

**Access to Microfinance & Improved Implementation of Policy Reform
(AMIR Program)**

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Export Promotion

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This report was prepared by Mr. Robert Hadow, in collaboration with Jordan U.S. Business Partnership on behalf of Chemonics International Inc., prime contractor to the U.S. Agency for International Development for the AMIR Program in Jordan.

Robert Hadow, consultant in international IT marketing, interviewed twelve senior executives of six information technology companies over the course of two days, as well as representatives of the Export and Investment Boards. He was keynote speaker at a public workshop attended by approximately fifty. The primary topics of discussion were current Jordanian law and regulation affecting the smooth and profitable export of information technology product and service. These findings were reviewed and confirmed with legal counsel of IBLaw.

In brief, we uncovered some issues in the cost of hardware infrastructure that arise as a result of local import tariffs and sales taxes. We reviewed a proposed investment law currently under review by the parliament and found these concerns met. The current telecommunication monopoly provides limited high speed internet access at extraordinarily high cost. We identified a portion of the labor law (Article 20) that denies sufficient protection for foreign clients and investors. If this article is stricken, alternative articles in the Copyright Law and Civil Code will allow the matter to be handled contractually between employer and employee.

We identified a potential restriction on women employees to work on a 24 hour basis. This matter is one of Ministry directive, and is not a matter of law or regulation. In certain cases we also discussed other matters of interest to information technology exporters, described in full in the pages following. This list of proposed actions follows on the page following, The complete findings are also reflected in the transcript of Mr. Hadow's presentation and are hereby made part of this report by reference.

Specific Recommended Points of Action

- (1) Review the proposed investment law to insure that IT is given the most favorable tax status available to any industry in the country, while remaining compliant with the terms of WTO membership.
- (2) Review the availability and price of high-speed data circuits (internet access) and seek availability and rates comparable with rates available in the USA and similarly situated nations.
- (3) Strike Article 20 of the Labor Law, and advise IT companies to protect IP rights vis a vis their employees by contract.

- (4) Encourage IT companies each to formulate a “Unique Value Proposition.” Encourage companies to compare their respective value propositions so that a common, national IT value proposition might be developed to use in international promotion.
- (5) Encourage the establishment of a foreign sales office that will support several (3-6) local marketing managers places there for a period of months (3-9) to become familiar with the cultural aspects of selling in the foreign market. The US is suggested for its size of market. The sales efforts should be managed for the purpose of generating sales, and should be managed using local best practices, such as ‘Solution Selling’ and Customer Relationship Management software. Training should be provided in these techniques as required.
- (6) Establish a knowledge-sharing forum, perhaps a web-based chat board to allow the transfer of knowledge and techniques between export marketing managers.
- (7) Investigate and encourage the adoption for the CMM standard for the evaluation for Jordanian software producers.
- (8) Investigate and encourage the use of the Prince project methodology for the use by Jordanian software producers that have no formal methodology; and as a standard for joint efforts by multiple companies for large foreign development projects.

The purpose of this report is to identify particular changes in legal and regulatory matters in Jordan to support the IT industry in its effort to achieve the goals described in Reach 1.0. Further this report identifies some additional issues common to IT export that must be solved to achieve the Reach 1.0 goals.

Reach Initiative Goals

Increase IT employment of Jordanians to 30,000 by 2004.

Stimulate US\$175M in foreign direct investment in Jordanian IT by 2004

Increase annual Jordanian IT exports to US\$550M in 2004

EXPORT PROMOTION OBJECTIVE – TODAY

Jordan’s unique value proposition

value of concerted effort

knowledge transfer.

THREE DIFERENT PROMOTIONS

Export of Jordanian products
Invitation to foreign investment
Public offer of Jordanian cost

The development of a positive perception of Jordan's capabilities overseas is based on the purpose for which the perception is required. Foreign investment and stock offerings MUST be based on demonstrated success of a locally managed IT industry.

LEGAL AND REGULATORY PREREQUISITES

Physical infrastructure
Telecommunications infrastructure
Intellectual property rights

PHYSICAL INFRASTRUCTURE

Computer infrastructure needs to be cheap and abundant. The Government has already taken steps to reduce the import duties on hardware and software. There are additional steps described in a revision of the Investment Promotion Law currently in the legal process. The changes described to us (but not reviewed) were positive.

TELECOMUNICATIONS

The growth of the web is based on ever-increasing bandwidth – the use of higher and higher speed lines. The cost for such service in Jordan is very high. This may be attributed to the telecommunications monopoly in Jordan. There are several efforts underway to reduce these costs, which costs threaten the local IT industry's access to bandwidth crucial to new technology

On the other hand, the traversal of the word wide FLAG fiber optic network at Aqaba potentially gives Jordan access to the Internet at par or better than any competing locale in the world. In fact fiber optics offers substantial advantages over satellite links in terms of propagation delays and other system factors.

INTELLECTUAL PROPERTY RIGHTS

Jordan, by virtue of fundamental acceptance of the WTO, agrees to international acceptance of the rights of copyright and patent holders. Bootleg video and pirated software will decrease substantially. As Jordan will produce software, it will not desire its copy and distributive in other countries without payment to its Jordanian productive. The WTO and its intellectual property provisions cover the relation between countries in international trade.

It remains to be seen how IPR provisions will be reflected in local law or regulation. Only one interviewee described a desire for additional regulation in this area, perhaps as a prerequisite for company registration, or eligibility for export assistance. The WTO IPR provisions do not cover the relation between employer and employee, the sponsor of work and the software engineer, a concept known as “work for hire”. Work for hire is an international best practice reflected in law and regulation in every country Jordan is likely to do business with. The concept of work for hire is simple. In return for salary anything developed by an employee, a movie you make, a book you write, or software created, belongs to the company. You may not sell your personal work to others if the company paid you to do it in the first place.

With this view of “work for hire” software becomes the same as any other manufacturer’s product. Just because I work in a tire factory does not mean I have the right to run off a few extra tires for my friends.

This concept of work for hire does not create wage-slaves. Model codes of law in the US provide for a person’s right to develop his own inventions in his own time, as long as company resources and IP are not used. The law also defines the difference between company intellectual property and the skills of the employee. Unless the employer has a strong contract with the employee (which is rarely and hard to enforce in the United States) the employee is free to take his or her skills to any other employer, even if the first employer spent a great deal on training.

Not just for software engineering does the concept of work for hire apply. It applies for example to sales people. Lists of contacts and customers are developed at the company’s expense. They too are protected.

NO foreign company will entrust a Jordanian company to develop software in its behalf “work for hire” if the Jordanian does not agree to protect the work, and further, that the company does not in turn require the same protection from its employee.

Deletion of Article 20 of the Labor Law would allow each software company in Jordan to effect work for hire contracts with its employees. In any other industry, or in the absence of such a contract, the provisions of the Copyright Law and the Civil Code would apply, retaining the employee’s rights that presently obtain under Labor Law, Article 20.

“Work for hire” is an absolute prerequisite to work for overseas companies.

There is also a provision in the labor law that allows for the prohibition of labor by women by Ministerial Directive in certain industries at certain hours. This could possibly hinder the staffing of 24-hour call centers. If it turns out such a prohibition is in place it could be lifted by petition to the Minister for repeal.

Additional Observations on the Export Effort

EXPORT PROMOTION OBJECTIVE – TODAY

Jordan’s unique value proposition value of concerted effort knowledge transfer.

The unique value proposition not only describes what Jordan believes it has to offer, but is what the foreign buyer perceives it is getting when it buys Jordanian.

It is not up to the stranger in Jordan to define the value proposition. The Jordanian value proposition has a good start in the Reach initiative document. Local company executives will need to refine for each individual company its value propositions as time goes by. To the extent that there are commonalities between the individual company’s propositions, the possibilities for concerted effort and knowledge transfer increase.

A value proposition should boil down to a thirty-second speech. In the United States this is called the “elevator speech” because a half-minute elevator ride might be all the time you have to interest a potential client.

In order to determine a value proposition, a review of marketing fundamentals is in order.

THREE GENERIC COMPETITIVE STRATEGIES

Cost Leadership

Product Differentiation

Focus

Cost leadership is a strategy of producing vast amounts of product or service driving the cost to the lowest in the industry. The mission of reach is not to keep costs down but rather to increase employment and the standard of living. Nissan is a cost leadership competitor. Jordan should not strive to compete with China or India, which compete on cost.

Product differentiation is a strategy based on the increased spending on research; development and product quality. Producers who successfully implement a product differentiation strategy can command higher prices and returns. Mercedes and BMW practice product differentiation. While Jordan is likely capable of engaging in a product differentiation strategy, it takes years to develop such a reputation. Jordan should be concerned today with the next four years, so as a result, this is not the immediate strategy.

Focus is the strategy of selecting market segments in which the firm can become the undisputed leader. If the firm is not the leader, then divide the segment until the firm can dominate the segment. Leadership in a niche is the objective. Ferrari practices focus. No, they don't sell many cars, but the value added is high. This is the strategy for Jordan to begin with small target markets in which it can dominate and build a reputation for quality. There are several kinds of information businesses.

INFORMATION BUSINESSES

Knowledge and content creation and management
Software products
Outsourcing "work for hire"

The emphasis in the Reach initiative is on technology. Content businesses are not strictly technology businesses. But technology enables them, and provides a range of opportunities for Jordan.

CONTENT BUSINESSES

Record Management
Medical
Insurance
Call centers
E-mail
On-line stock market
Streaming video
On-line gaming

The synergy between the pure technology businesses and content businesses is clear. The content provider that controls its own technology has the opportunity to drive its own costs down, profits up and increase the attractiveness of its product.

When we discuss software technology, there are two pure models, product and service.

PRODUCT

Firm owns IP
Firm takes risk
Ongoing revenue stream
COTS

SERVICE

Outsourced Development
Work for hire
One time development revenue
Body Shopping

The dream in the software business is to build a product once at low cost and sell it billion times a cost of a dollar per CD or a dollar's worth of transmission across the web. When you do, even if the product is not very good, then you are Bill Gates.

This is the product model, involving a deep understanding of the client's need, some risk and a long-term revenue stream.

If you have software development capability, but not the business analysis or product marketing expertise, then you work for someone else in outsourced development. This is the Service model. The smart provider will learn additional skills from the client while on the contract. Remember the client's intellectual property, designs, code executables, and documentation is work for hire, but the skills once transferred to Jordan will remain here.

The group writing Reach has identified many of these skills as in short supply. From discussions here it is clear that what people do have these skills are doing key will. It should be the goal of all involved to see that the supporting skills are developed to complement the primary skills of design programmers and testing.

Each Jordanian IT Company needs to consider the value proposition for itself. Begin with availability of some of the brightest and best-educated workers in the world, a group that has probably had more international education than any population in the world. This visitor was impressed at the level of bilingual and multilingual skill. He is well educated American, and can barely get along in Spanish.

Consider the company's imbedded knowledge of a target industry. Does your company know medical records or banking or insurance or accounting? If so, then proclaim expertise.

Consider the reception of the company elevator speech by a potential buyer.

The elevator speech is a key element of the sales process in the USA.

The key to revenue is the "solution sale." The solution sale is the polite term for selling to pain. "Pain" is described as follows: an organization will not buy a software product or outsourced development except when it feels pain, a condition that threatens its viability. Software is not bought for prestige or for potential benefits. It is bought to solve a problem in the here and now.

Software may solve an operational problem. It may reduce costs. It may help recover market share.

An organization that does not feel pain will not buy, not now. Only if you can identify the company with pain you can relieve is that company a prospect. The wise and seasoned software producer will dote on the qualified company prospect and quickly move on to the next company if the present target is not qualified.

Prospect qualification is the single most difficult part of marketing, and for Jordan, export promotion. In Jordan, there are relatively few users of IT. After they are identified, they can all be visited regularly. In other markets, the numbers are vast. It is important to spend time on the ones likely to buy and quickly eliminate those without potential.

Within the prospect company one must identify the buyer. The buyer is the person with the pain. You can disqualify the buyer with a single question “what is the single most troubling part of your job?” If the answer is not the pain you can relieve, then you are not talking to the right person.

After that, you need to determine if that person has the authority responsibility and budget to buy.

The decision to buy is fundamentally very simple. It is the choice that reduces the perceived risk of the buyer.

Your elevator speech should address these questions:

- Will you be around when I need you for service?
- Will you offer me the same good deal on maintenance?
- Do you have a reputation with my company, my competitors, or in the industry?
- Are you truly an expert in the field? (industry or process in the case of a product; tool, languages and technology in the case of outsourced development)
- Are you specialized in what you offer?
- In the case of a product, the product will meet the majority of the client’s need. This is what we call a “shrink-wrapped COTS product.

(Commercial Off the Shelf)

- In the case of custom work, tell the client that you use previously developed intellectual property as the basis for a completely custom solution.

But never say that you sell a standard product and custom solutions both.

It confuses the buyer and increases his or her perceived risk. Fast talkers have confused the completed features with the custom features since this industry began. Confusion in this area is one of the most common areas of dispute.

Learning Solution Selling

Learning the Solution Sales approach starts with academic preparation of course, but it is learned by doing. You cannot learn to ride a bicycle at a seminar.

An expert can direct you to start a marketing program overseas. This will be a rote solution likely to work today. This would be the “what to do.”

Without understanding of the “why” the student would not be to change the process and make it better as the market changes.

EXPORT PROMOTION OBJECTIVE – TODAY

Jordan’s unique value proposition
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If employment of Jordanians in IT is to grow to 30,000 by 2004, let us assume that this will require 150 companies of 200 persons each.

From a national perspective it would cost too much in JD for 150 organizations to go abroad, try Solution Selling and learn by trial and error.

It is likely, however, that the Jordanian IT companies, and the ones yet to be started, share enough of the same characteristics, the same value proposition, the same elevator speech, that by making a cooperative effort in the use of the Solution Selling approach, in the target countries, all might benefit from a common marketing program.

During the interviews conducted, it appeared that most companies shared characteristics, but were not competing in the same marketplaces. Therefore a common office overseas, with common management would not cause competition problems between Jordanian companies. It is likely, though that any set of marketing representatives sent overseas would share a common set of challenges. If properly communicated back to Jordan, the companies in Jordan would benefit by the lesson learned by the pioneers.

A reasonable timeframe for posting to the overseas office would be 1.5 times the normal sales cycle time for the respective products and services. In this way an individual could follow the process from identification through closure. This time period would grow shorter with experience gained.

A key presumption for this effort is the transmission of lessons learned back to the Jordan. This would require careful selection of candidates for the initiative.

The opening of the foreign market by Jordanian nationals does not mean that a company needs to remain part of the foreign office forever. For those companies that are not successful, withdrawal is relatively inexpensive; it would not entail office-closing costs. For those companies that outgrow the office, there would be no penalty for withdrawal to a wholly owned office.

In the longer term, it is likely that foreign nationals would be hired as salespeople. This would provide valuable experience in managing foreign nationals, an adventure in itself. And for those many companies who desire to contract with a foreign agent or distributor, the experience of having previously dealt with foreign clients will help them to reasonably evaluate the performance of the foreign partner.

Progression from known to unknown

As Jordan starts an approach to a foreign market (outside the Gulf), it should seek to begin with the smallest number of unknowns.

First, the effort should be to sell to an industry that is known Jordan

Product Knowledge

Medical Records Banking

Banking Training

Insurance management

Hospitality

Communications Skills (training software)

On the Outsourced Development side, the effort should be to sell technologies that are well known in the Jordanian company. The definition of "well known" is area in which there are confirmed experts, where the number of calls in for advice outnumber calls out for help.

Jordan Development Skills

Java

Oracle

C++

Multimedia

Security

After the lists above are completed, it will be a list of current capabilities to take to market. That is number one in the risk reduction strategy, to demonstrate subject matter mastery.

The second is the choice of personnel who will be expected to fill a major marketing role in the future. This will not be a training ground for sales people, but rather an exercise for those whole will be setting export policy upon their return. These people should also be analytical enough to be able to derive lessons learned from failures. While sales are the desired outcome, failure is completely acceptable, as long as they are followed by the extraction of the lesson. The third alternative, static thinking will not benefit the company or the program.

From a theoretical perspective, this effort could be called test marketing.

Best practice says not to use this term. Any IT sale is the real thing.

The people made part of this program will be sent to establish an economic beachhead. They will be compensated with financial reward for success and shame for inactivity. Failure is acceptable as described above. Therefore, the folks sent on this mission need to be motivated.

From a US client's perspective, an office in the US is fundamental. A corporation domiciled in Delaware is good, in case a client wants to sue.

An 800 number, invoices from a US address, Federal employer identification number for the accounts payable file, and probably a non-descript company name, all help to lower perceived risk.

This company could be formed either as a stand-alone for profit company, or as a subsidiary of int@j. A corporation domiciled in Delaware is good, in case the company should ever go public. This company should contact management software religiously. It should be used to learn how fast the faces change behind the desks at prospect companies. The lists developed by the CRM software provide an opportunity for all the companies in Jordan to develop an awareness of who is who in the foreign markets.

The company should get local training in Solution Selling. It should use the process. Close deals. Do not seek to develop brand awareness. Do not advertise. Use trade shows to collect leads and intelligence; but do not expect to do business there. Compensate based on results. Hire local salespeople with experience. Learn from them.

EXPORT PROMOTION OBJECTIVE – TODAY

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The folks you send to establish the beachhead are only the beginning.

Jordan is likely to require 300 international marketing experts to cover the estimated 150 companies. There is no way that the office could handle that many. With a four-month rotation (too short), that would be thirty people (too many). Therefore there must be a way to share knowledge between interested parties in Jordan and overseas. One way to do that would be to develop a restricted access web-based cha board, perhaps sponsored by int@j.

Access should be restricted in two ways, one to people whose primary function is international marketing (systemic limitation), and to people who contribute (societal limitation).

At the request of the audience during the workshop, we moved to matters of individual interest.

International Standards

The IT joke is "The wonderful thing about standards is that there are so many of them."

ISO 9000

In this writer's opinion that versions of ISO 9000 prior to 2000 allow a company to document and consistently perform a process. What the company does right, it will do consistently. What it does not do right, it will continue in the same way. This is a US-centric view. ISO is viewed with considerably more respect in Europe.

The year 2000 iteration of the ISO 9000 series promises more success-based measures and will help its subscriber organizations to improve as a result of compliance.

Capability Maturity Model. This framework for measuring the qualifications for vendors to the US Air Force has been even more successful in the commercial world. The results of a CMM assessment range from one to five. Level one is a given for any company, assessed or not. Level Two is the hardest to achieve, for having achieved level Two, an organization has sufficient knowledge to understand the costs and benefits of moving to levels three, four and five.

CMM will be the subject of another workshop in this series.. This author recommends attendance at that session. Jordan's competitors in India and the Philippines have been particularly aggressive in seeking higher CMM assessed levels. Assessment at higher levels is a very effective means of reducing the perceived risk in a US buyers mind.

Prince. This standard project methodology developed in Britain is a public domain

project management discipline. For those companies in Jordan without a formal methodology, or those seeking a common methodology to employ when multiple Jordanian companies seek to join forces to win a major outsourced development deal, Prince is a good option.

EXPORT PROMOTION

LEGISLATION	RELEVANT ARTICLE	COMMENTS	RECOMMENDATION
Labor Law No. (8) of 1996	<p>Article (20)</p> <p>1st-Subject to Paragraph (B) of this Article, if the worker comes up with a new invention, the employer shall not have any right in such invention even if the worker realizes this invention during his work provided that the employer shall have priority in purchasing the invention.</p> <p>2nd- If the nature of the work entrusted to the worker requires him to devote his efforts in the invention, the worker may participate in the rights pertaining to the invention in no more than (50%) of such rights. In estimating this percentage the scientific and physical effort of the worker shall be taken into account as well as the tools, equipment, constructions and all facilities provided by the employer.</p>	<p>This article entitles the worker to the rights of any “invention” he comes up with during his work.</p> <p>In the IT industry, this creates an impediment to investment and therefore exports of IT products and services particularly in outsourcing operations. For any foreign company to outsource a local company for a specific product or service (work-for-hire), the foreign company always wants to ensure that the Intellectual Property rights remain in the company.</p> <p>Although this Article talks about inventions and whereas software programs are copyrighted works rather than patented works, yet the unclarity of this provision still imposes an impediment on the IT industry.</p> <p>Moreover, IPR issues are all dealt with in the relevant IPR laws and regulations which conform with the international standards. Such laws and regulations sufficiently regulate this matter and</p>	<p>Repeal Article (20) of the Labor Law for the subject matter of such is sufficiently dealt with in the IPR laws and regulations.</p>

LEGISLATION	RELEVANT ARTICLE	COMMENTS	RECOMMENDATION
		therefore there is no need for the Labor Law to separately regulate this issue.	
	<p>Article (69) The Minister of Labor shall, upon consultation with the relevant official competent authorities issue a decision pertaining to the following: One- industries and activities which women shall be prohibited from working in. Two- times where women may not work during and the exceptions thereof.</p>	In the IT industry, there are certain needs for 24 hour business operation such as call centers which are essential to the competitiveness of such companies. Such activities may require the availability of female employees to be working at hours beyond the regular working hours.	IT activities to be excluded from the working hours restrictions applicable to female workers.
The Copyright Law No (22) of 1992	<p>Article (3) Sets out “works” which may be copyrighted. Paragraph (b)(8) provides that computer programs whether source or machine language are considered copyrighted works.</p>	Under this Law, computer programs fall within the protection of the Copyright Law.	
	<p>Article (6) If the work was created for another person, the copyrights thereof shall be for the author unless otherwise agreed in writing.</p>	<p>Under this Article, if the worker creates the copyrighted work, such worker shall have the rights thereof. Unless it is agreed otherwise in writing.</p> <p>Accordingly, if the employer agrees in writing with the worker that computer programs created by the worker are the ownership of the employer, then the worker shall not have any rights thereof.</p>	
The Civil Code	<p>Article (820) 1. If the worker during his work succeeds in a new invention or discovery the employer shall have no right therein except in the</p>	Under this Article the employer may stipulate in the employment contract that all inventions and discoveries are his.	

LEGISLATION	RELEVANT ARTICLE	COMMENTS	RECOMMENDATION
	<p>following cases:</p> <p>One- If the nature of the contracted work has the said objective.</p> <p>Two- If it is expressly agreed in the contract that he shall be entitled to all the inventions of the worker.</p> <p>Three- If the worker achieves his invention through the means which the employer has put at his disposal to be used for that purpose.</p> <p>2. But if in the preceding cases the invention or discovery has a great economic importance the worker may claim a special consideration subject to the requirements of equity and the assistance the employer had provided.</p>	<p>Nonetheless, under Paragraph (2) still the worker may claim some rights in case the invention or discovery has great economic value.</p>	
<p>The Patents Law No. (32) of 1999</p>	<p>Article (5) The right to a patent shall be granted as follows:</p> <p>1st-To the inventor or to whomever the patent ownership passes thereafter.</p> <p>2nd- Joint effort...</p> <p>3rd- 1. To the employer, if the invention is a result of an employment contract which requires the employee to carry out a particular inventive activity, unless otherwise stipulated in the contract. 2. If the economic value of the invention is not foreseen by the employer and employee upon concluding the contract, then the inventive employee shall be entitled to a fair compensation proportionate to such value.</p>	<p>Under this Article, the right to a patent is granted to the employer if the contract requires the employee to carry out the inventive activity.</p> <p>If the invention was realized by an employee not required by the contract to carry out an inventive activity, then the employer may own the patent yet the employee shall be entitled to a fair compensation.</p>	

LEGISLATION	RELEVANT ARTICLE	COMMENTS	RECOMMENDATION
	<p>If the two parties fail to reach an agreement regarding the amount of compensation, such shall be determined by the competent court.</p> <p>4th- 1. If an invention of relevance to the field of activity of the employer is made by be an employee not required to carry out an inventive activity by the employment contract and if such an invention is made through use of expertise, documents, tools, or the raw materials of the employer placed under the employee's disposal, then the employee shall immediately notify the employer in writing of the invention. In such case, the employee shall be entitled to the patent, if the employer does not express in writing an interest in owning the patent after the lapse of four months from the date of notice, or the date the employer becomes aware of the invention, whichever is earlier.</p> <p>2. If the employer expresses his interest in owning the invention within the period stipulated in subparagraph (1) of this Paragraph, then he shall be entitled to the patent as of the date the invention was made. The employee shall be entitled to a fair compensation which takes into account the significance and the economic value of the</p>		

LEGISLATION	RELEVANT ARTICLE	COMMENTS	RECOMMENDATION
	invention, and all benefits accruing therefrom to the employer. If the two parties fail to reach an agreement regarding the amount of compensation, it shall be determined by the competent court.		
Income Tax Law No. (57) of 1985	Article (3)(B)(2) (20%) of the net income, after deducting the foreign income tax, of the Jordanian companies branches operating outside the Kingdom as declared in their final accounts which are certified by an external auditor shall be taxable. In all cases the net amount resulting from applying that percentage shall be considered a taxable income to the company and shall be taxed at the rate for companies as stipulated in clause (2) of paragraph (B) of Article (17) of the Law and no payment or portion of it may be deducted for any reason.	Under the Income Tax Law revenue accrued from exports is tax-free. However under this provision, income derived by branches of Jordanian companies operating abroad is taxable. This includes earnings derived from exportation as well. This may impede the operating of branches of IT companies abroad which may be operating as sales offices only and therefore exports carried out as a result of the activities of such branches are taxable contrary to exports of Jordanian companies operating in the Kingdom.	
	Article (17)(B)(2) The tax on taxable income of companies shall be charged as follows: 2) At the rate of 35% of that income for banks, financial companies....		
Investment Promotion Law No. (16) of 1995	Article (3) Any project falling within the following sectors shall enjoy the exemptions and benefits provided for under this Law: One. Industry Two. Agriculture Three. Hotels	Computer software services and products (programs) are considered services and not industry. Accordingly such projects do not fall within the application	To include the IT sector specifically in the sectors benefiting from the exemptions and benefits of this Law. Including the IT sector in this Law would

LEGISLATION	RELEVANT ARTICLE	COMMENTS	RECOMMENDATION
	<p>Four. Hospitals</p> <p>Five. Maritime transport & Railways</p>	<p>of this Law.</p> <p>At present, the IPC treats computer software projects as “industry” and accords them the same benefits and exemptions of industrial projects. Nonetheless, it would be beneficial and more certain to include the IT sector explicitly as one of the sectors that benefit from the exemptions and benefits provided under the Law.</p> <p>At present a proposed amendment to the Investment Promotion Law is being carried out which will include specifically the IT sector.</p>	<p>further enhance foreign investment in this field which would eventually positively stir exports of this sector.</p>