

How to Start a Business: A Step by Step Guide

Step 1:

Obtain a temporary copy of the certificate of registration from the Ministry of National Economy.

The purpose of this temporary registration certificate is to enable the entrepreneur to open a bank account prior to depositing the initial capital in the bank. No charge levied.

Step 2:

Deposit the initial capital in the bank.

This normally has to be 25% of initial capital plus official bank fees (1/1000 of stated capital). Upon payment, a receipt is obtained and supplied back to the Ministry of National Economy.

Step 3:

Select a company name and reserve proposed name.

Once a name is selected the Ministry will check whether the name has been taken by someone else, and if not will approve it. Fee: \$22¹.

¹ The US\$ equaled 3.5 NIS and 0.709 JD at the end of March 2008

Step 4:

Hire a local lawyer to sign the company documents .

Although it is recommended to hire a lawyer for the drafting of the articles, it is not required. The documents must, however, be signed by a lawyer once drafted. Fees charged range between \$200 and \$3,000. For example, a company starting up with \$11,000 would be charged around \$500-700.

Step 5:

Register with the Commercial Registry.

Documents required include:

1. Articles of association.
2. By-laws.
3. Copies of shareholder identification cards.
4. Verified company name.

The fee to be paid is broken down as follows:

1. Name verification: \$22.
2. Application fee: \$81.
3. Signature verification fee (signing before the Company Register: \$24 per signature; minimum two required to form a Ltd or seven to form a Plc).
4. 1/1000 of the stated capital.





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Step 6:

Payment of registration fees.

The fees noted in step 5 have to be paid at a local bank. The fees should be paid upon submission of the registration documents. The Ministry of National Economy will not review the application until the fees are paid.

Step 7:

Register for income tax and VAT.

The registration number for income tax and VAT is the same. In most cases, accountants register the company for tax (over 90% of cases). There is a fee for accountants, which starts at \$400 per annum. However, there are no official fees.

Step 8:

Register with Chamber of commerce.

Cost of registration depends on the company's capital and varies from chamber to chamber. As a guide, the fees for the Ramallah Chamber of Commerce are as follows:

- Grade Excellent: Companies whose registered capital is over 50,000 JD pay an initial fee of \$140 plus an annual fee of \$140.
- Grade A: Companies whose registered capital is 15,000 to 50,000 JD pay an initial fee of \$106 plus an annual fee of \$106.
- Grade B: Companies whose registered capital is 6,000 to 15,000 JD pay an initial fee of \$70 plus an annual fee of \$70.
- Grade C: Companies whose registered capital is below 6,000 JD pay an initial fee of \$35 plus an annual fee of \$35.

Step 9:

Obtain business license from municipality.

Normally costs between \$120-\$700.

Step 10:

Obtain and legalise special company books.

All corporate and financial records must be legalised by the Companies Controller and auditors. While this applies to all forms of companies, supervision is more stringent with respect to public shareholding companies compared to others.

Step 11:

Obtain approval from fire department.

The cost of this varies according to the area of the business to be registered, but is in the region of \$0.20 per square metre per year. For example, registering 100 m² in Ramallah costs ILS 80 annually, while 1,000 m² costs ILS 650.

The cost of registering a company depends on both the company's capital and type, but is likely to range between \$1,000 and \$5,000. The whole process usually takes less than a month, and is expected to take less than that as soon as PIPA introduces its new procedures.

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