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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 | Q3 2018

A background image showing a close-up of a white calculator with blue buttons on the left, and a silver and black pen resting on a document with a grid pattern on the right. The text 'New Tax Law' is overlaid in a large, bold, red font, slanted upwards from left to right.

New Tax Law

25
years of
excellence

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Comparison between the Old Tax Law and the New Draft Amendments

It is not a secret that the 2018 tax amendments in Jordan have undergone a lot of debate recently and have caused a stir; the last draft tax amendments published in January 2018 were rejected on a wide scale and the new draft amendments published on Tuesday 11 September 2018 are still under debate although the first impressions were the same as those of the first draft. The following comparison between the old law and the recent amendments help clarify the reason for this strong reaction by the Jordanians.

Comparison	2014 Law	11/9/2018 Law
Agricultural sector exemption	Full exemption of the gross income from agricultural activities inside the Kingdom	Exemption for the first (25,000) of the net income from agricultural activities inside the Kingdom
Single individuals' exemption	First 12,000JOD of the annual gross income are exempted	First 9,000JOD of the annual gross income are exempted
Individuals with dependents' exemptions	First 24,000JOD of the annual gross income are exempted	First 17,000JOD of the annual gross income are exempted <ul style="list-style-type: none"> For 2019 only, the first 18,000JOD of the annual gross income are exempted
Medical and educational exemptions for individuals with dependents	4,000JOD	Exemption cancelled
Tax rates for the different categories of single individuals and those with dependents	<ul style="list-style-type: none"> A. (7%) on each JOD of the first 10,000JOD B. (14%) on each JOD of the second 10,000JOD C. (20%) on all additional amounts 	<ul style="list-style-type: none"> 1 For persons whose net income is below 300,000JOD: <ul style="list-style-type: none"> A. (5%) on each JOD of the first 5,000JOD B. (10%) on each JOD of the next 5,000JOD C. (15%) on each JOD of the next 5,000JOD D. (22%) on each JOD of the next 5,000JOD E. (25%) on all additional amounts 2 (25%) for individuals whose net income is not less than 300,000JOD

Comparison between the Old Tax Law and the New Draft Amendments | Continued

Comparison	2014 Law	11/9/2018 Law
Manufacturing sector tax rates	(14%)	(20%) <ul style="list-style-type: none"> With deductions on the manufacturing sector which start from 2019 and decrease gradually through the next five years until they are cancelled in 2024
Banking sector tax rates	(35%)	(35%)
Financial companies tax rates	(24%)	(30%)
Main communication companies' tax rates	(24%)	(26%)
Basic materials mining companies' tax rates	(24%)	(30%)
Electricity distribution and generation companies' tax rates	(24%)	(26%)
Other legal persons	(20%)	(20%)
Social Takaful Tax on taxable individuals	NA	(1%)
Social Takaful Tax on companies	NA	(1%)

Work Smarter, Not Harder

Business owners who ‘work smarter, not harder’ tend to be more successful than other leaders because they understand how to delegate and know when to ask for help, says Teresa Campbell.

Business owners often struggle to manage multiple demands on their time. It's all too easy to ‘fire-fight’ your way through the day, rushing from one crisis to the next. We call this spending too much time working ‘in’ the business and not enough time working ‘on’ it. It's a common problem and, unfortunately, it's bad for your business and can adversely affect your health as well as your personal and financial wellbeing. The question is, how do you break the cycle?

Every business owner is different and certain strategies that work for one individual or that work in one sector may be less effective for another. Nevertheless, there are key actions most owners can take to make it easier to ‘work smarter, not harder’ as they develop and grow their businesses.

10 ways to work smarter, not harder

1. Know your strengths and weaknesses and learn to delegate. No one is a master of all trades. Recognize that there are some tasks which others can carry out more effectively or efficiently than you can. Where possible, you should delegate these tasks.
2. Seek independent feedback to sense-check your decision making. This could be as simple as seeking advice from your accountant or it could mean appointing an independent board member with experience and knowledge of your sector.
3. Eliminate distractions. Learn to manage demands on your time including limiting social media and email interruptions.
4. Consider outsourcing functions such as HR, payroll and accounts so that you can invest your time in more profitable activities.



5. Be open to learning. Look for new ways to innovate and become more efficient.
6. Prioritize customer care. A happy customer is easier to manage than a dissatisfied one, and repeated business is easier to find than new customers.
7. Discourage gossip. Office politics creates disharmony and is time consuming and expensive if it culminates in disciplinary problems.
8. Use technology to make life easier, but choose your systems wisely keeping in mind that third party suppliers bring with them risks that could impact your reputation if things go wrong.
9. Optimize your work processes, eliminating duplication and time wasting.
10. Foster a culture of continuous improvement and trust where people are comfortable owning up to their mistakes and learning from them.

As well as learning to work smarter yourself, you should also consider setting smarter goals for your team. For more information on these topics and to find out how PKF-FPM's leadership advisory and mentoring services can help your business succeed, please contact a member of our team.

What Makes an Outstanding Business?

Many people start a business thinking that they'll turn on their computers or open their doors and start making money, only to find that making money in a business is much more difficult than they thought.

When you look at your main competitors there always seems to be those who do well no matter what the economic climate is like. Why? Given today's difficult business environment, this is an opportune time to briefly outline some key attributes of a great business.

The key attributes that outstanding businesses have I believe are:

- **Leadership**
- **Systems thinking**
- **Knowledge management**
- **Personal development**
- **Change management**
- **Communication**
- **Marketing/Sales**
- **Operations – processes, value creation and results**
- **HR – development, empowerment, engagement, team building**
- **Innovation**

Outstanding businesses have a better understanding of what is impacting and driving their business.

This Understanding Gives

1. **Knowledge**, the better the knowledge, the better the
2. **Planning**, and better planning leads to better
3. **Implementation**



Great businesses are about great planning. Gather the right data that provides great insight into what is currently happening in the business. Problem solve the issues needing improvement, develop the strategy and then implement.

Research shows that business change programs have a 30% probability of change success by doing what they currently do (so 70% chance of it not working) and thus there is a high probability nothing will change and the problems will still exist.

Outstanding Businesses have Great Change Processes in Place

In short, to develop a truly successful business you need to understand that business.

Effective leaders are credible and credibility largely depends on having a thorough understanding of the business. Technical expertise in your functional discipline only gets you partway there.

Effective leaders go further and establish credibility by demonstrating a firm grasp of business models, fluency with business terminology, and mastery of basic financial methods and tools.

Talk to Andrew Russo at PKF Adelaide to discuss ways to develop and improve your business.

Major Contracts



Frontier Services Group



**The International Center for
Agricultural Research in
the Dry Areas (ICARDA)**



Mercy Corps



**Jordan Airports Company
(JAC)**



**Save the Children
International**



**Aluminum International
Company (ALINCO)**

Major Contracts



Al Yamama Group



SPANNA



**Cutech Process Services
PTE LTD**



Hajj Fund



**Qsuos & Jmeaan Co. "Haret
Jdoudna Restaurant"**

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

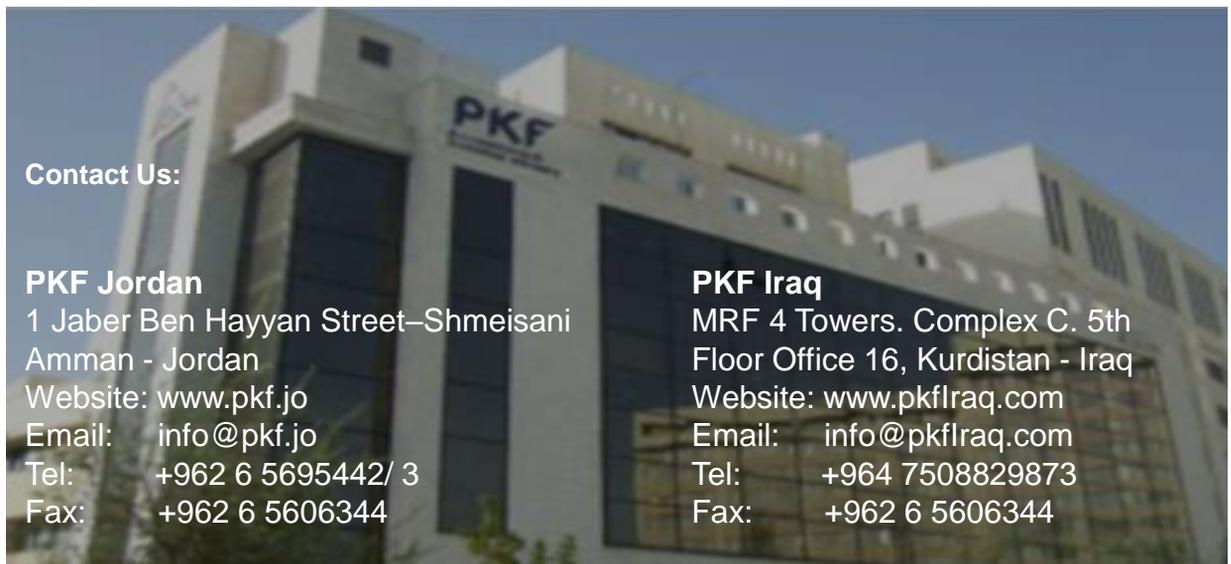
21,000 people

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