

Jordan amends social security law

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Executive summary

Jordan published Law No. 24 of 2019 (the Law), amending the Social Security Law, in the *Official Gazette* on 1 October 2019. The amendments temporarily change the social security contributions for newly registered entities that meet specific conditions. In addition, employers are no longer required to remit social security contributions for female staff on maternity leave. Entities operating in Jordan should familiarize themselves with the amendments and the implications for their business.

Detailed discussion

Employers and their workers in Jordan are required to contribute to social security (at different proportions) for the following: (i) old age, disability, and death, (ii) work injuries, (iii) maternity, and (iv) unemployment.

Contributions for newly registered entities

The changes introduced by the Law amends the above structure for entities that are registered in Jordan after the effective date of the Law (1 October 2019) and have less than 25 workers. According to the changes made, if such an entity has workers that are under the age of 28, social security contributions

for old age are not required to be made for up to five years of the entity's registration date. This effectively reduces the applicable social security contribution rate for newly registered entities.

It is expected that regulations clarifying the implementation procedures and methods with respect to the above will be issued in due course.

Contributions during maternity leave

Employers are no longer required to remit the employee and the employer's social security shares to the Social Security Corporation in Jordan when a female employee is on maternity leave.

Implications

Employers should review the amendments made to the Social Security Law to assess their impact on their social security compliance obligations.

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