

Jordan tightens corporate income tax filing process as of 2021

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Executive summary

The Jordanian Income and Sales Tax Department (ISTD) issued Administrative Circular No. 88 of 2020 (the Circular) on 21 December 2020 regarding corporate income tax (CIT) returns required to be filed on or after 30 April 2021.

Historically, the ISTD has accepted partially completed returns without penalty, provided the taxpayer completed the filing before receiving an audit notice. However, the Circular indicates that from 30 April 2021, if a taxpayer fails to submit a complete and final CIT filing package by the filing deadline, a late filing penalty will be imposed.

Detailed discussion

In Jordan, the annual CIT filing package must be filed with the ISTD within four months after each fiscal year-end (i.e., by 30 April of the following year for the standard 31 December year-end). The CIT filing package consists of:

- ▶ CIT return
- ▶ Audited and certified IFRS financial statements

- ▶ Proof of any CIT and national contribution tax payments made on account during the year
- ▶ The following supporting schedules, as applicable:
 - Employees' salaries and wages and deductions
 - Local goods and services (suppliers, customers, contractors, and subcontractors)
 - Tax withheld from local services or interest payments
 - Tax withheld on imported services
 - 2% advance tax payments made on imported goods

Accordingly, taxpayers, their financial statements auditors, and their tax preparers must be proactive in completing the filing requirements to ensure a complete filing by the filing deadline.

Going forward, if a taxpayer fails to electronically submit a complete filing package using the ISTD web portal by the filing deadline, the taxpayer will be treated as submitting a late CIT filing and be subject to the following late filing penalties:

- ▶ JOD1,000 (approximately US\$1,410) for private and public shareholding companies
- ▶ JOD300 (approximately US\$423) for all other entities

Implications

Businesses should be aware that the ISTD has tightened its filing expectations for the 2020 CIT return, and that **failing to submit a complete CIT filing by the CIT filing deadline (i.e., 30 April for taxpayers using the standard 31 December year-end) will now result in a late filing penalty being imposed.**

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