways.
- √ Prepare and submit the annual employees report to the income tax department in the appropriate format and as necessary.

***Adel Habib & Co. has several agreements with international payroll services providers to expand our payroll services networks providing international assignment management and global payments and payroll services to corporations and organizations.***

Expatriate Management Services LTD (EMS)  
London, United  
[www.expatservices.co.uk](http://www.expatservices.co.uk)



Executive Relocations  
Gennevilliers, France  
[www.executive-relocations.com](http://www.executive-relocations.com)



**JLM Compliance Ltd**  
London, United Kingdom  
[www.JLMcompliance.com](http://www.JLMcompliance.com)





## We have been serving NCR for 50 consecutive years and beyond

During the 72 life of Adel Habib & Co., our main approach to business has been the creation of long-term relation with our clients. By understanding client needs and delivering a consistently high-quality value added assurance and business advisory service, has resulted in strong client partnership. We have been serving a substantial number of our clients continuously for more than 50 years.

### Valued Client Spotlight

#### NCR Corporation-Jordan

NCR Corporation (NYSE: NCR) is the global leader in consumer transaction technologies, With its software, hardware, and portfolio of services, NCR enables more than **450 million transactions** daily across the retail, financial, travel, hospitality, telecom and technology industries.

With over 125 years of experience and knowledge, NCR solutions run the everyday transactions that make your life easier. NCR can help you gain an edge in this rapidly changing marketplace. They are the global leader in assisted- and self-service solutions, serving businesses with their products and services: **ATMs, Retail and Restaurant Point of Sale (POS hardware and software)** and **Airport Self-Service Kiosks**. NCR will help you anticipate the market and keep ahead of your competition. Not just keep up. NCR understands the societal and business forces that are transforming the world of customer interactions and can help you transform your business model.

- ◆ **NCR is headquartered in Duluth Georgia, with**
- ◆ **over 26,000 employees, and**
- ◆ **does business in 180 countries,**
- ◆ **NCR is a trademark of NCR Corporation in the United States and other countries.**

**NCR in Jordan** is specialized in numerous solutions in sales and maintenance of banking self-service solutions-**ATMs**, cash management application and ATM monitoring and management solution (Casper/Vision), these services are user-friendly and are designed to help users overcome varied obstacles in the work environment.

With over 40 employees, the expertise they have in the areas of banking and finance lies at the heart of e-solutions and software development process.



# Jordan Tax System

## 1. THE TAX LAW

The Jordan tax law in force is the income tax law no. 34 of 2014 effective from 1/1/2015.

### INCOME TAXES

#### A. Corporate Income Taxes:

All local and foreign operating companies in Jordan are subjected to income tax at the following rates:

Type	Rate
1. Companies	20%
2. Banks	35%
3. Industrial companies	14%
4. Primary telecommunication companies, electricity generation and distribution companies, mining companies, insurance and reinsurance companies, financial brokerage companies, and financial institutions including money exchange companies and financial lease companies.	24%

#### B. Individual Income Tax:

Salaries, wages and other income paid to Jordanian and foreign employees are taxable. The law gives the following exemptions:

- Personal exemption of JD 12,000. (Provided that the person stays in Jordan for not less than 183 days during the calendar year whether continuous or interrupted.)
- Family Exemption of JD 12,000. (Provided that his family stays in Jordan for more than 183 days during the calendar year whether continuous or interrupted.)
- Additional Personal and family exemption of JOD 4,000 on Medical Expenses, University Education Expenses and Interests paid on Housing Loans, Housing rent, technical services, engineering services, legal services provided that supporting documents and invoices are available and to be

granted on a case by case basis after reviewing the related supporting documents by the Income Tax Department.

- Exemption in the amount of JOD 3,500 in relation to the monthly Retirement Benefits instead of JOD 4,000 under the old Law.

The individual's taxable income is subject to the following tax rates:

Taxable Income	Rate
First JD 10,000	7%
Next JD 10,000	14%
Next	20%

#### C. Withholding tax:

- ⇒ Withholding tax of non-Resident services providers has been increased to be 10% instead of 7%.
- ⇒ Withholding tax 5% on real estate rent has been abolished.
- Effectively 1st Jan 2015 specifies certain service providers to be subject to 5% retention. Those service providers are; Doctors, Lawyers, Engineers, Certified Public Accountants, Experts, consultants, Insurance Agents, Custom Clearing Agents, Arbitrators, speculators, Agents and brokers for commission, financial brokers, freight forwarders. Any other persons will be determined according to the related regulations which will be issued for this purpose by the Minister of Finance.
- ⇒ Withholding tax on in cash and in kind prizes and Jordanian Lottery in excess of JOD 1000 per each prize has been increased to be 15% instead of 10%.
- ⇒ In-kind and in-cash dividends are not subject to withholding tax whether paid to a resident to nonresident party.

## “The Effect” Upcoming Issue:

As we greet the New Year, our thoughts turn towards preparing the financial statements and we are doing all we can to help you assess the viability, stability and profitability of your business. In our upcoming issue, we will provide you with a *new comprehensive, powerful financial tool*. This tool will provide you with information about various financial ratios based on information on income statement and balance sheet data of your company.

If you are interested in our latest updates, you can add yourself to our mailing list and receive all Adel Habib & Co.'s circulations by emailing us your email at [info@adelhabib.com](mailto:info@adelhabib.com)

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Adel Habib & Co. brings you the world

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