

Temporary Law (16) for 2002

Financial Leasing Law

Article (1):

This Law shall be cited as the (Financial Leasing Law for 2002) and shall be enacted as of the date of its publication in the Official Gazette.

Article (2):

The following words, wherever mentioned in this Law, shall have the meanings assigned them hereunder, them, unless the context otherwise provides:

The Ministry:	The Ministry of Industry and Trade.
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Contract:	The financial lease contract concluded in accordance with the provisions of this Law.
Property:	All movable and immovable property constituting the subject of the contract.
Person:	The natural or corporate person.
Lessor:	Every corporate person practicing the activities of financial leasing in accordance with the provisions of this Law.
Lessee:	The person utilizing the Property in pursuance to the Contract.
Supplier:	The provider of the Property constituting the subject of the contract.
Contractor:	The person contracted with to construct installations constituting the subject of the Contract.
Register:	The Register approved by the Minister, maintained at the Ministry and organized in accordance with the provisions of this Law.
Registrar:	The employee named by the Minister to keep and supervise the Register.

Article (3):

a) A financial lease contract is the Contract allowing the Lessee to use the Property in return for lease rentals paid to the Lessor, provided the Lessee undertakes any risks related to the Property.

b) The Contract shall be considered a financial lease contract upon the realization of any of the following conditions upon its conclusion:

1. If the Contract includes a liability or condition entailing the transfer of the leased property title from the Lessor to the Lessee for no return upon the expiry of the duration of the Contract.
2. If the Contract includes a condition permitting the transfer of the title of the leased to the Lessor upon the expiry of the duration of the Contract in return for payment of the amounts agreed upon in the Contract.
3. That the duration of the Contract is not less than (75%) of the estimated useful life of the Property.
4. If the present value of the amount of rental payments, agreed upon in the Contract, is not less than (90%) of the value of the Property stipulated in the Contract.

c) The provisions of the Tenant and Landlord Law in force shall not apply to the Contract.

Article (4):

a) A register called the (Movable Property and Financial Leasing Register) shall be organized at the Ministry. The data related to movable Property, financial leasing contracts, persons practicing such leasing and any other legal actions related to such matters including any mortgage, seizure or assignment befalling the leased Property shall be recorded or maintained therein.

b) It shall be permissible to use the computer to record financial leasing contracts and data related thereto. Prints of such data and documents authenticated by the Registrar shall have the power of evidence against all, unless concerned parties prove otherwise.

c) The public may view the data recorded in the Register.

d) The remaining matters and provisions related to the Register shall be organized in pursuance to instructions issued by the Minister and published in the Official Gazette, provided that same include the following:

1. Procedures of the public viewing the Register.
2. Services' fees collected by the Ministry for registering data in the Register and for the public viewing same.

Article (5):

a) Any person not registered in the Register and unlicensed by the Ministry to practice activities of financial leasing shall be prohibited from practicing such activities or declaring himself as holder of such right under any circumstance.

b) The licensing conditions and provisions, including the minimum capital, shall be organized in accordance with the instructions issued by the Minister and published in the Official Gazette.

Article (6):

The Contract shall be organized between the Lessor and Lessee in writing whereby it includes adequate and detailed data on the Property, its condition, the parties of the Contract, its duration and terms. Such data and any change occurring thereto shall be recorded in the Register at the Ministry.

Article (7):

The Lessor shall not practice banking activities in the context stipulated in the Banks Law except with a license from the Central Bank.

Article (8):

a) The land constituting the subject of the Contract shall be subject to registration with the competent Land Registration Department. Upon the transfer of the title from the Lessor to the Lessee or from the Lessor to another Lessor the provisions of preemption and priority shall not apply, provided that the legislation related to non-Jordanians owning immovable property and corporate persons disposing of immovable property are taken into consideration.

b) If the subject of the Contract is a vehicle, airplane, vessel or any movable property then its licensing, registration and transfer of title shall be subject to the provisions of the legislation in force and the Lessee may, at his own expense, submit an application to register and license same provided that the registration and license carry the name

of the Lessor and indicate that such Property is in the possession of the Licensee in pursuance to a financial leasing contract.

Article (9):

If the Property is of movable nature then it shall maintain such description even if it affixed or annexed to Property.

Article (10):

If the Lessor and Lessee agree on the former receiving the Property directly from the Supplier or Contractor in accordance with the conditions and specifications stipulated in the Contract, than a record of the receipt shall be organized specifying the condition of the Property and its confirmation to the conditions and specifications and shall be signed by the Lessee and Supplier or Contractor and if same refuse to sign the record then the Lessee may refuse to receive the Property.

Article (11):

- a) The Lessee shall be obliged to use the Property for the purposes agreed upon in the Contract and shall be responsible to maintain it at his own expense in accordance with the prevailing requirements and technical principles.
- b) The Lessee shall be liable for the destruction of the Property and shall remain responsible for his contractual obligations towards the Lessor unless the Lessor causes the destruction.
- c) The Lessee shall bear the civil liabilities of the damages resulting from the Property in his possession.
- d) The Lessor may oblige the Lessee in the Contract to insure the leased property as a guarantee of his rights.

Article (12):

- a) The Lessee shall be responsible for paying the lease rentals, agreed upon, on the dates stipulated in the Contract even if the Lessee has not used the Property, unless the Lessor is the cause of the Lessee not using the Property.
- b)
 1. Notwithstanding the provisions of clause (2) of this paragraph, if the Lessee breaches the conditions of the Contract then the Lessor shall be entitled to resort to the competent Court to request the revocation of the Contract and the repossession of the leased property and compensation for the damage that befell him as a result thereof without prejudicing the provisions of Article (17) of this Law.
 2. The Lessor shall not be entitled to resort to Court before the lapse of ten days as of the date of notifying the Lessee by a judicial notice of his breach of conditions of the Contract and the default of the Lessee in implementing such conditions.
- c)
 1. The Lessor shall be prohibited, during the entire duration of the Contract, to sell or assign or mortgage the leased property unless otherwise is agreed upon with the Lessee in writing.
 2. Notwithstanding the provisions of clause (1) of this paragraph, if the Lessor breaches the conditions of the Contract then the Lessee shall be entitled, after notifying the Lessor, to resort to the competent Court to request the revocation of the Contract and compensation for that damage that befell him as a result thereof.

Article (13):

Without prejudice to the right of the Lessor in having recourse to the Supplier or Contractor by filing a lawsuit against any of them for any right granted him in pursuance to the Contract concluded with same, the Lessee may have direct recourse on the Supplier or Contractor by filing such a lawsuit with the exception of the lawsuit for revoking the Contract.

Article (14):

a) If the Property is of a movable nature then the Lessor may affix any data thereon which he deems necessary including his name provided that this does not hinder the right of the Lessee in using the Property.

b) The Lessor or his deputy may inspect the Property to ascertain the continued possession of the Lessee of the Property and to examine its condition provided that such procedure does not cause any harm to the Lessee.

Article (15):

The Lessor may assign the Contract to another Lessor. Such assignation shall not become valid towards the Lessee until the date of his notification therewith and shall not reduce any of his rights stipulated in the Contract or impose new arrangements thereon.

Article (16):

The Lessee may, upon the approval of the Lessor, assign the Contract to another Lessee. The new Lessee shall be liable for the payment of the due rental in accordance with the Contract directly to the Lessor as of the date of his notification by the Lessor of his approval of this assignment.

Article (17):

The Lessor may revoke the Contract without a warning or notification or any other judicial procedures in any of the following cases:

a) If the Lessee fails to pay the agreed upon lease rentals on the date stipulated in the Contract and in accordance with its terms.

b) If a decision to liquidate the Lessee or declare his bankruptcy is issued. In such case the leased Property shall not be included in the general security of the creditors and shall not be considered part of the liquidation or bankruptcy assets. However, the liquidator or bankruptcy agent may notify the Lessor within thirty days as of the liquidation decision or bankruptcy declaration of his wish to maintain the Contract with its previous terms provided that he (the Lessee) abides by these terms and pays the lease rentals on their dates.

Article (18):

The Lessee may, in case of the liquidation of the Lessor or the declaration of his bankruptcy, realize any of the following:

a) Continue the implementation of the Contract in accordance with its terms,

b) Devolve the Property to the liquidator or bankruptcy agent and join the rest of the creditors in collecting the amounts that paid to the Lessor after deducting the rentals of the period during which he used the Property.

Article (19):

- a) If the Contract is revoked or its term expires and the Lessee did not exercise the option of owning the Property within such period then he shall be liable to hand over the Property to the Lessor without delay and in accordance with the provisions of the Contract. In case of liquidating the Lessee or declaring his bankruptcy the liquidator or bankruptcy agent shall become responsible for this hand over if same fails to inform the Lessor of his wish to carry on with the Contract in accordance with the provisions of paragraph (b) of Article (17) of this Law.
- b) If the Contract was revoked in accordance with the provisions of Article (17) of this Law or if duration of same expired then the Lessor may submit an application to the judge of expeditious matters at the competent Court to repossess the leased property after notifying the Lessee.
- c) Lawsuits related to the drawing up of the Contract, its explanation, revocation, termination or rights of the Lessor and Lessee shall acquire the status of expediency and shall be settled with a period that does not exceed ninety days as of the date of its registration at Court.

Article (20):

- a) The International Accounting Standards shall be applied to financial leasing contracts.
- b) The Minister of Finance shall issue special instructions to implement the International Accounting Standards for the purposes of income tax and general sales tax.

Article (21):

- a)
 - 1. If the Lessee enjoys exemptions from tax fees, general sales tax or other fees, in accordance with the legislation in force, then the Lessor shall benefit from the exemptions except for the exemption from the income tax in regard to the leased property which has been repossessed or bought for the purpose of leasing to the Lessee in pursuance to the Contract.
 - 2. If the cause of exemptions stipulated in clause (1) of this paragraph ceases, such as the termination of the Contract or the expiry of its duration, then the Lessor shall be responsible for the accruing fees resulting there from.
- b) The Lessor and Lessee shall be exempted from the fees of registering immovable property upon its registration in the name of the Lessee in execution of the Contract.
- c) The provisions of paragraphs (a) and (b) of this Article shall be implemented in accordance with the instructions issued by the Finance Minister for this purpose.

Article (22):

Each person who violates the provisions of Article (5) of this Law shall be penalized with a fine not less than (3,000) Dinars and not more than (5,000) Dinars. The Court may order the closure of the premises of the person committing the violation.

Article (23):

Any person who obliterates the data affixed on the Property or changes the features or specifications of the Property in the Register shall be penalized with imprisonment for a term not less than three months or with a fine not less than (1,000) Dinars and not more than (5,000) Dinars or with both penalties.

Article (24):

The Council of Ministers shall issue the regulations necessary for the implementation of the provisions of this Law.

Article (25):

The Prime Minister and Ministers shall be responsible for the implementation of the provisions of this Law.