



Accountants &  
business advisers

# PKF Jordan and PKF Iraq

PKF ProGroup  
PKF Khattab & Co.  
PKF Planning Tax Advisory  
PKF Human Resource Consulting  
PKF Risk Management

## Newsletter

Quarterly Newsletter | Q4 2017

Season's Greetings  
and best wishes for the New Year

كل عام وانتم بخير

2018

25  
years of  
excellence

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# Licensing Businesses from Home in Greater Amman Municipality and Municipalities in Jordan

The main goal behind issuing new regulations for home-based businesses, spearheaded by Greater Amman Municipality and the Ministry of Municipal Affairs, is to make it easier for entrepreneurs (including women and youth) to start small businesses, and to increase family incomes. This regulatory change allows the formalization of hundreds of home-based businesses throughout Jordan, granting them legal access to new and bigger markets.

## What sort of businesses can be licensed as home-based?

Per Article 4/C/3/A #69 for the year 2017, in the Buildings and Zoning Regulations for Cities and Villages and Supplement (1) to Greater Amman Municipality Instructions for Licensing Home-Based Businesses (2017), there are 4 categories:

- Intellectual (such as consulting, research, architecture, interior design, translation, fashion design, etc.)
- Handicrafts (such as embroidery, candle-making, soap-making, etc.)
- Food Processing (home baking, cooking and food preservation such as pickling)
- Domestic Services (such as home maintenance services, plumbing, nursing, cleaning, etc.)

## What are the guidelines concerning home-based businesses?

- Businesses must exclusively practice the authorized business activities as per the vocational license
- Only 15% (or 25 m<sup>2</sup> as a maximum limit) of your home can be used as a customized space for your business
- No structural changes can be made inside your home or in your apartment building
- It is not permitted to use any other spaces besides your home (such as garages or shared residential spaces)



- It is not permitted to use any big outdoor signs on your house or building. You may place a small sign not larger than 15 cm x 5 cm at the entrance of your home.

## What is the legislation on home-based businesses?

### Greater Amman Municipality:

- Vocational Licensing Law for Greater Amman Municipality (GAM)
- Buildings and Zonings Regulations for GAM
- Instructions for Home-Based Businesses 2017

### All other municipalities:

- Vocational Licensing Law for Municipalities
- Buildings and Zoning Regulations for Cities and Villages
- Instructions for Home-Based Businesses within Municipal Boundaries for the year 2017

## Can home-based businesses hire employees?

Yes, home-based businesses are permitted to employ one other person to work with them inside the residence. However, the total number of employees working from the home-based business must not exceed three, including the business owners.

## Social Security Requirements

As of August 2017 the Social Security Corporation decided to exempt home-based business from compulsory social security contributions/ coverage.

# Licensing Businesses from Home in Greater Amman Municipality and Municipalities in Jordan | Continued

## Would the municipality or other entities conduct inspections for businesses operating from home?

Yes, if you intend to start a home-based business then you must sign an agreement to permit municipal employees or employees from other concerned entities to enter your home and conduct official inspections in order to:

- Ensure that you are adhering to legal requirements
- Ensure you are fulfilling public health and safety requirements
- Investigate any complaints

## What are the steps to getting a vocational license for a home-based business?

### 1. Registering the business as an individual establishment or a company.

The first step that aspiring business owners should do is register either an individual establishment at the Central Registration Directorate or a company at the Companies Control Department in the governorate in which they reside.

### 2. Applying for a vocational license

After registering your business, you need to apply for a vocational license from your local municipality. A municipal official will review the application and grant permission to start your business from home. This should take about three working days.

## Benefits of licensing and registering a home based business

- Legal protection
- Better bookkeeping systems and ability to keep track of your financial transactions
- Being able to participate in bids and tenders
- Easier access to finance and loans
- Access to new markets and potential customers



- Ability to receive financial and technical support from entities that offer it
- Ability to receive social security benefits

## What are the main advantages of starting a business from home?

### Flexible Working Hours

Working from home gives you greater flexibility to work according to the hours that suit you most, especially for people with family responsibilities.

### Professional Development

Starting a home-based business gives you the opportunity to try different ideas and tasks that will help you develop professionally and help your business grow

### No commute needed

For many people, the daily commute is one of the biggest obstacles to their work. Starting a home business means that you will be saving money on transportation.

### Lower costs

A home-based business don't usually need major capital investments.

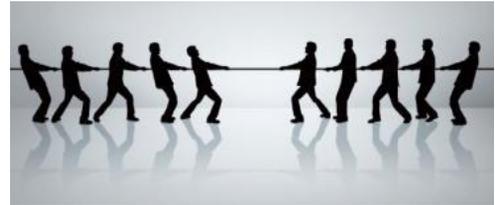
### Freedom to make decisions

You have more freedom to determine what ideas work before you make a significant investment in them

# Managing Conflict in a Family Business

**Good communication plays a vital role in preventing and managing family business conflict, says Feargal McCormack.**

There are many reasons why conflict arises in a family business. Tensions in family relationships, feelings of resentment or entitlement, fear of change, reluctance to share information, financial disagreements, clashes between family members who want to invest in the business and those who want to take a dividend, personality clashes — these are all typical issues that arise in family-owned enterprises. They can be difficult to deal with, and for that reason, they are sometimes ignored. Left unresolved, however, tensions can have a damaging impact on decision making, planning, profitability and the long-term sustainability of the business. As a result only 30% of family businesses survive the second generation. Consequently, it's important for family business owners to prevent conflict arising in the first place where possible and to develop techniques for managing it without damaging family relationships in situations where conflict cannot be avoided. Look after the business and the business will look after the family through generations. Furthermore, a business succession strategy, should be a central element of developing a sustainable family business.



## Preventing conflict

One way to minimise the chances of conflict arising is to develop a Family Business Vision/Plan. Importantly, the Family Business Vision/Plan should develop a shared understanding of core business values and an agreed set of rules to govern family interactions with the business. At PKF-FPM we encourage clients to document these values and rules in a formal Family Agreement, signed by all direct family members. While this can be time consuming initially, businesses generally find that it helps them to manage more effectively and avoid potential family conflict and business deterioration.

## Improving communication

It is inevitable, however, that conflicts will still arise from time to time in all businesses. More often than not, communication issues are the root of the problem. Consequently, improving communication is one of the key areas clients need to focus on.

Communication should be a two-way process that involves both sending and receiving information. Most of us are good at the 'sending' part — we're happy to put our point of view across — but we're often less good at 'receiving'. Learning to listen is the key to understanding the needs, wants and responsibilities of family members and a necessary first step in preventing conflict.

# Managing Conflict in a Family Business | Continued

## Formal vs. informal communication

A question that often arises, is what can we do to improve communication for our shareholders and family members?

Families often meet informally at social gatherings, family parties, funerals and so on and it's not unusual for business conversations to take place at these events. However, it's important to find the right balance between formal and informal communication. Miscommunication often happens when a conversation is remembered and reported differently by individual participants. This is one reason why formal meetings are minuted.

As family businesses grow and more people become involved, the need for formal communication increases but informal communication will always remain part of the picture.

### So, when thinking about how to improve communication, the elements to consider will include:

- ◆ Open your mind to change as we all know, standing still in business means only one thing — going backwards.
- ◆ Ensure your family business has a Partnership/Shareholder Agreement (if applicable) and a clear division between ownership and management/employment.
- ◆ Define the responsibilities/roles of key staff. It is important to pick the right people for the right job. No one should be appointed to a role just because they are family.



- ◆ Implement sound business practices and ensure your management structure and management information systems are fit for purpose.
- ◆ Ensure all staff (including family members) have employment contracts and are rewarded on a performance basis (i.e. judged on outputs rather than on family membership). This prevents conflict, particularly where family members have worked in the business for a long time.
- ◆ Learn to control events rather than allowing events to control you. Plan early for business succession and recognise succession is a process and not an event. Don't fudge the succession decision by deferring it to the next generation. Communicate and agree decisions in an open and transparent way, involving all family members.
- ◆ Record formal weekly/monthly/quarterly and annual meetings

It's rare to come across a business where conflict never happens. In family businesses, emotional factors are almost always part of the picture and disputes can spill over and damage family relationships. For this reason, many businesses bring in independent directors and involve mediators or facilitators in family meetings. To find out more about these services and how PKF can help, please contact a member of our team.

# Major Contracts



## Royal Hashemite Court

PKF Jordan signed two contracts with the Royal Hashemite Court;

The first to provide it with three feasibility studies for the following three projects:

1. Recycling of bread and paper waste.
2. Cultivation and manufacturing of “Al-Juri” Roses Products.
3. Processing and manufacturing the agricultural waste of forests in Jarash.

The second to provide the Court with a business plan and assess the status, market, technical, and financial requirements for a Retired Military Club in AlMafraq.



**Ma'an Development  
Company (MDC)**



**Jordan Enterprise  
Development Corporation  
(JEDCO)**

# Major Contracts | Continued



## United Pioneering Business

PKF Jordan signed a contract with United Pioneering Business to provide it with Organizational Transformation Services



## Omrania & Associates

PKF Jordan signed a contract with Omrania & Associates to perform an IAS 19 Based Valuation of the End of Service Benefits Liability At Omrania.



## Grob Aircraft SE



## HJF Medical Research International, Inc.

# Major Contracts | Continued



## **Gesellschaft für Internationale Zusammenarbeit (GIZ)**

PKF Jordan signed a contract with GIZ to render a Study on Employees Turnover and Job Retention in the Jordanian Industrial Sector (3 Governorates Focus)

## **Law Advocates Co For Judicial & Legal Training**



## **King Hussein Cancer Centre (KHCC)**

PKF Jordan signed a contract with King Hussein Cancer Center to provide Human Resources consultancy services for Job Analysis & Description and Compensation System

## **Jordan Islamic Sukuk Company for Financing Government Projects**

# Major Contracts | Continued



**Jordan Oil Terminals  
Company**



**Cities and Villages  
Development Bank**



**Aktis Strategy**



**CHIMEC S.p.A.**



**Kalpataru Power Transmission Ltd.**

# Success Stories

**When closing a project nothing beats a thank you letter from a client who appreciates our continued work and commitment**



## **The Higher Council for the Affairs of Persons with Disabilities**

We are writing this letter to extend our appreciation towards PKF Jordan for the successful completion of the “Study on the Status Quo of Reproductive Health Programs in Relation to Persons with Disabilities in Jordan” with great efficacy. The facts, figures and recommendations that were presented by your firm are truly commendable. We really value the efforts and professionalism you demonstrated during the study.

Wishing your firm all the best in the upcoming projects.



## **Knight Kapital**

We would like to thank PKF’s team for their efforts and commitment during the course of the market analysis of our project. We have found your team to be technically proficient and personally easy to work with. We appreciated your professionalism and help in assisting us to make the right decision with the project and avoiding unfavorable choices.

Thank you once again and we’re looking forward to working with you on future projects.

# About Us

PKF Jordan and PKF Iraq, member firms of PKF International, are regional, multidisciplinary business advisory firms with industry specific services. We offer outstanding opportunities, by providing international standard based services, to dramatically position our clients as pioneers in a rapidly growing business environment. PKF Jordan and PKF Iraq play a major role in business advisory including Consultancy, Auditing, and Tax Services.

Areas of experience include Finance, Taxation, Market Research, Strategic Planning, Organizational Development, Human Resource Development, Investment, Technology and Information Management, Quality Management, and Socio-Economic Studies. We also initiate an added value component where integration, consistency and reliability are effectively enforced. PKF Jordan and PKF Iraq high quality services help clients identify their business needs, improve, excel, cope with business fluctuations and accomplish their anticipated goals and excel.

Our team approach enables operating as integrated cells exposed to diverse industries. Words like creativity, innovation and flexibility generate great success within the firms' services and culture, where PKF Jordan and PKF Iraq promise of quality, accuracy, speed, and value remain applicable in all deliverables. Relying on PKF Jordan and PKF Iraq beliefs makes our caliber professional. And experiencing our services makes clients distinguishable.

PKF Jordan and PKF Iraq services are designed to look after the best interest of the clients and protect their wealth. Our advisors thoroughly investigate the organization's business cycle to innovate the most rewarding solutions within our following services:

- Assurance and Advisory**
- Tax Consultancy**
- Corporate Finance**
- Forensic Accounting**
- Financial Planning**
- HR & Management Consultancy**
- IT Consultancy**
- Umbrella Services**

## **PKF Network Worldwide**

**Around 50 years of experience**

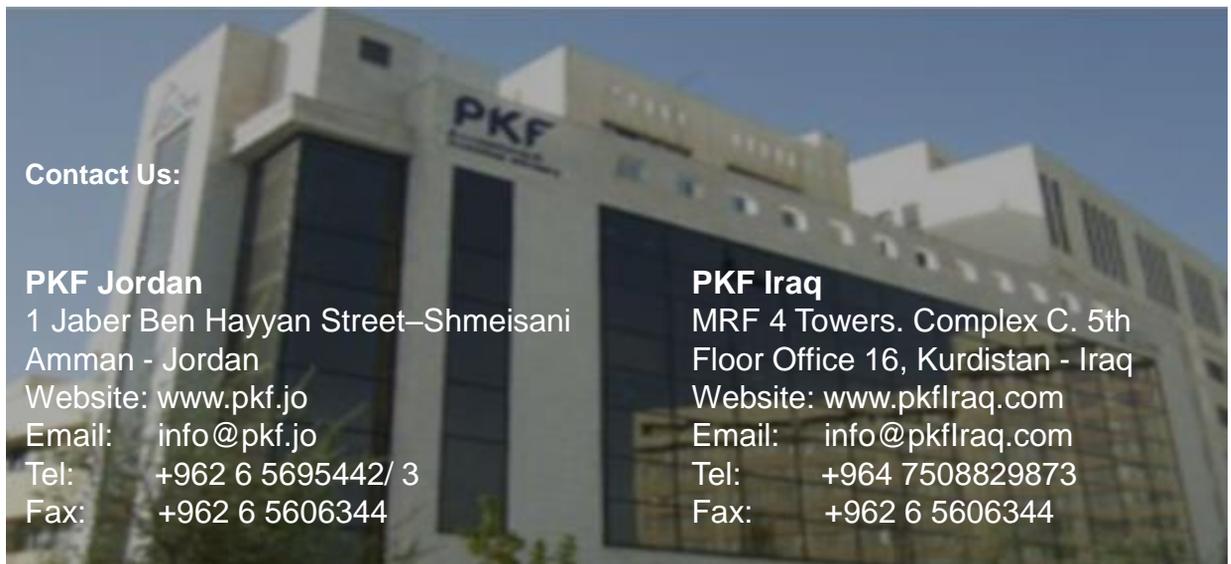
**21,000 people**

**440 offices**

**150 countries**

**US\$ 2.6 billion turnover**

**Top 10 assurance & advisory firm worldwide**



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# About Us

## PKF Jordan & PKF Iraq deliver a full spectrum of services:

### Assurance and Advisory

- Statutory audit
- Accounting services
- Non-statutory audit
- Sarbanes Oxley assurance
- Compilation of financial statements
- International accounting standards
- Assurance engagement
- Internal audit
- Business risk services

### Tax Consulting

- Tax planning and tax manual
- Income tax
- Sales tax
- Withholding tax
- Employee's tax
- 

### Corporate Finance

- Privatization and Build - Operate - Transfer (BOT) services
- Private placement memorandum
- Business plans
- Finding and securing finance from the most appropriate sources (such as private equity firms)
- Business valuations
- Preparation of financial projections and financial cash flow forecasts
- Investment agent
- Provide ongoing advice and support with flotation, mergers and acquisitions, management buy-outs / buy-ins and disposals
- Due diligence
- Advice on reorganizing and restructuring existing businesses, commercial and tax considerations and fundraising options
- Feasibility studies

### Forensic Accounting

- Appraisal of financial losses resulting from fraud
- Appraisal of damage resulting from prejudicial acts
- Preparation of expert opinions and second opinions
- Assisting solicitors in the financial aspects of cases
- Intervention as arbitrators or mediators in dispute resolution

### Umbrella Services

#### Financial Planning

- Retirement planning
- Savings and investments
- Medical and life insurance
- Business assurance
- Property purchase

#### IT Consultancy

- Business process design
- Disaster recovery planning
- Managing Information Technology (IT) expenditure - budgeting and control
- Project management of business requirements
- Packaged software / Enterprise Resources Planning (ERP) selection and implementation
- Information Technology (IT) security and crisis planning
- Risk analysis and management
- Information Technology (IT) policies and procedures

#### Management Consultancy

- Strategic planning to achieve a sustainable competitive advantage
- Risk - measurement strategies, risk management plans and crisis handling
- Institutional assessment and upgrading plans
- Reviewing business processes for efficiency, control and effectiveness
- Organizational restructuring
- Competency-based human resources management and development
- Performance scorecards and indicators
- Marketing and market communication plans
- Market studies, research and surveys
- Customer satisfaction programs development
- Financial policies and procedures including procurement, accounting, and budgeting
- Corporate governance manuals
- Costing systems
- Internal audit manuals
- Operations manuals
- Quality management services
- Monitoring, evaluation, and impact assessment studies