

## Chapter : 1506 Ministry of Finance/Income and Sales Tax Department

- Creation:** The Income Tax Department was established in 1951, and it exercises its work as per law no.(50) for 1950 and since then the taxation legislation passed through several modifications for development and in order to keep in pace with economic and social developments and to fill the gap resulting from application and the last modification was in 2003, as per the amended law no. (39) for 2003 amending income tax law no.(57) for 1985. As for Sales Tax it started on a narrow range as a government tax in 1926 and then a consumption tax then sales tax in its first stages in 1994 which involved the importer and sales tax in its second stage which added the remaining commercial cycles in 2000. The department works according to two separate laws, one of them related to the Income Tax Department and the other related to the Sales Tax. After that the Income and Sales Tax Department became one department after being merged administratively as from 16/8/2004 as per amended law for income tax law and general tax on sales law under the name of Income and Sales Tax Department.
- Vision :** A taxation system that is efficient, effective, and can be used as a model. This system should achieve the targeted tax revenue, fortify the investment environment, and provide citizens with the best services.
- Mission:** Enhancing the Department's efficiency and effectiveness in assessing and collecting taxes to achieve the national objectives, through reinforcing self assessment philosophy, implementing samples method, encouraging taxpayers' voluntary response, handling tax avoidance and evasion cases, and delivering services of high quality to citizens in order to achieve the best level of satisfaction that is possible through implementing comprehensive quality standards.

### Tasks of the Ministry / Department:

- \_ Supply the general treasury with the necessary revenues to finance the public expenditures of the government and encourage investment and the positive influence on consumption and prices stability.
- \_ Provide tax service and enhance voluntary response of taxpayers, as well as achieve harmony between tax system and national developmental goals.
- \_ Continuous development and improvement of tax legislations to help in creating better optimal investment climate and contribute to finding more transparency in dealing with taxpayers.
- \_ Expand tax base through covering targeted sectors not committed to paying the tax due thereon.
- \_ Achieve social fairness and equality through contributing to incomes distribution.

### Ministry/Department Contribution to the National Objectives:

- \_ Income and Sales Tax Department and through performing its tasks contributes to achieving national goals through raising the level of tax awareness voluntary compliance of taxpayers, keeping up with economic developments in the field of tax and updating tax legislations to ensure promoting investment and realizing equity and fairness among different segments of taxpayers.
- \_ The income and sale tax department contributes to achieving national objectives through improving government's financial resources to supply treasury with necessary revenues to enable it to practice its functions through the process of tax imposition and verification and collection efficiently and effectively and follow up related procedures through spreading the culture of knowledge and raise tax awareness of taxpayers in terms of their rights and duties and put an end to tax evasion and review, evaluate and update tax policy in the field of income tax and sales general tax.

### Major Issues and Challenges which face the Ministry / Department:

- \_ Decisions issued by the Cabinet related to tax exemptions.
- \_ Provide sufficient training for employees.
- \_ Non-existence of clear policy to preserve competencies.
- \_ Difficulty of change related to the usage of modern technology.
- \_ Large number of amendments on legislations that entitle continuous update on bulletins and manuals.
- \_ Declined tax revenues due to international financial and economic crisis.

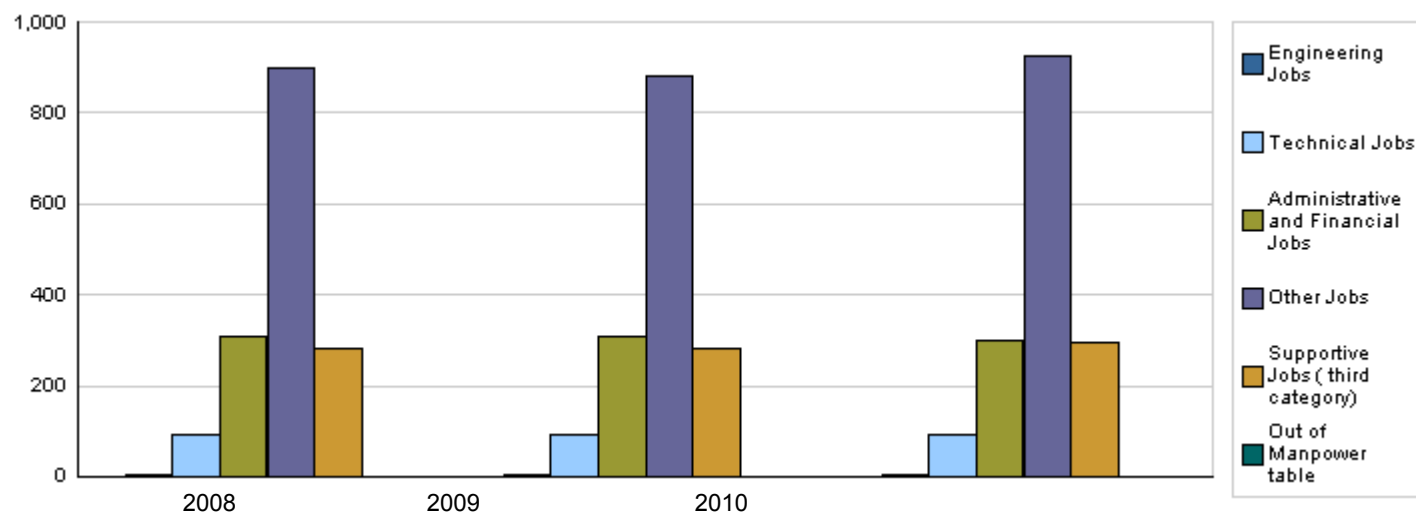
# Chapter : 1506 Ministry of Finance/Income and Sales Tax Department

## Strategic Objectives and Performance Indicators of the Ministry / Department

Strategic Objective	Performance Indicator	base year	Value	Actual Value	Target Value	Primary Self Evaluation	Target Value		
				2008	2009	2009	2010	2011	2012
1 - Supplying the Treasury with revenues	1 Percentage of total collected tax revenues of the total due tax revenues.	2007	96.5%	95.6%	97.4%	96.1%	96.8%	96.8%	96.8%
2 - Improving tax awareness and voluntary compliance of the taxpayers	1 Percentage of total accepted tax acknowledgments of total presented acknowledgments.	2007	27%	53.2%	28.60%	53.2%	54.2%	55.7%	58.4%

## Number of Staff of the Ministry / Department

Group	Job	Actual 2008	Primary 2009	Estimated 2010
Engineering Jobs	Engineer	4	4	4
Technical Jobs	Manager	2	2	2
	Programmer	35	35	35
	Data entry /Assistant programmer	51	51	51
	Systems analyst	5	5	5
Administrative and Financial Jobs	Accountant/auditor	51	50	60
	Head of division	10	10	10
	Administrative/clerk	236	237	217
	Manager/ Head of department	11	11	13
Other Jobs	Head of department/division	65	75	85
	Estimator, auditor	809	782	815
	Manager	23	23	23
Supportive Jobs ( third category)	Assistant administrative jobs	283	284	295
Total		1585	1569	1615
Out of Manpower table	Out of manpower table	0	0	0
Overall Total		1585	1569	1615
Number of male staff		1285	1273	1300
Number of female staff		300	296	315



## Key Information of the Ministry / Department

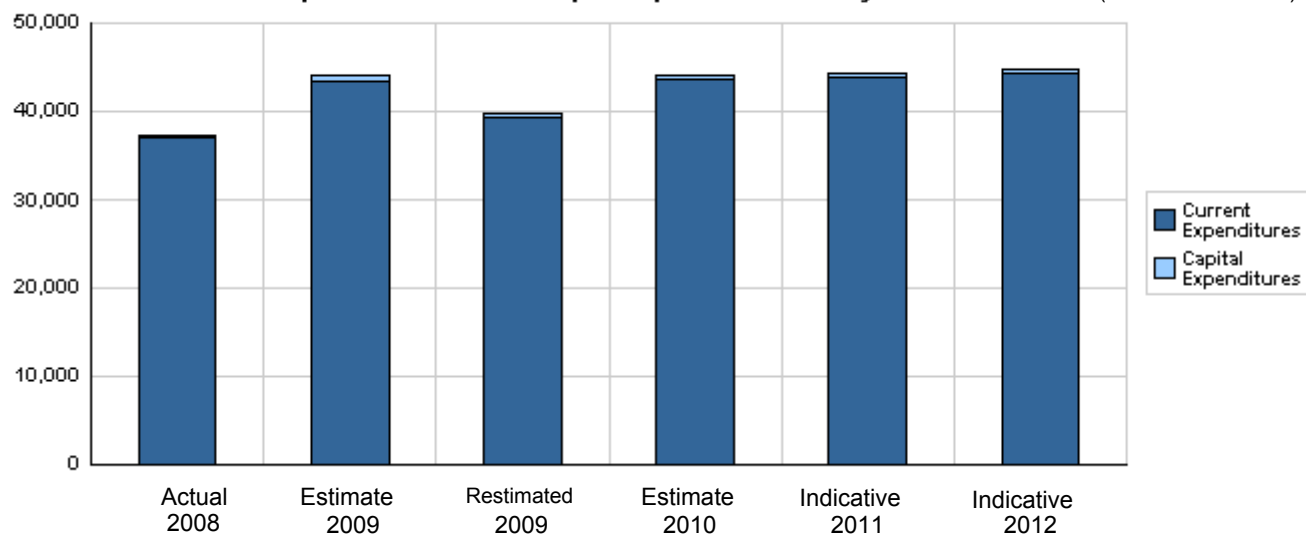
No.	Description
1	Adopt a work flow system in processes progress to simplify procedures whereas there is a clear evidence of personnel's participation in evaluation, procedures simplification, creation of center to respond on answers and explanations of service recipients through electronic website and electronic mail to communicate with.
2	Complete the E-linking with some external authorities such as Greater Amman, municipalities, Chamber of commerce and Industry, social security, passports and civil status department and drivers licensing department.
3	Complete financial reform project (Bearing Point) to improve the performance of the department including the provision of tax returns and due tax repayment through one window and auditing sample selection system electronically.
4	Develop income tax repayment whereas a repayment check to be disbursed on accrual date and increase tax awareness through continuing the update of procedural manuals, sevice manuals, and guideline manuals and issue new manuals as auditing procedures manual.

**Overall Summary of Expenditures for Chapter 1506- Ministry of Finance/Income and  
Sales Tax Department  
for the years 2008 - 2012**

( JDs )

Description		Actual 2008	Estimate 2009	Re_Estimate 2009	Estimate 2010	Indicative 2011                  2012	
Group	Current Expenditures						
2111	Salaries, Wages and allowances	10,036,543	12,861,000	12,053,606	13,206,200	14,012,200	14,502,450
2121	Social Security Contributions	377,260	515,000	450,394	630,000	700,000	743,500
2211	Use of Goods and Services	1,678,451	2,169,000	2,053,100	2,646,000	2,976,300	3,130,250
2821	Other current expenses	25,005,125	27,762,000	24,736,900	27,063,800	26,197,500	25,928,800
Total current expenditures		37,097,379	43,307,000	39,294,000	43,546,000	43,886,000	44,305,000
Capital Expenditures							
2211	Use of Goods and Services	142,449	250,000	215,000	200,000	250,000	170,000
2822	Other Capital expenditures	9,900	50,000	38,000	50,000	50,000	50,000
3112	Machinery and Equipment	35,022	350,000	247,000	270,000	150,000	130,000
3113	Other Fixed Assets	13,580	50,000	50,000	0	50,000	50,000
Total capital expenditures		200,951	700,000	550,000	520,000	500,000	400,000
Treasury		200,951	700,000	550,000	520,000	500,000	400,000
Total current and capital expenditures		37,298,330	44,007,000	39,844,000	44,066,000	44,386,000	44,705,000

**Graph of the current and capital expenditures for the years 2008 - 2012** ( Thousands of JDs )

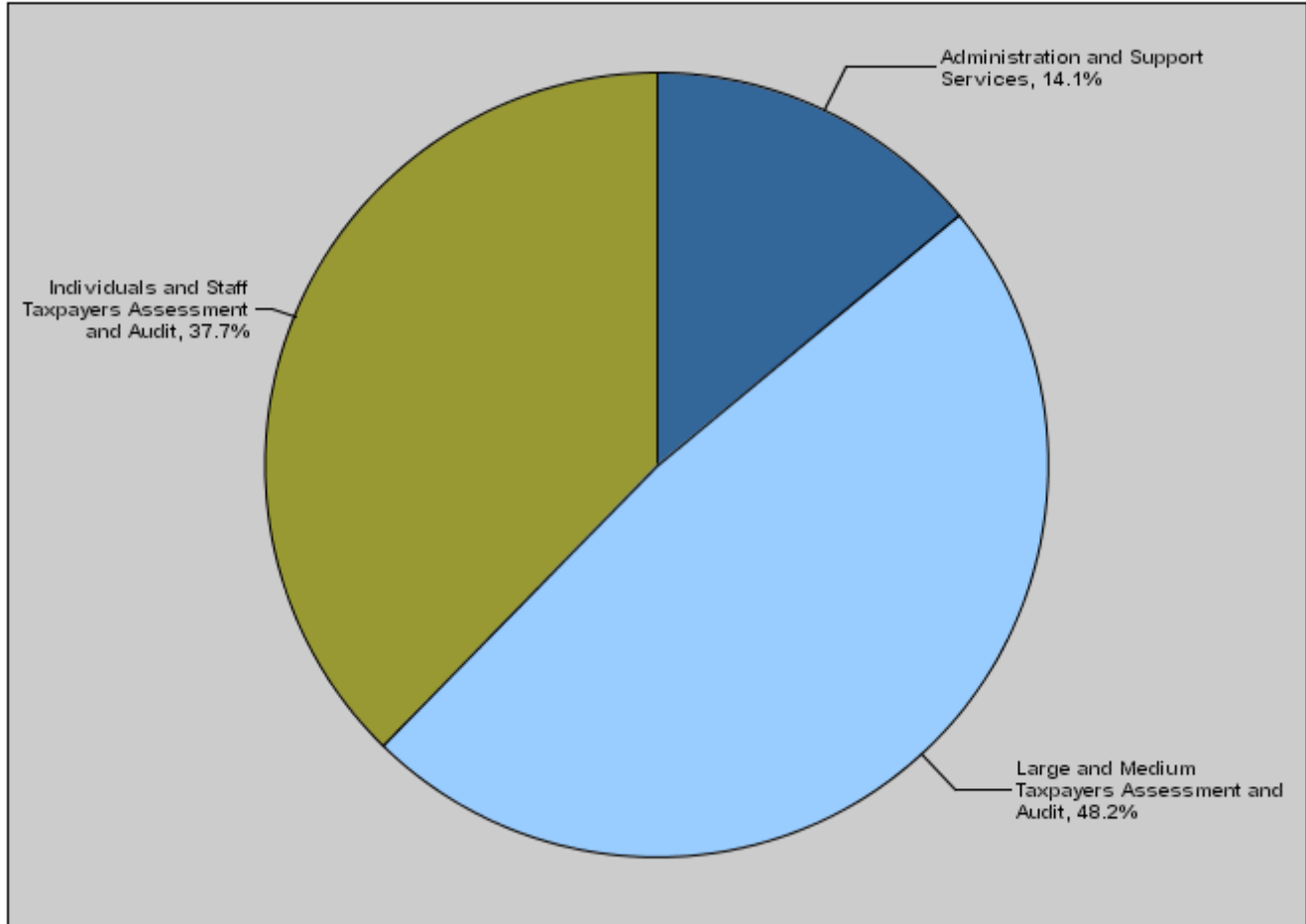


Budget of Chapter 1506 - Ministry of Finance/Income and Sales Tax Department  
For the Year 2010 Distributed According to Program

(In JD's )

Prog.	Description	Current Expenditures	Capital Expenditures	Total Expenditures
2701	Administration and Support Services	5,672,500	520,000	6,192,500
2705	Large and Medium Taxpayers Assessment and Audit	21,259,000	0	21,259,000
2710	Individuals and Staff Taxpayers Assessment and Audit	16,614,500	0	16,614,500
Total		43,546,000	520,000	44,066,000

**Total Expenditures for the year 2010 Distributed According to Program**



Budget Chapter 1506 - Ministry of Finance/Income and Sales Tax Department Distributed According to the  
Program

2701	Administration and Support Services Program								
<u>Objective of the program :</u>									
Provide the necessary legal, financial, and administrative services to facilitate different activities of the department, upgrade the efficiency of personnel, improve practical and scientific skills through holding different training courses, participate in representing Jordan in terms of taxes in the international events and hold the prevention of double taxation.									
<u>The strategic objective related to the program :</u>									
Raise the level of tax awareness and voluntary compliance of taxpayers.									
<u>Directorates associated with the program :</u>									
1- Financial affairs. 2- Human resources and training. 3- Planning and development. 4- Internal control. 5- Media and communication. 6- Legal affairs. 7- Information Technology.									
<u>Services provided by the program :</u>									
- Provide necessary administrative and financial services to facilities activities requested the nature of work. - Conduct necessary statistics and studies and issue circulations and instructions which assist in facilitating and developing tax work. - Conduct the technical, financial and administrative control processes and follow up work achievement as per the correct procedures and work on deviations correction.									
<u>Staff working in the program :</u>									
The program is implemented through a functional staff in 2009 estimated with ( 730 ) staff, including ( 580 ) males and ( 150 ) females .									
Performance Measurement Indicators for program									
Performance Measurement Indicator		Base Year	Value	Actual value	Target Value	First Self Evaluation	Target		
				2008	2009	2009	2010	2011	2012
1	Satisfaction degree of the Department's clients	2006	85%	65%	81%	67%	70%	72%	72%
2	Percentage of the qualified employees.	2006	79%	82.3%	72%	82%	84%	84%	84%
3	Number of taxpayers obligated to present tax returns(in thousand returns).	2006	24	26.5	28	27.8	29.2	30.6	32.2
Appropriations OF Administration and Support Services Program as Per Activities and Projects. ( In JDs									
Activities and Projects		Actual 2008	Estimate 2009	Re_Estimate 2009	Estimate 2010	Indicative 2011 2012			
Current Expenditures		4,052,259	5,757,100	5,103,100	5,672,500	6,320,200	6,638,200		
2111	Salaries, Wages and allowances	3,429,556	4,782,600	4,236,600	4,654,200	5,011,200	5,224,200		
2121	Social Security Contributions	80,000	120,000	110,000	130,000	170,000	190,000		
2211	Use of Goods and Services	537,578	804,500	709,500	788,300	1,034,000	1,114,000		
2821	Other current expenses	5,125	50,000	47,000	100,000	105,000	110,000		
Capital Expenditures		200,951	700,000	550,000	520,000	500,000	400,000		
001	Administration Project	200,951	700,000	550,000	520,000	500,000	400,000		
Program / Treasury		200,951	700,000	550,000	520,000	500,000	400,000		
Total Program		4,253,210	6,457,100	5,653,100	6,192,500	6,820,200	7,038,200		

Budget Chapter 1506 - Ministry of Finance/Income and Sales Tax Department Distributed According to the  
Program

2705	Large and Medium Taxpayers Assessment and Audit Program
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Objective of the program :

Focus efforts and direct capacities toward serving an important service of the tax society to constitute a percentage of 75% and provide the necessary services for them.

The strategic objective related to the program :

Supply the treasury with revenues.

Directorates associated with the program :

- 1- Senior Taxpayers Estimation and Auditing.
- 2- Medium Industrial Taxpayers Estimation and Auditing.
- 3- First Medium Taxpayers Estimation and Auditing.
- 4- Second Commercial Medium Taxpayers Estimation and Auditing.
- 5- Service Medium Taxpayers Estimation and Auditing.

Services provided by the program :

- 1- Provide high quality service and search for different means and methods to achieve this.
- 2- Upgrade qualitative and quantitative achievement in estimation and auditing and set objective priorities system taken into consideration risk factor and importance of the the file and ability of estimator/ auditor to achieve as soon as possible.
- 3- Reduce the necessary period to achieve and audit file by estimator/auditor.
- 4- Expand in sample if necessary according to initial auditing results and activate office and and objective auditing.
- 5- Realize revenues expected to be collected by this program between 70% and 85% of overall revenues.
- 6- Awareness and guidance through guidance bulletins and through guiding taxpayers and conduct visits.

Staff working in the program :

The program is implemented through a functional staff in 2009 estimated with ( 38 ) staff, including ( 30 ) males and ( 8 ) females .

**Performance Measurement Indicators for program**

Performance Measurement Indicator		Base Year	Value	Actual value	Target Value	First Self Evaluation	Target		
				2008	2009	2009	2010	2011	2012
1	Growth percentage of tax revenues collected from large and medium tax payers.	2006	26.2%	3.1%	6.8%	3.5%	1.6%	5.2%	5.5%

Appropriations OF Large and Medium Taxpayers Assessment and Audit Program as Per Activities and Projects. ( In JDs )

Activities and Projects		Actual 2008	Estimate 2009	Re_Estimate 2009	Estimate 2010	Indicative 2011 2012	
Current Expenditures		20,287,795	25,793,000	22,669,706	21,259,000	22,323,000	22,355,000
2111	Salaries, Wages and allowances	1,747,071	2,776,000	2,687,606	3,052,000	3,225,000	3,219,000
2121	Social Security Contributions	83,743	125,000	103,000	135,000	145,000	155,000
2211	Use of Goods and Services	456,981	680,000	667,100	922,000	953,000	981,000
2821	Other current expenses	18,000,000	22,212,000	19,212,000	17,150,000	18,000,000	18,000,000
Capital Expenditures		0	0	0	0	0	0
Program / Treasury		0	0	0	0	0	0
Total Program		20,287,795	25,793,000	22,669,706	21,259,000	22,323,000	22,355,000

Budget Chapter 1506 - Ministry of Finance/Income and Sales Tax Department Distributed According to the  
Program

2710	Individuals and Staff Taxpayers Assessment and Audit Program
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Objective of the program :

Facilitate the tax procedures for all individuals, employees and users through tax directorates in the Kingdom.

The strategic objective related to the program :

Supply the treasury with the revenues.

Directorates associated with the program :

Services directorates and centers in governorates in addition to the capital's directorates including:-

- 1- North Amman
- 2- Mid and East Amman
- 3- West Amman
- 4- South Amman

Services provided by the program :

- 1- Provide high quality service and search for different means and methods to achieve that.
- 2- Raise the level of qualitative and quantitative achievement in estimation and auditing and set objective priorities system taken into consideration risk factor and importance of the file, ability of estimator/ auditor to achieve as soon as possible.
- 3- Reduce the necessary period to achieve and audit the file by the estimator/auditor.
- 4- Expand in sample if necessary according to first auditing results and activate library and objective auditing.
- 5- Realize revenues expected to be collected by this program by 70% and 85% of overall revenues.
- 6- Awareness and guidance through guidance bulletins through guiding taxpayers and conducting guidance visits.

Staff working in the program :

The program is implemented through a functional staff in 2009 estimated with ( 801 ) staff, including ( 663 ) males and ( 138 ) females .

**Performance Measurement Indicators for program**

Performance Measurement Indicator		Base Year	Value	Actual value	Target Value	First Self Evaluation	Target		
				2008	2009	2009	2010	2011	2012
1	Growth percentage of tax revenues collected from individuals, employees and workers.	2006	26.2%	5.43%	9.3%	6%	7%	7.5%	8%
2	Number of the new registered individuals employees and workers annually (in thousand).	2006	101	119	125	125	131	132	134

**Appropriations OF Individuals and Staff Taxpayers Assessment and Audit Program as Per Activities and Projects. ( In JDs )**

Activities and Projects		Actual	Estimate	Re_Estimate	Estimate	Indicative	
		2008	2009	2009	2010	2011	2012
Current Expenditures		12,757,325	11,756,900	11,521,194	16,614,500	15,242,800	15,311,800
2111	Salaries, Wages and allowances	4,859,916	5,302,400	5,129,400	5,500,000	5,776,000	6,059,250
2121	Social Security Contributions	213,517	270,000	237,394	365,000	385,000	398,500
2211	Use of Goods and Services	683,892	684,500	676,500	935,700	989,300	1,035,250
2821	Other current expenses	7,000,000	5,500,000	5,477,900	9,813,800	8,092,500	7,818,800
Capital Expenditures		0	0	0	0	0	0
Program / Treasury		0	0	0	0	0	0
Total Program		12,757,325	11,756,900	11,521,194	16,614,500	15,242,800	15,311,800