

## **The Oretical and Analytical Study of Tax law in Jordan according to the Two Laws: Income Tax and General Sales Tax, and Making Comparison between Tax incomings from 2004 till 2009**

**Dr. Fares Jamil Al\_Sufy**

Assistant Professor

Al-Isra University

College of Business Administration and Finance

Amman- Jordan

E-mail: Fares\_ea@yahoo.com

**Dr. Saeed Mikhled Ahmad Al-Naimat**

Assistant Professor

Department of Accounting & Accounting Information System

Amman University College for Financial & Administrative Sciences

Al-Balqaa Applied Sciences University

Amman – Jordan

E-mail: Saeed\_alnaimat@hotmail.com

### **Abstract**

*Taxes had appeared for the purposes of sending on the needs of societies. The authority was the only party authorized to collect taxes. Therefore, the appearance of taxes has associated with appearance of state. In This study, the researchers aim to highlight on the provisions of the Jordanian tax laws for the years 2003, 2009. From theoretical and analytical point of view, this study discussed the Jordanian tax laws and gives a framework for the decision makers. It presents the concept, types and classification of tax. In addition, the characteristics, ways, methods of tax system in Jordan also has been discussed thoroughly. To support and enrich the present study, we used the data extracted from the budget law for the years from 2006 to 2009 to make comparisons.*

*The study concluded that taxes revenues for 2009 have increased especially in the beginning of that year as a result to the increase in profits and incomes and taxes on income and profit with a rate (58.7). Moreover, the national collecting tax fund is related to different forms of sectors. For example the industrial sector came first with participation 24% and then commercial sector, service sector respectively. Also, through analyses, it is observed that there is noticeable increase in collective activity of department. Tax department have depended on collecting their revenues from different sectors basically from industrial sector in collecting funds from sales taxes, in addition to import sector. Tax department income depends on collecting funds from different sectors definitely, from financial corporation, banks and general joint stock companies. We also find that Jordan government directs towards increase its interests in taxes revenues in general because it forms high rate based upon to prepare it general budget of state. Thus, the total amount of collected revenues of every year is in continuous increase because there are no natural recourses which Jordanian government can depend on to meet its needs.*

*The study recommends with the necessity of holding training courses in order to connect financial and accounting cadre. Escorting amendments required for development of financial and accounting legalizations, is foreordained cadre with every update legislations and comprehension of mechanism of dealing with such legalizations. Also, the tax department should set training programs and scientific symposia which contribute to develop the financial and accounting cadre in facilities which submit the tax statements. The use computerized taxation accounting system allows to get information of taxes relates to accounting system, more precisely, information have a positive effect for facilities connected tax departments. Finally, connection of taxation legalizations and their amendments with computerized taxation accounting system permits increase in number of those covered with submitting taxation declaration and spread of servicers submitted by tax departments.*

### **The Concept of Tax**

The concept of tax was not the same always. Whereas the human societies were not established, taxes had not emerged yet. Such kind of age is distinguished by self-sufficiency and simple living condition. There was no common relation between people. Consequently, the opportunity was not prepared for presence of taxes.

However, with the development of human life and stability of human groups, the need for securing protection, internal and external security of these groups has appeared. This went along with the authority which promised to security and protection. Consequently, taxes had appeared for purposes of spending on the needs of societies. The authority was the only party authorized to collect taxes. From that, we can notice that appearance of taxes has associated with appearance of states, stability of societies and their development.

### **Definition of Tax**

It is an amount of money imposed by public authorities on natural or artificial individuals according to their taxation potentialities finally, at no cost order to cover the general charges and to achieve different economic and social targets.

### **Goals of Tax**

There are several goals which the state attempts to achieve by imposing the tax, on the top of these goals is the financial goal in addition to other social and economic goals which the state attempts to achieve through imposing the tax.

### **The Social Goals of Tax**

Some people think that only goal of imposing tax is financial goal through attempt of state to collect money from citizens in order to cover its monetary expenditure.

Whereas there are several social goals which can be achieved through imposing tax which can be summed up as follows:

- 1-re-distribution of wealth between people: the general principle of the biggest part of it falls upon people of high income, on the contrary, what is collected of tax is spent to cover the state expenses on health and education services, etc.
- 2-To limit some bad or unwanted habits in community: there are some bad habits or behaviors which may be unlovable or unwanted and which the government seeks to get rid of and to limit, e.g., smoking, crackers and some amusing commodities.
- 3-Birth control in society: in some societies which suffer from population explosion, tax may be imposed for every child after a specific number of children, when on the other hand, tax exemption is granted for every child of family in the states which encourage birth-giving.

### **Economic Goal of Tax:**

**1-It works to encourage local industries and to protect it from external competition:** government may resort to protect some local industries which are unable to compete the imported goods via imposing taxes on the imported goods; therefore, these increases the prices of imported commodities which leads to creation of competitive circumstances of commodities manufactured locally.

Form abroad this system is most common and applicable at the present time due to its flexibility in application of state policies, economic and social the tax goals.

### **2-indirect and direct taxation:**

Direct taxation: the one which is deducted directly from individual income and funds, the object of tax.

#### **Advantages of direct taxation:**

- a. Justice in taxation because taxes Del with the potentiality of taxpayers, not their business.
- b. Fixedness in outcome.
- c. Economy in tax collection by whereas sit does not need except for small number of employees whose task is to determine financial ability.
- d. Increase of taxation awareness whereas the individual awareness, observance and prudence from governmental expenditure.

#### **Disadvantages of indirect taxation:**

- a. Individuals feeling of taxes burden.
- b. Non-availability of outcome due to the first reason which lead to tax- evasion.
- c. Non-availability of flexibility factor because of lack of ability to change as soon as possible.

The most examples are income taxes on individuals, companies and taxes on capitals and properties.

**Indirect taxation:** Consisting in taxes imposed on certain classes or commodities. Consequently, consumer pays the tax in case of purchase of such commodities.

Types of indirect taxation:

- Sales taxes.
- Value-added tax.
- Customs tax.

- Taxes on transport.
- Tax on departure to the border of state.
- Taxes on transfer of properties, shares, stamps, formalities fees and etc.
- Tax on production as extraction of groundwater or minerals.

### 3. Personal Taxes and Taxes on Money:

- Personal tax: It is a kind of taxes which takes into considerations the financial and social status of taxpayer, for example; if he is single or married.

- Taxes on money:

It is taken from income or martial which is subject to tax basically without taking into consideration the financial and social condition of taxpayer who will bear

Noah Muhammed Ebrahim- taxation accountant: practical and theoretical study in comparison with Libyan taxes legalization - Libyan University- Faculty of Commerce.

#### Characteristics of a Good Taxation System

A) Justice or equality: it means that making taxation system should be fair between taxpayers in the process of determination of tax which should be paid by them and to side with specific class with the exception of presence of some objective reasons ,e.g., exemption of some persons who are injured with some handicaps or diseases from taxes

B) Certainty and clearness; it means that taxes system should be clear and definite for taxpayers in way which does make the taxpayer under sudden in interpretations or changes which may affect negatively upon way of his money and income management.

C) Suitability: taxation system must take into consideration the interest and conditions of taxpayer and not be obstacle to interest and ambitions of taxpayers. This includes the necessity of collecting tax value during the periods which fit the condition of taxpayer.

D) Economy: taxes incomings should be more than expenditures borne by state in the process of taxation and levy , that is to say savings should be achieved for state coffers .if tax incomings do not cover expenses and levy of taxation ,the principal goal of tax which the financial one is absent .And tax is a burden upon employees.

E) The interest of State : the interest of state is achieved of what the tax saves of funds contributing into covering its different expenses in as much as it helps it to achieve its political and social policy.

F) The interest of taxpayer: the interest of taxpayer is achieved by taxes in as much as the taxation is not obstacle to his ambitions and benefits from his investments. And his interest is achieved through what is saved by taxation.

#### Ways of Tax Estimation

There are many ways which the government resorts to in order estimate taxpayer's income and subsequently estimation of due tax .The most important ways are the following:

- 1- Personal estimation
- 2- Administrative estimation which includes:
  - a) Estimation according to taxpayer's sayings and records.
  - b) Random estimation
  - c) Estimation according to external appearances.

Personal estimation (method of declaration): the taxpayer estimates his income which is subject to taxation and the amount of due tax. He completes tax declaration voluntarily according to instructions and procedures issued from taxation authorities in state, and pays due tax .The method of personal estimation is distinguished by saving time and expenditure for government treasury. It creates an atmosphere of trust between taxpayers and state however, the defect which directed to this method is the possibility of play and fraud by some taxpayers in estimation of their income and due taxes.

Administrative estimation: taxpayer's income which is liable to taxation and due tax by taxation authorities according to available information about taxpayer. It is resorted to this method if the taxpayer fails to estimate the due tax by the method of personal estimation way. Administrative estimation may take several forms:

- a- estimation based on taxpayer's sayings and records: by this way, tax estimator estimate taxpayer income and due tax according to records and documents that he has, however, if these documents are not available, estimator estimates tax based on taxpayer's sayings and available information about taxpayer himself in taxation department or comparison with sectors which are similar to taxpayer activity through which the required estimation is done.

b- Random estimation: estimation of income of some taxpayers is done randomly in case of non-cooperation of taxpayer by giving inaccurate information about his true income or not submitting his records and calculations of income taxes for audit

c- Fixed tax: a kind of taxation which imposed by state with a fixed value on specific sector of similar nature and income due to nonavailability of enough tax information or in order to save time and effort in taxation and levy regardless of real income which in turn causes harm to taxpayer or treasury whether estimation is more or less than real income.

d- Estimation according to external appearances: estimation of taxpayer income is done and due tax according to external appearances of taxpayer e.g. his house and what he has of servants ,cars and the like.

e- Lump sum tax: it is imposed on specific sector with a **definite** taxation according to the volume of withdrawals and purchases of specific sectors e.g., withdrawals of pharmacies from drugstores and withdrawal of flour for bakery or the value of tenders achieved by companies of contracting works.

### **Tax ratio and averages**

Tax average presents percentage that determines tax value which is must be paid by taxpayer and it is divided into three kinds:

- Descending tax average: this kind shows that taxes average decrease whenever the income increase, that is to say, the total sum of tax often increases whenever the income increases.
- Fix or relative average: this kind shows that tax average is fixed regardless value of taxable income. This kind is distinguished of achieving fairness among taxpayers whereas it equates the calculated average of individuals' income.
- Progressive tax average: this kind shows that tax average increases with increase in income, this income is Usually distributed into different slides A specific tax percentage is imposed on ever}' slide with increase of number of slides taking into observing that there is progressive in tax percentage .
- (Banks, Insurance and Financial cooperation, and industrials companies and Hotels) use rate of fixed tax between different sectors, whereas the progressive tax rate is used for natural person)

### **Methods of levy**

1-levy from the source: tax has been collected from taxpayer f at the point of achieving the income directly .tax is deducted before delivering income to taxpayer, e.g., salaries and wages

2-levy from taxpayer after achievement or delivery of income: Tax is collected from taxpayer after getting income or delivering it.

3- Levy in advance: taxpayer estimates the due tax monthly or quarterly.

### **Tax justice**

It is considered one of the most important taxation system characteristics which legislator should observes during making taxation laws. The concept of justice in general is relative which may differ in interpretation from one person to another. On the other hand, achievement of justice in some matters that man sets is not achievable in full, so decision on any system or law is done according to the limit of achievement of justice , not being fair completely.

### **Shapes of taxes justice**

1- Horizontal fair: it means treating all taxpayers equally according to their income and social and economic state with respect to taxes collected from them.

2- Vertical fair: it means that taxpayers are different in income and social and financial states. They are treated differently in terms of taxes collected from them.

We notice that the concept of application of horizontal justice is an easy and clear matter but difficulty is in application of vertical justice which is the most common between taxpayers. Majority of taxpayers are different in their incomes and their social and economic status .It is taken into consideration two principles for guidance in distributing tax burden upon taxpayers and consequently achieving tax justice, these principles are the following:

- a- Principle of utility: every individual in society pay an as sum of tax which is fit with the quantity of benefiting from government services, it is named by pension theory.
- b- Principle of ability to pay: every citizen should participate in different expenses of state according to his ability to pay.

### **Characteristics of tax income law in Jordan:**

1- Uniform tax system: all sources of taxpayer income which is liable to tax , are limited in one base .it is imposed upon them one amount according to tax slides .

2- tax Person: tax is imposed on taxpayer himself whether he is natural or artificial .It is according to tax slides stated in law.

3- Tax Annuity: it is the period for which the taxpayer should pay for all sources of his income which is liable to tax. for this purposes the calendar year is adopted for start and end of tax annuity which is 12 months according to activity which is liable to tax.

4-Spatiality and territoriality of tax: it means economic subordination in taxation upon income which is Hable to tax , it means that criterion of taxation is geography and spatiality of income in any region inside Jordan which is liable to tax regardless of political dependence (nationality) for Person of income In return there is another principle which is called the principle of political dependence adopted by some countries which requires from taxpayer to pay the due income tax to the country where he belongs to (holding its nationality).

5- Tax Progression: the progressive rate in tax calculation is on individual incomes because these rates achieve justice between taxpayers whereas tax increases whenever income increases.

6- Investment of capital and result of effort (work ) it may imposed on both:

7- It means that tax is imposed on profits that investor gains from his money only, as the case of money corporations. It is also imposed of result of effort (work) and on employees and workers and it may be imposed on both (capital and effort)

**Slides of Taxes and classes**

A- Tax is collected from the income which is subject to any natural person according to the following classes:

Per each Dinar out of (2000) first 5%

Per each Dinar out of (4000) the following 10%

Per each Dinar out of (8000) the following 20%

Per each Dinar coming next 25%

c- Tax is collected from income which is subject to tax for any artificial person or company according to the following:

1-With a rate of (15%) from the income that comes out from project in all of the following sectors:

a- mines

b- Industry

c- Hotels

d- Hospitals

e- Transport

f- Constructional contracting works

2-With rate of (35%) from income which is liable to tax that comes from Banks and money corporations.

3-With a Rate of (25%) from income which is liable to tax that comes from the following:

a- Insurances coampnies

b- Exchange and agency

c- Communications

d- Services and commercial and other different companies

e- To any other artificial person.

From law : Income Tax, law no. (39) Year 2003 and its amendments.

It is issued recently law of temporary in come tax for year 2009, put into effect as from 1/1/2010 whereas taxes slides are amended as following:

|    |                           |   |              |
|----|---------------------------|---|--------------|
| 12 | tax slides of Individuals | First 12000 tax rate :7%<br>Over that with a rate 14%   | Article 11/A |
| 13 | Tax slides of companies   | 24% on insurance and Communication companies ,<br>Financial agencies , exchange<br>And financial companies and<br>Companies of financial hiring<br>30% on Banks<br>14% on all artificial persons who<br>are not mentioned before. | Article 11   |

**The Concept of Taxes Incomings**

General budget is considered the basic tool which influences social and financial Status. It expresses the government method. Tools of budget change according to change of political and economic system. Budget is consisting of two parts:

Incomings that include the following:

A-Direct and indirect tax incomings, customs tariffs, tax on local formalities and on sales.

b-non-tax incomings: it comes from overflow from different governmental sectors and profits of petroleum companies, fees of and registration, stamps, licenses and interest of giving back loans.

Expenses include the following:

a-current expenses: they are wages and administrative expenditures

b-investment Expenditures: consisting of expenses on developmental projects.

Budgets plays and important rule in redistribution of national income among Classes of society by deducting a rate of incomes of classes which have more incomes, profits. It is distributed into projects from which all social classes take benefit e.g., project of basic structure project, education, health and social expenditure on majority of people. It is a tool of government to influence economic activity and achieve more stability.

### **Tax evasion**

Taxpayer does some works and acts which are in contrary to law of what decrease the due tax. It is divided into two parts: illegal tax evasion and tax planning. Some people called this kind as lawful tax evasion but this expression is not desirable because of the contrast between the meaning of "evasion" and lawful of evasion, so it is nonsense to have lawful evasion so the most suitable word is "tax planning or tax avoidance". Unlawful tax evasion: the taxpayer does some works and acts which are in contrary to law of what decrease the due tax. It is divided into two parts: illegal tax evasion and tax planning.

a- taxpayer forges his documents and records to play with the sources of his income and expenditures : It is common among some classes of taxpayers who have two kinds of documents, one of them are correct to extract his income , and the other is not forged used for the purpose of submitting to taxation authorities .

b- To hide some sources of income completely: taxpayer may have more than one source of income, but he declares at competent taxation authorities about some of such sources and he hides the presence the others. Consequently, levy is done for the part declared about. It is also another case may come under this item taxpayer does not go to taxation department although he is subject to tax , so he does not pay any taxes.

c- evasion during stage of levy: estimation of taxes on taxpayer may be done correctly but he evades settling the due sums ,whether by procrastination or smuggle his money abroad.

d- Play with ownership of income source: taxpayer may transfer his property formally tu charity which is tax-exempted nevertheless, he holds the actual control over the source of income in order not to pay tax or to reduce its amount.

Most countries apply different penalties to put an end for illegal tax evasion Punishments vary between penalties and punishment of jailing. As to Jordan .many-detering punishments have been set according to the text of new law of income tax put into effect on 1/1/2010 in article 55/A: Article 55- It is sentenced to jail for period does not less than a month and does not exceed more than one year and with a penalty which is not less than 500 dinar and does not exceed 1000 dinar on every man who evade for paying tax or attempts to evade for paying tax or help or motivate others to avoid tax payment .who dos any of the following acts:

1-submitting tax statement according to incorrect records and documents to the best of his biowledge or giving data which are contradictory to what is stated in records or documents that he hides.

2-submitting tax statement on the basis of non -availability of records and documents, with insertion of data which are contradictory to what is stated in records or documents that he hides.

3-Intended damage of records and documents related to taxation before expiry of limited time according to the rules of this law.

4-Change or alteration of sale and purchase invoices and other documents to deceive tax department with decrease in profit and increases in loss .

5- To Hide any activity or part of activity which is taxable.

b- In addition to fine punishment, punishment of jailing becomes from 3 months to 2 years in case of repetition for the first time and punishment of jailing becomes from 4 months to 2 years for any other time.

Tax Planning: organization of sources of taxpayer's income in a way which decreases the value of tax required. One of tax planning is that taxpayer does not do any taxable acts or activities, or he may do some activities that are subject to less taxation rate, for example; taxpayer does not deal with taxable products like imported commodities, or deals with untaxable commodities as commodities which are manufactured locally, or directs towards investment in tax-exempted sectors as agriculture sector in Jordan. Unlike illegal evasion, tax planning is not liable to punishment by law but it is considered among the legal whose doers is not liable to any punishment by law. Tax planning evasion may be inspired and encouraged by government to achieve some economic and social goals to encourage certain sectors.

Comparison between Taxes incomings from 2004 till 2007:

Government estimates the value of levy for year 2004 about milliard and (186) million dinars, it forms rate (51.6%) from state budget funds and (65%) from local funds. These taxes are distributed into income tax which the government expects that the ratio of its collection will be (212) million dinars, taxes on sales which the government expects that the ratio of its collection will be (700) million dinars and customs (190) million dinars and taxes on local formalities (84) million dinar. Outcome of tax incomes has increased to (108) million dinars approximately during the first two months of this year in comparison with same period of last year according to monthly financial circular issued from ministry of finance.

This circular shows inflation in budget added up to 302 million dinar after aids during the two months of January and February of this year. Increase in taxes incomings results from increase in income tax about 603% which represents 58% of increase while sales tax increases to be 42 million dinar and representing the total of increase. Economic experts say that increase in tax incomings shows the economic activity which adds to improvements in levy and then the tax incomings has formed a rate of 72.1% of local incomings added up to 951.1 million dinar till the end of last April.

Non-taxation incoming in state budget: government collects from it (600) million dinar in 2004 with a rate added up to (26.1%) of state budget incomings (32.8) million dinar from local funds, collected from licenses (34.5) million dinar and tariffs (241.5) million dinar and incomings of general establishments (69.2) million dinar and exchange of governmental services (22.1) million dinar and other revenues (237.75) million dinar. Ministry of finance- general department of state budget.

**Taxable Income**

It adopts the Principle of territoriality and spatiality of income tax as one of important bases that law of taxes is based on. This principle includes that criterion of taxation is the place and geography of income regardless political dependence (nationality) of income owner. It means that all incomes gained inside Jordan are taxable. It is clear on the article text of 3-A- of new law of income tax for year 2009 put into effect as from 1/1/2010, as following:

Article: 3-A, any income comes to any person in kingdom or gained regardless of place of settlement is liable to tax including the following incomes.

- 1- Incomes of activities and services of works.
- 2- Interests, commissions, discounts, money exchange, profits of deposits and others profits that come from banks and other artificial persons..
- 3- Tributes
- 4- Income that comes from selling goods which are produced in Kingdom whether they are sold in kingdom or exported from.
- 5- Incomes that come from hire or sale of movables in Kingdom
- 6- Incomes that come from hire of real estates in Kingdom and income of in need of places or need of some others.
- 7-Incomes that come from hire of immaterial assets which are available in Kingdom in addition to reputation .
- 8-Incomes come from due insurances installments according to insurance agreements, and reinsurance against risk in kingdom
- 9-Income that comes from communication services with all their forms in addition to International communications.
- 10- Income that comes from transport between Kingdom and any other country.
- 11- Income that come from re-exporting
- 12- Exchange of services that person, non-resident in Kingdom, gains resulting from a service he has submits to any person if practice of work or activity related to such exchange in Kingdom has been done or if outcomes of this services have been used in Kingdom.
- 13- Income of lottery and prizes profits if their value exceeds 1000 dinars whether in kind or in cash.
- 14- Income that comes from any contract in Kingdom as profits of commercial agencies and companies and the similar whether its source may inside or outside the Kingdom
- 15- Any other income of employment or any acts or investment not exempted according to the rules of this law.

b- For the purposes of this law the value of income in kind is calculated according to price of markets on maturity date of such income.

c- Taking into consideration what is stated in paragraph (d) of this article, any income gained to the person, resident in kingdom from sources outside kingdom is taxable, on the condition that the income is resulting from funds or deposits.



D-rate of (20%) net income is taxable after decrease foreign income tax which is achieved by branches of Jordanian companies that work outside kingdom and announced in their final accounts accredited by external auditors. In all cases, the net amount resulting from that rate is considered taxable income for corporation and rate is imposed with the ratio stipulated for companies in item (3) of paragraph (b) of article (11) of this law. It is not allowed to decrease any sum or any part of such sum for any reasons.

Despite of what is stated in any law, council of ministers can impose a tax any profit of any investment activity or annual revenue inflation for any official or public establishments. All achieved incomes inside kingdom are taxable except if explicit text exempts them from taxes regardless nationality of taxpayer or this place of residence. All achieved incomes in kingdom are taxable regardless of their sources whether lawful or unlawful, on other word, if income of taxpayer comes from smuggling or work with marred trade, are considered taxable.

New law of income tax- law no. (28) for year 2009.

## **Tax incomings**

### **Introduction**

Tax incomings are one of the most important resources of local income, whereas the incomings from local income represents the biggest percent of general budget elements for any country specially for the governments which does not depend on natural resources as (petroleum). In this course if we examine local revenues in Jordan, we find that the basic element of funds resources in general budget of this country of local funds, (taxable and untaxable). So we are going to talk about taxable local funds.

### **In Jordan, incomings are divided into two parts:**

1-taxes on funds: sales taxes.

2-taxes upon individuals: income taxes

Taxes revenues have increased on January 2009 to be more than half milliard dinars, with a rate (22%) in comparison to what was expected to general budget at that period for year 2009, to be more precise, taxes revenues have added up in that month of this year (508.345) million dinar including funds from taxes on entry added up to (383.61) million dinar and tax funds, taken from sales taxes.

In comparison with same month of last year, whereas tax funds of taxes have added up to (417.32) million dinar that have included revenues of taxes on entry and sales. We have found the real increase in the beginning of this year in first month (January) as result to the increases in profits and incomes and taxes on income and profit with a rate (58.7%) it leads to increase in local revenues.. Rate (92.4%) of such increase occurred on the total of local funds to be (570.3) million dinar. And rate of increases about (33%). It refers that outcome of taxes on income and profits increases to be (91.03) million dinars but the rest is the outcome of taxes collected by other governmental units. They are tariffs and licenses which have increased to be about (10) million dinar over than its value in same month of last year.

Upon talking about tax funds regarding the first quarter of current year, we find out revenues of taxes have formed total of general growth whether in revenues or expenditures whereas the amount of total growth of tax revenues has added up to (127) million dinar in the first quarter of current year about over than amount of same period of last year with growth which is estimated in the law of general budget for year 2009 with an amount of (13) million dinar whereas tax funds

Estimated in budget law in year 2009 with amount (845) million dinar.

Upon study of tax funds of previous years, we find that they have formed growth and different from one year to another, this may be related to the following:

\*increase in slides of society who are taxable.

\*increase of governmental direction towards

Ncrease in outcomes of total of tax funds..

\*in addition to facts of economic crises which have influenced such years.

We accept that taxes revenues are the most important main sources of treasury as it is stated (we must draw attention to) that most of them are taken from citizens pockets who paid taxes. Total amount of taxes funds during 2008 has added up to (2300) million dinar with a rate of (70%) of total of local funds, collected from taxes of (sales and income) with increase (328) million dinar, with a increase rate about (16.7%) for sum collected in 2007 which has added up to one milliard and 971 million dinar: Where general tax funds on sales have added up to one milliard and 685 million and 88 thousand dinar with increase added up to 211 million 94 thousand dinar, rate of increase about (14.4%) where funds of income tax are (614 million and 91 thousands dinar) with increase added up to 116 million and 5 thousand over same collecting in 2007 that became 498 million and 86 thousands dinar with increase rate about (23.4%) than last year 2006.



These funds collected were from taxes of income and sales, so far taxes of sales have formed rate about (73%) of collected funds in 2008 and revenues of taxes of entry about (27%) of total funds collected in the same year 2008

In 2008, participation of law and middle slides has increased in revenues of taxes because their most funds of these slides go to be spent on initial needs, not for saving and (16%) is transferred in the interest of sales tax. International dependence in collecting tax funds is related to different forms of sectors, and their rate of participation out of total amount of collection of sales tax for 2008 is as follows:

- Industrial sector has participated with rate (24%) .
- commercial sector has participate with rate (18%)
- \_service sector has participate with rate (12%)
- \_rate of participation from import about (45%) to form in final the total of collecting of general taxes on sales added up to one milliard and 685 million and 88 thousand dinar

Rate of different sectors participation is from the total amount of collecting of taxes on income for year 2008 has been as following:

- financial corporation sector and banks have participated with Rate (36%)
- public companies sector (other than financial joint stock Companies or banks) has participate with rate (35%)
- private joint stock company sector has participated with rate (0.03%)
- individual sector has participated with rate (12%)
- employees sector has participate with rate (8%)
- the arte of participation from tax on social services has added up to (12%) to form finally (total amount that come from taxes on income for year 2008) 614 million and 91 thousand dinar.

In 2008, tax departments have depended on collecting their revenues from different sectors basically from industrial sector in collecting funds from sales taxes, in addition to import sector. Tax department income depends on collecting funds from different sectors definitely, from financial corporation, bank and general joint stock companies. However, through analyses of monthly revenues for year 2008 of department, it is observed that there is noticeable increase in collective activity of department during the last two months of year 2008 because of activation collection strategy whereas increase rate in November 2008 in comparison to same period of collection of year 2007 has added up to (19%) but increase rate in October 2008 in comparison to same period of collection of year 2007 has added up to (10%)

It is noticeable that there is increase in collections of two month (April and June) of year 2008 in comparison with rest months of same year in addition to collection of first month of year 2008. In this report, we find that Jordan government directs towards increase its interests in taxes revenues in general because it form high rate based upon to prepare its general budget of state. For that, we find that total amount of collected revenues of every year is in continuous increase because there are no natural resources which Jordanian government can depend on to meet its needs that have reached in first month of previous year 2009 about (418.2) million dinar with increase rate about (13.2%) than previous year , in comparison with same collected funds of same month , we notice that government has achieved real saving in general budget without any external assistances which is equal to(152.1)million dinar, for (247.1)million dinar for same month of year 2008 from total local revenues (taxable and untaxable).

#### Total of stated funds and total of amended funds in statement of personal estimation:

Till 22/4/2009 the number of reports delivered by income department has been reached to about (68670) reports from taxpayers who are charged to submit statements of personal estimation according to instructions no.(3) for year (2002).in February, a great number of statement has been delivered big rate, added up to (35%). The tax reached stated in taxpayers' statement and delivered by tax income department has added up to (12230905) dinar. But it is amended according to stipulations and instructions of tax income law no(39) for year (2003) to be (12229619.66) with deviation (amendment) added up to (1285.34) in the interest of taxpayers the reason is due to exemptions which have been given by income tax law two taxpayers.

Despite of decrease in number of statements of personal estimation delivered in April on (22/4) the stated tax in statement of personal estimation till this date has scored the greatest value in comparison with other months of the same year, in other words, it is added up to (70974455)dinar. Tax amended by income tax department has added up to (71003061) dinar, in other words, with deviation of (variation) (28606) dinar in the interest of tax income department.

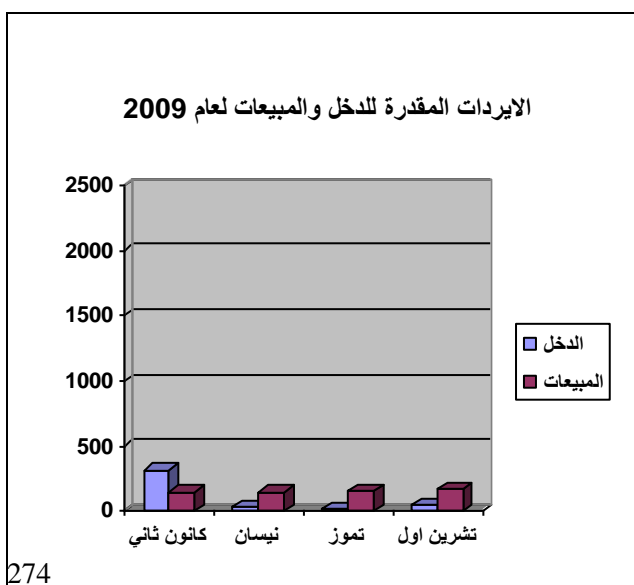
In comparison between the first quarter of year (2009) and same period of previous year (2008) the first quarter of year (2009) has witnessed noticeable increase in number statement delivered in the first month (January) of year (2009) which have added up to (15035). In comparison with same month of previous year, we find that number of statements delivered by tax income department has increased to (5930).

Upon comparing the amount of tax stated and amended in first quarter of this year with first quarter of previous year we find the increase in number of statements delivered has been followed by noticeable increase in total amount of tax stated for such period, added up to (102951526) dinar. In comparison with same period of last year (2008) we find out that total amount of tax stated in such period has added up to (81999650), in other words, increase about (25.5%) than last year(2008). Tax amended by tax income department has added up to (102958355.66) in comparison with the same period (first quarter) of previous year, we find that total amount of tax amended has added up to(84611951.75). This increase of this amount is due to increase occurred to the total of revenues stated and submitted to department (department of income tax) by taxpayers. Upon talking about total of tax revenues stated in statement of personal estimation and delivered by department of income tax and amended according to laws and instructions of law of income tax no (39) for year(2003) which amends the law no(57) for year (1985) during the period(1/1\_3/12/2008); we find that the total of statement delivered by departments of income tax has added up to (102984).

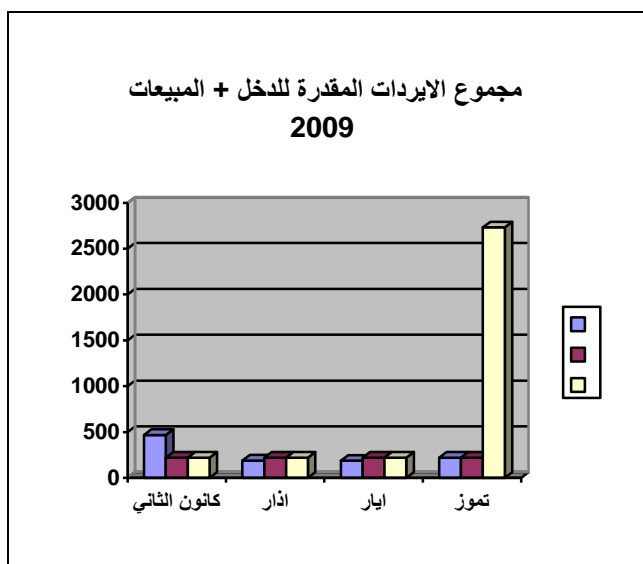
The rate of statement delivered in April of such period has added up to (29.23%) in such statements. It is the topmost month in the number of statements delivered whereas the number of statements delivered in that month has added up to(23992) the tax stated in such reports is about(278131817) dinar. And tax amended by department has added up to(312208692.555) dinars, with rate of amendment (deviation) added up to(34076875.555) dinar in interest of department of income tax.

Number of reports delivered on januaer/2008 is added up to 2289 with rate of (2.22%) out of total number of statements delivered, whereas this month is considered the lower month as for the number of statement delivered from taxpayers to department. Upon talking about amount of tax stated and amended for the period of(1/31/12/2008) the tax stated in august in statements of personal estimation whose number is(4699) what it value is(1266870)dinars. Upon amending it based on instructions and laws of income tax and amount of amended tax for that month has added up to (1269551.75), difference between tax stated in statements of personal estimation and delivered by department of income tax and tax amended by department of income tax is (2681.75)dinar in interest of income tax. But that month shows lower tax stated in statement of personal estimation and delivered by department of income tax and lower tax amended according to laws and instructions of department in effect to reach the net income of taxpayers.

In conclusion we find that April month is the greatest month with respect to number of statement delivered and tax stated in statements and tax amended by department of income tax this due to non-availability of what is called additional taxes and penalties for such period on those who submit statements of personal estimation. We also find that month of(October) of year 2008 shows difference between taxes stated in statements of personal estimation according to instructions and law of income department with deviation added up to (615)dinars in interest of taxpayers whereas amount of taxes stated in repots of personal estimation and submitted by taxpayers according to instructions no 3 for year 2002 is equal to(1612882) dinars. For that the difference has appeared as shape of refund in interest of taxpayers and it is the only month that shows that there is refund in interest of taxpayers.

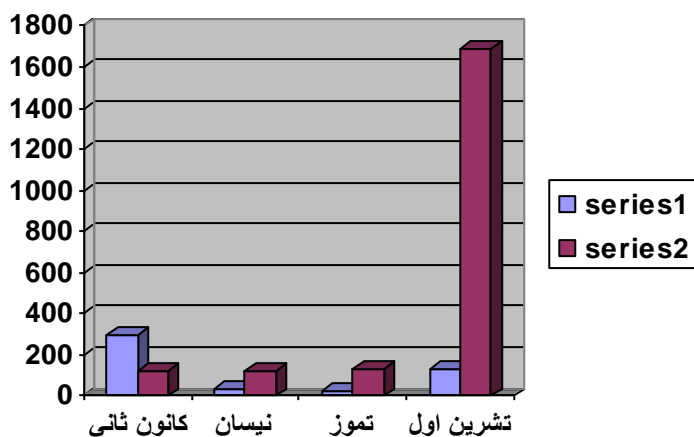


| month     | income | sales |
|-----------|--------|-------|
| January   | 319    | 150   |
| February  | 40     | 149   |
| March     | 25     | 162   |
| April     | 50     | 170   |
| May       | 27     | 185   |
| June      | 31     | 189   |
| July      | 27     | 190   |
| August    | 20     | 191   |
| September | 27     | 176   |
| October   | 25     | 179   |
| November  | 33     | 166   |
| December  | 39     | 163   |
| Total     | 663    | 2070  |



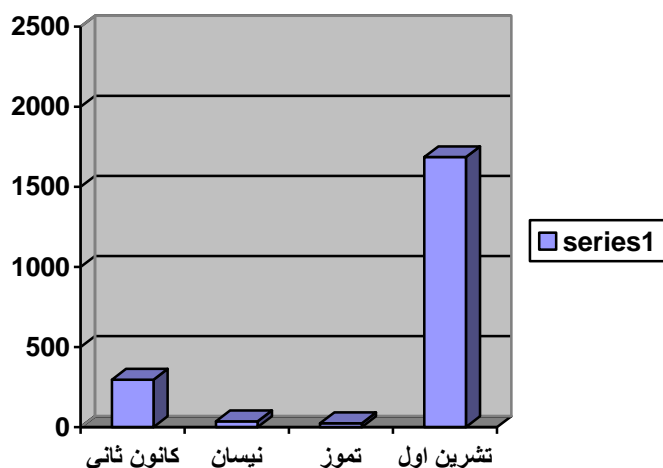
| month     | Total |
|-----------|-------|
| January   | 469   |
| February  | 189   |
| March     | 187   |
| April     | 220   |
| May       | 212   |
| June      | 220   |
| July      | 217   |
| August    | 211   |
| September | 203   |
| October   | 204   |
| November  | 199   |
| December  | 202   |
| Total     | 2733  |

الايرادات المقدرة للدخل والمبيعات لعام 2009



| month     | income | sales   |
|-----------|--------|---------|
| January   | 295.31 | 122.01  |
| February  | 36.73  | 121.23  |
| March     | 23.12  | 132.24  |
| April     | 46.68  | 138.37  |
| May       | 25.45  | 150.59  |
| June      | 28.72  | 154.24  |
| July      | 25.28  | 154.84  |
| August    | 18.25  | 155.53  |
| September | 25.23  | 143.08  |
| October   | 23.5   | 145.74  |
| November  | 30.08  | 135.25  |
| December  | 36.56  | 133.11  |
| Total     | 614.91 | 1685.87 |

مجموع الايرادات الفعلية للدخل+المبيعات لعام 2008



| month     | Total   |
|-----------|---------|
| January   | 417.32  |
| February  | 157.96  |
| March     | 155.37  |
| April     | 185.05  |
| May       | 176.04  |
| June      | 182.95  |
| July      | 179.77  |
| August    | 173.78  |
| September | 168.31  |
| October   | 169.24  |
| November  | 165.33  |
| December  | 169.67  |
| Total     | 2300.79 |

**With respect to results of theoretical study we have got, I recommends the following:**

1-researcher recommends with the necessity of holding training courses in order to connect financial and accounting cadre with taxation system directly .so that these courses widens efficiency and knowledge of cadre related to tax affairs .

2-escorting amendments required for development of financial and accounting legalizations through being acquainted continually with all new changes in the laws of taxes and their applications in companies, is foreordained card with every update legalizations and comprehension of mechanism of dealing with such legalizations.

3-follow- up of taxation system connection of amendments and tax legalizations directly with accounting system applied in facilities and training of cadre in how to deal with.

4-researcher also recommends to set training programs and scientific symposia which contribute to develop the financial and accounting cadre facilities which submit the tax statement.

5-connection of taxation legalizations and their amendments with computerized taxation accounting system permits increase in number of those covered with submitting taxation declaration and spread of services submitted by tax

6-the use computerized taxation accounting system allows to get information of taxes relates to accounting system more precisely information have positive effect for facilities connected tax departments.

***References***

\*amended law of income tax for year 2009 regulations instructions and system issued.

\*amended law of the law of general sales tax for year 2009.

\*amended law of tax income no(39) for year 2003 regulations instructions and system issued .

\*Mohamed Al-khatib income tax accountancy in Jordan Amman-Jordan 1992

\*Mohamed abo nasar mahfoz Al-mashaleh,feras Al-shhwan, taxes and their accountancy between theory and application. First edition 1996, wael publisher,Amman.

\*Dr.Abed Al-naser noor and Dr.nael Ades.(taxes and their accountancy).

---

\*\*There may be orthographic mistakes so it is translated as possibly understood from Arabic.