

## **The Legal System for Non-Profit Companies in light of the Jordanian Law**

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### **Abstract:**

This paper presents an overview of the legal system for non-profit companies in light of the Jordanian Companies Law No. 22 of 1997 and its amendments and the Regulation for Non-Profit Companies No. 73 of 2010 and its amendments.

This article focuses on the formation of a non-profit company, its registration, and the forms of non-profit companies. The article also examines the name (title) of a non-profit company, its objectives, revenues and duties, and the transformation and merging of non-profit companies.

**Keywords:** Non-Profit Company; Companies Law; Jordanian Law.

### **النظام القانوني للشركات التي لا تهدف إلى تحقيق الربح في ضوء التشريع الأردني**

#### **المخلص**

تقدم هذه الدراسة لمحة عامة عن النظام القانوني للشركات التي لا تهدف إلى تحقيق الربح في ضوء قانون الشركات الأردني رقم 22 لسنة 1997 وتعديلاته ونظام الشركات التي لا تهدف إلى تحقيق الربح رقم 73 لسنة 2010 وتعديلاته.

يركز البحث على تأسيس الشركة التي لا تهدف إلى تحقيق الربح، وتسجيلها، وأشكال الشركات التي لا تهدف إلى تحقيق الربح. كما تتناول الدراسة أيضا اسم الشركة التي لا تهدف إلى تحقيق الربح، وأهدافها، والعوائد والواجبات المناطة بها، وتحويل الشركات التي لا تهدف إلى تحقيق الربح ودمجها.

### **1. Introduction and Background**

The non-profit companies have received little attention from scholars in Jordan. The Companies Law No. 22 of 1997 (and its amendments) regulates non-profit companies for the first time in Article 7 (d). This type of company has never been regulated before by any of the Companies Laws of Jordan.

One of the writers affirms that “the new term ‘non-profit’ company has itself evidently been imported from the USA and Canada and is

now set to replace the previous terminology ‘association not for gain’”.<sup>(1)</sup>

There are several reasons for the appearance of this type of company in Jordan. For example, the conditions and procedures for registering this type of company are much easier than the conditions and procedures for registering societies;<sup>(2)</sup> in addition, there are tax exemptions.

According to Article 7 (d) (2) of the Companies Law a special regulation should determine the objectives that registered companies may pursue. Moreover, a special regulation should determine the company’s establishment provisions, the work that it is permitted to do, the means of supervision, the method and manner of receiving assistance and grants, funding resources, spending method, liquidation and accrual of its money upon liquidation, documents that should be submitted to the controller, and procedures and conditions of transference to for-profit companies.

Unfortunately, the first Regulation for Non-Profit Companies<sup>(3)</sup> was not issued until ten years after the issuance of the Companies Law in 1997. The 2007 Regulation was repealed and replaced by another Regulation for Non-Profit Companies<sup>(4)</sup> in 2010, further amended in 2012.<sup>(5)</sup>

The definition of non-profit companies is a controversial issue.<sup>(6)</sup> According to Maleka Femida Cassim “there is much mystery and confusion about exactly what it means to be a non-profit company. This confusion has been experienced ..... [in several] jurisdictions, including even the USA”.<sup>(7)</sup>

Article 2(b) of the Regulation for Non-Profit Companies defines a “non-profit company” as “any company that is registered in compliance with the law and this regulation and does not aim at accomplishing profits, and if any revenues were accomplished they are not to be distributed to any of the company partners or shareholders”.

According to the statistics of the Companies Control Department, the number of registered non-profit companies in Jordan is six hundred (600); five hundred and seventy (570) are working companies and the rest are non-working.<sup>(8)</sup>

## **2. The Formation of a Non-Profit Company**

### **2.1 Registration**

The company registration application is to be sent to the controller in the special form prepared by the Companies Control Department, along with the company contract or its establishing contract, its articles of association, and any other documents or information required by the controller or the active legislation.<sup>(9)</sup>

The company shall be registered in a special record called “Non-Profit Companies Register”<sup>(10)</sup> with a serial number in respect of its registration date, and all changes and alterations that befall the company are to be recorded in it.<sup>(11)</sup>

Upon registration, the controller is provided with the postal address and phone numbers of the company, as well as any changes to them within a month, subject to legal liability.<sup>(12)</sup>

### **2.2 Forms of Non-Profit Companies**

According to Article 7 (d) (1) of the Companies Law, the non-profit company may be registered in accordance with one of the forms of companies provided for in this Law, and these forms are as follows: general partnership company, limited partnership company, limited liability company, limited partnership in shares company, private shareholding company, and public shareholding company.<sup>(13)</sup> It should be noted that the Law gives companies the freedom and flexibility to choose from any of the above-mentioned forms, and they will thus enjoy the privileges granted to these types of companies. In some jurisdictions, the non-profit company may be registered in accordance with one form of company, for example the private shareholding company.<sup>(14)</sup>

#### **2.2.1 A Non-Profit Company in the Form of a General Partnership**

A general partnership company shall consist of a number of natural persons, not less than two and not more than twenty, unless the increase is due to inheritance.<sup>(15)</sup> The minimum age of a partner in a general partnership company is eighteen years,<sup>(16)</sup> and he will acquire the capacity of a merchant and shall be considered as practising commercial business in the name of the partnership.<sup>(17)</sup> The title of the general partnership company shall consist of the names of all the partners, or of the title or surname of each of them or of the name of one or more of the partners or his title, provided that, in this case, the phrase “and his partners” or “and partners” is

added to his name or their names, as the case may be, or what would lead to the meaning of this phrase. The title of the partnership shall always comply with its existing status.<sup>(18)</sup>

The general partnership company may have its own trade name provided that the said name is associated with the title under which the partnership is registered and that it appears on all the documents and papers issued or dealt with by the partnership and in its correspondence.<sup>(19)</sup>

A partner in a general partnership company shall be jointly and severally liable with the rest of the partners for all the partnership's debts and obligations that become due on the company during the period in which he is a partner therein. He shall guarantee the company debts and obligations with his own private property. This liability and guarantee shall be transferred to his heirs after his death within the limits of the amount inherited.<sup>(20)</sup>

A general partnership company shall be terminated in any of the following circumstances:

- a) When all partners agree on the dissolution of the company or its merger with another company.
- b) Expiry of the company term, be it its original term or the extended term as per the agreement of all partners.
- c) Completion of the objective for which it was formed.
- d) When only one partner remains in the company.
- e) The company is declared bankrupt, which will result in the consequent bankruptcy of the partners.
- f) One of the partners is declared bankrupt or legally incompetent unless all remaining partners decide on the continuance of the company between them in accordance with the Partnership agreement.
- g) Dissolution of the company by a court decision.
- h) Cancellation of the registration of the company upon the controller's decision in accordance with the provisions of Law.<sup>(21)</sup>

### **2.2.2 A Non-Profit Company in the Form of a Limited Partnership**

A limited partnership company is formed of the two following categories of partners whose names should be listed in the Partnership Agreement.

a) General partners:

They shall manage the partnership and realize its operations. They are also jointly and severally liable for all the partnership's debts and liabilities, to be guaranteed by their private properties.

b) Limited Partners:

They shall contribute to the capital of the partnership without having the right to manage the company or to realize its operations, and the liability of each of them for the company debts and liabilities is limited to his share in the capital of the company. <sup>(22)</sup>

The title of a limited partnership company shall only consist of the names of the general partners. If there is only one general partner in the partnership, then the phrase “and partners” must be added to his name. The name of any limited partner must not appear in the limited partnership’s title. Should the name of a limited partner be mentioned upon his request or with his knowledge, then he shall be responsible as a general partner for the company debts and liabilities towards other parties, who may have depended, in good faith, in their dealing with the company, on that name. <sup>(23)</sup>

A limited partnership company shall be subject to the provisions governing the general partnership company, which are stipulated in the Law in all matters and events not provided for in Part Two (i.e. Articles 41-48). <sup>(24)</sup>

### **2.2.3 A Non-Profit Company in the Form of a Limited Liability Company**

A limited liability company is composed, in general, of two persons or more. Registering a non-profit company under the legal form of a limited liability company has the advantage that it is permitted, after the controller’s approval, for a limited liability company to be composed of one person or to become owned by one person. <sup>(25)</sup> The other advantage is that the company’s assets and property shall be liable for its debts and obligations. The liability of any shareholder therein for these debts, obligations and losses is limited to his shares in the company. <sup>(26)</sup> A limited liability company shall not offer its shares for public subscription or increase its capital or borrow by subscription. <sup>(27)</sup>

The capital of the limited liability company shall be fixed in Jordanian Dinars provided that the capital is not less than one thousand Dinars divided into indivisible shares of equal value of not less than one Dinar each. <sup>(28)</sup> The amount of capital of the limited liability company, compared with other legal forms of companies, is the lowest.

The name of the limited liability company shall be derived from its objectives provided that it is followed by the words: “with limited liability”. <sup>(29)</sup>

Upon the death of a shareholder in the limited liability company, his share will be transferred to his heirs. This rule shall apply to the legatee of any share or shares in the company. <sup>(30)</sup> Thus, the death is not a reason for the dissolution of the company. However, the Articles that regulate the limited liability company do not examine all the issues; therefore, the provisions pertaining to the public shareholding company shall apply to the limited liability company where there is no clear provision in respect thereof in the provisions relating to limited liability companies. <sup>(31)</sup>

#### **2.2.4 A Non-Profit Company in the Form of a Limited Partnership in Shares Company**

This form of company shall consist of general partners and limited partners,<sup>(32)</sup> and the total number of the partners is five. The number of general partners shall not be less than two and they shall be liable for the company's debts and obligations, guaranteed by their personal property. However, the number of limited partners shall not be less than three, and each partner shall be liable for the company's debts and obligations in proportion to his shareholding.

The name of the limited partnership in shares shall be formed from one name or more of the general partners, provided that the name is followed by the words "limited partnership in shares", and what is indicative of its objectives. The name of the limited partner may not be indicated in the partnership's name.<sup>(33)</sup>

The capital of the limited partnership in shares shall not be less than one hundred thousand Jordanian Dinars divided into negotiable shares of equal value. The value of each indivisible share is one Jordanian Dinar, provided that the partnership's capital offered for subscription does not exceed double the shares subscribed for by the general partners in the Partnership.<sup>(34)</sup>

The provisions of the general partnership stipulated in the Companies Law shall apply to general partners in the limited partnership in shares.<sup>(35)</sup> Therefore, the provisions of the general partnership shall apply on the relinquishing of the shares of the general partners. However, the relinquishing of the shares of the limited partners is not restricted; the partners may agree in the company articles of association or its memorandum of association on any special provisions.

One or more general partner(s) shall manage the limited partnership in shares,<sup>(36)</sup> and the limited partner shall not have the right to participate in the management of the limited partnership. Moreover, he will not acquire the capacity of a merchant.<sup>(37)</sup> Each limited partnership in shares shall have a supervisory council composed of at least three members who shall be elected annually by the limited partners from amongst them for one year, in accordance with the procedures stipulated in the partnership's memorandum of association.<sup>(38)</sup> Article 85 of the Companies Law No. 22 of 1997 and its amendments states the duties and responsibilities of the supervisory council of the limited partnership in shares.

Each limited partnership in shares shall have an auditor to be elected by its General Assembly. The provisions concerning auditors in public shareholding companies stipulated in the Companies Law shall apply to the said auditors.<sup>(39)</sup>

The limited partnership in shares shall be dissolved and liquidated in the manner determined by the partnership's memorandum of association. Otherwise, it shall be subject to the provisions for the liquidation of a public shareholding company.<sup>(40)</sup>

However, there is no record of any limited partnership in shares company registered in the Companies Control Department, according to the official records of the Companies Control Department.

### 2.2.5 A Non-Profit Company in the Form of a Private Shareholding Company

A private shareholding company comprises two or more persons. The Minister of Industry and Trade may, upon a justified recommendation of the controller, agree to the registration of a private shareholding company formed of one person, or that the number of its shareholders may become one.<sup>(41)</sup> The company name shall not conflict with its objectives provided that it is followed by the term “private shareholding company LTD”, wherever it is mentioned. The company name may be that of a natural person if its objective is to invest in a patent duly registered in the name of such person.<sup>(42)</sup>

Moreover, the financial liability of a private shareholding company is considered independent of that of its shareholders. The company with its property and assets shall be exclusively liable for its debts and obligations. A shareholder shall be liable to the company for such debts and obligations only in the value of his shares in its capital.<sup>(43)</sup> The capital of a private shareholding company shall be the total nominal value of the company shares provided that the subscribed capital is not less than 50,000 Dinars.<sup>(44)</sup>

The company may, according to its memorandum of association, issue various types and categories of shares, which differ in their terms of nominal value, voting force and method of profit-and-loss distribution among the shareholders. These shares also differ in respect of their rights and priorities upon liquidation and their aptitude to be converted into other types of shares besides their related rights, advantages, priorities and other restrictions, provided that these are implied or summarized in the share certificates, if found.<sup>(45)</sup>

The duration of a private shareholding company is unlimited unless its Articles and memorandum of association specify otherwise. Then, its period shall end at the conclusion of the period or business specified thereto.<sup>(46)</sup>

A board of directors shall carry out the management of a private shareholding company. The company memorandum of association will determine the number of the board of directors' members, its membership qualifications, means of filling vacancies, its powers and remunerations, the method of its appointment or election, the means of convening its meetings and decision-taking, and its term, which should not exceed four years.<sup>(47)</sup>

A private shareholding company expires pursuant to the provisions of the liquidation of a public shareholding company, subject to any priorities or conditions stipulated in the company memorandum of association in relation to the company shareholders and the types and categories of their shares.<sup>(48)</sup>

### **2.2.6 A Non-Profit Company in the Form of a Public Shareholding Company**

The public shareholding company shall consist of a number of founders (not less than two) who subscribe to shares that can be listed on the stock exchange and may be negotiated and transferred in accordance with the provisions of the Companies Law and any other legislation in force.<sup>(49)</sup>

The name of the public shareholding company is derived from its objectives provided that wherever the name appears it is followed by the words "limited public shareholding company". The company shall not be registered in the name of a natural person unless the objective thereof is the exploitation of a patent duly registered in the name of the said person.<sup>(50)</sup>

One of the advantages of registering a non-profit company under the form of a public shareholding company is that the Minister of Industry and Trade may, upon a justifiable recommendation by the companies general controller, agree that the public shareholding company might be established by one founder, or that the company ownership devolves to one person in the event of him purchasing all its shares.<sup>(51)</sup> It is possible that only one founder would want to register an exempt company, be it natural or artificial. Therefore, the number of persons will not be an obstacle.

The authorized capital of the public shareholding company and the subscribed part shall be fixed in Jordanian Dinars and shall be divided into nominal shares at a par-value of one Dinar each, provided that the authorized capital is not less than five hundred thousand (500,000) Dinars and the subscribed capital is not less than one hundred thousand (100,000) Dinars or twenty per cent (20%) of the authorized capital, whichever is the greater.<sup>(52)</sup> It should be noted that Article 212 of the Companies Law No. 22 of 1997 and its amendments requires that the capital of an exempt company be no less than the minimum limit set in the related legislations if its activity is in the field of insurance, re-insurance, banks or financial institutions.

The financial liability of the public shareholding company is deemed independent of the financial liability of each shareholder therein. The company shall, with its assets and properties, be liable for its debts and obligations and each shareholder shall not be liable before the company for such debts and obligations except in proportion to the shares he owns in the company.<sup>(53)</sup>

The term of the public shareholding company shall be indefinite unless the objective thereof is to realize a certain business, in which case, the duration thereof shall end upon the completion of that business.<sup>(54)</sup>



### **2.3 The Name (Title) of a Non-Profit Company**

It is stipulated that the name (title) of the company and its commercial name, if applicable, with the phrase “non-profit” annexed, be printed on all the documents and publications used by the company in its activities and in the contracts held with other parties.<sup>(55)</sup> It should be noted here that if the legal form of a non-profit company is a limited liability company, it shall be followed, as mentioned before, by the words: “with limited liability”, and the word “non-profit”. The same applies to other forms of the companies.

### **2.4 The Objectives of a Non-Profit Company**

The objectives of the company are in the sectors of health, education, microfinance, investment promotion, and training, with the aim of developing society or any object related to the above sectors approved by the controller.<sup>(56)</sup>

For the purposes of controlling a non-profit company, the objectives, according to the Regulation, are one of the red lines. If the company has conducted actions or activities outside the framework of its objectives, the Minister, on the basis of a reference from the controller, may issue a warning to the company to rectify its situation within a month; otherwise, the Minister, on the basis of a reference from the controller, is to transfer the company to a competent court for liquidation.<sup>(57)</sup>

The company may hold seminars or conferences inside or outside Jordan, call for them, prepare or participate in their preparation, and publish or send any reports, research papers or information related to its activities in compliance with the active legislation.<sup>(58)</sup>

### **2.5 The Revenues of a Non-Profit Company**

Any net revenues achieved by the company are considered part of its treasury and may not be used except for the realization of its objectives, the goals for which it was established, and the expansion of its activities.<sup>(59)</sup>

The company may not, by any means, distribute any of its net revenues directly or indirectly among its partners or shareholders.<sup>(60)</sup>

A question arises here: Should the revenues achieved by a non-profit company be subject to tax? According to Article 4 (c) (4) of the Income Tax Law No. 34 of 2014, a registered non-profit

company, according to the Companies Law, shall be exempted from tax.

## **2.6 Duties of a Non-Profit Company**

The company has to provide the controller, within the first three months of the beginning of the financial year, with the following:

1- An annual report describing its actions, activities and the sources of its funds, with an attached balance sheet ratified by those commissioned by the company to sign for it and its auditor, and any other information required by the controller.

The non-profit company should announce in its annual report any funding or grants obtained provided that the company records the body that granted the funding or the grant, amount, spending method and any specific conditions.<sup>(61)</sup> Where the non-profit company wishes to gain funding and grants from any non-Jordanian person, it should obtain the approval of the Council of Ministries and its consent to the Minister's recommendation and in accordance with a notification that clarifies the type of such grant or funding, amount, the method and manner of receiving funding and grants, spending method and any specific conditions.<sup>(62)</sup>

Such notification must be submitted along with the Minister's recommendation to the Council of ministries within 30 days of the submission date. If the Council of Ministries does not issue any decision within 30 days of the Minister's recommendation, the assistance or grant shall be considered approved automatically.<sup>(63)</sup>

The Article does not refer to the case where the Council of Ministers issues a decision to refuse the funding or grants, and whether such refusal may be appealed to the administrative judicature.

Moreover, the Article does not refer to the case where the company has obtained funding or grants without the approval of the Council of Ministries, whether the company must return funding or grants, and whether there are any sanctions. It seems that such violation shall cause the Minister to issue a warning to the company to rectify its situation within a month; otherwise, the Minister, on the basis of a reference from the controller, is to transfer the company to a competent court for compulsory liquidation.<sup>(64)</sup>

The previous issues have been regulated in Article 17 of the Societies Law. Furthermore, Article 17 of the Societies Law states that a society shall deposit all its monies in banks operating in Jordan. A society's accounts do not enjoy financial secrecy in the

event of any inquiry presented by the relevant minister or the registrar regarding them, notwithstanding what is found in any other piece of legislation. It is recommended that such provision be included in the Companies Law or the Regulation to activate the financial control, and depositing funding and grants in banks operating in Jordan will be reflected positively in the national economy. The Anti Money Laundering and Counter Terrorist Financing Law No. 46 of 2007 will be applicable to foreign funding or grants concerning transactions suspected of being related to money laundering or terrorist financing.

It should be noted that foreign funding for non-profit companies has raised a sharp division among public opinion in Jordan and other countries. Some Jordanians consider foreign funding to be legal and believe that there is an urgent need for a mechanism to promote social solidarity and to support democracy and uphold the principles of human rights. However, others believe that foreign funding is an interface of the cultural, social, and economic invasion of developing countries.<sup>(65)</sup>

2- The company's business plan, its activities and projects to be implemented during the year, and a detailed statement of the funding of its activities and projects.<sup>(66)</sup>

Moreover, the company has to keep its correspondence up to date and in special records as well as details of its meetings, decisions, balance sheets, all its properties, and activities carried out.<sup>(67)</sup>

### **2.7 Transformation<sup>(68)</sup> and Merging<sup>(69)</sup> of a Non-Profit Company**

The Regulation allows transformation into a for-profit company in accordance with the procedures stipulated in the Law.<sup>(70)</sup>

The Companies Law does not refer in any Article to the transformation of a non-profit company into a for-profit company and vice versa.

Article 215 of the Companies Law regulates the transformation of general partnership companies into limited partnership companies, and limited partnership companies may also be transformed into general partnership companies. Moreover, a company may be transformed into a limited liability company or a limited partnership in shares company, or a private shareholding company according to Article 216 of the Companies Law.

In light of Article 217 of the Companies Law, a limited liability company or limited partnership in shares company or private

shareholding company may be transformed into a public shareholding company.

The Minister may, upon the recommendation of the controller, approve the transformation of a limited liability company or limited partnership in shares company, or private shareholding company into a public shareholding company.<sup>(71)</sup>

According to the above Articles, the concept of transformation concentrates on changing the form of the company, although the meaning of transformation is broader, such as the transformation of a civil company into a commercial company, and the transformation of a foreign company into a national company.

By applying the above Articles to the transformation of a non-profit company, a non-profit general partnerships company, for example, may be transformed into a for-profit limited partnership company. However, it is not possible, according to the Companies Law, for a non-profit general partnership company, for example, to be transformed into the same form but as for-profit company. Therefore, the Regulation and the companies stipulate the transformation of a non-profit company into a for-profit company in addition to the transformation of the company's form.

According to the Regulation, the capital of the company after transformation is the same before transformation, and it is not permitted to increase its capital from the fiscal surplus of the non-profit company.

The partners or the general assembly of the company decide, as the case may be, to determine the body or bodies who will receive the fiscal surplus of the company to be transformed provided that the bodies are Jordanian and are non-profit or public institutions. The transformation procedures cannot be completed until the company has presented proof that it has transferred the fiscal surplus properly.<sup>(72)</sup>

The Regulation allows the merging of a non-profit company with another non-profit company, and this shall be subject to the provisions and procedures stated in the Law,<sup>(73)</sup> in particular Articles 222 to 239.

The above restriction on the merging of a non-profit company with another non-profit company is critical, especially as transformation and merger are similar in certain aspects; however, the Regulation allows the transformation of a non-profit company into a for-profit

company, but the merging of a non-profit company with a for-profit company is not allowed.

According to Article 222 of the Companies Law, the merger of the companies shall be accomplished by any of the following methods:

1- Through the merger of one company or more with other companies (called the merging company). The company or companies merged therein, and the corporate identity of each, shall no longer exist. The rights and obligations of the merged companies shall be carried over to the merging company, after the merged companies' registrations have been cancelled.

2- Through the merger of two or more companies to form a new company which will be the result of that merger; the companies that have merged into the new company and the corporate identity of each of them shall no longer exist.

3- Through the merger of the branches and agencies of foreign companies operating in Jordan, with an existing or new Jordanian company established for this purpose; the said branches and agencies shall expire and the corporate entity of each of them shall no longer exist.

### **2.8 Liquidation<sup>(74)</sup> of a Non-Profit Company**

The Regulation refers to one type of liquidation, i.e. compulsory liquidation. However, the other type of liquidation, voluntary liquidation, is regulated by the law. According to Article 12 of the Regulation, the Minister may, based on the reference of the controller, issue a warning to the company to rectify its situation within a month; otherwise, the Minister, based on the reference of the controller, is to transfer the company to a competent court for liquidation in any of the following cases:

A- If it has violated the provisions of the law, this regulation, its articles of association or its establishing contract

B- If it has conducted actions or activities outside the framework of its objectives

C- If any of its activities have resulted in a violation of public order or public morals.<sup>(75)</sup>

Subject to the provisions of liquidation in the law, the funds of the company and its remaining assets after liquidation are distributed as follows:

1- The partners and shareholders are given back their actual shares of the capital at the moment of establishment.

2- If the assets are less than the original shares, they are distributed with respect to the original ratio of participation.

3- If the assets are greater than the capital, the remainder devolves to the Scientific Research Fund, public institutions, any other non-profit company, or associations with similar objectives by a decision of the partners or the general assembly of the company upon voluntary liquidation, as the case may be, with the consent of the observer and the decision of the competent court upon compulsory liquidation.<sup>(76)</sup>

The Law has referred to various cases regarding the distribution of the funds of the company and its remaining assets after liquidation. However, the third one is the most important one, since the company may have realized profits and the partners or shareholders may have resorted intentionally to liquidation in order to obtain these profits.

## References

- (1) Maleka Femida Cassim, The contours of profit-making activities of non-profit companies: an analysis of the new South African Companies Act, J.A.L. 2012, 56(2), p. 260. For more details about the history of the concept of the nonprofit corporation see Baz Edmeades, Formulating a Strategy for the Reform of Non-Profit Corporation Law - An Alberta Perspective, 22 Alta. L. Rev. 417 (1984), pp. 419-422.
- (2) See the Societies Law No. 51 of 2008 and its amendments.
- (3) No. 60 of 2007.
- (4) No. 73 of 2010.
- (5) No. 4 of 2012.
- (6) See the differences between the words 'non-profit' and 'charitable', between 'non-profit corporation' and 'charitable corporation', and between 'non-profit corporation' and 'not-for-profit corporation'. Howard L. Oleck, Nature of American Non-Profit Organizations, 17 N. Y. L. F. 1066 (1971-1972), at 1072-1073. Judge J. Hough in US case of Celina & Mercer County Tel. Co. v. Union-Center Mut. Tel. Ass'n distinguished "profit" from "nonprofit". 02 Ohio St. 487, 133 N.E. 540, Ohio 1921, 494-495.
- (7) Supra note 2, p. 244. Both the US revised Model Non-Profit Corporation Act of 1987 of the American Bar Association and the US Model Non-profit Corporation Act of 2008 of the American Bar Association omit any definition of a non-profit corporation. However, an earlier version of the US Model Non-Profit Corporation Act of 1964 of the American Bar Association defined 'a non-profit corporation' in § 2(c) as "a corporation, no part of the income or profit of which is distributable to its members, directors or officers". See Section 154 (1) of the Canadian Corporations Act, RSC 1970, c C-32. According to Henry Hansmann "[c]onfusion continues to surround even the most fundamental issues, including the purposes for which nonprofit corporations may be formed, the distinction between nonprofit and

- cooperative corporations, and the appropriate limits on distributions from nonprofit corporations to individuals who are associated with them.”  
Reforming Nonprofit Corporation Law, 129 UPALR 497 (1981), p. 500.
- (8) Jordanian Companies Control Department, available at <http://www.ccd.gov.jo/ar/home/statistics/numeric-companies> [accessed 28 December 2014].
- (9) Article 5 (a) of the Regulation for Non-Profit Companies No. 73 of 2010.
- (10) Article 2 of the Regulation for Non-Profit Companies No. 73 of 2010.
- (11) Article 7 (d) (1) of the Companies Law No. 22 of 1997 and its amendments, and Article 3 of the Regulation for Non-Profit Companies No. 73 of 2010.
- (12) Article 5 (b) of the Regulation for Non-Profit Companies No. 73 of 2010.
- (13) Article 6 of the Companies Law No. 22 of 1997 and its amendments.
- (14) Article 2 of the Palestinian Resolution No. 3 of 2010 regarding regulation of non-profit companies.
- (15) Article 9 (a) of the Companies Law No. 22 of 1997 and its amendments.
- (16) Article 9 (b) of the Companies Law No. 22 of 1997 and its amendments.
- (17) Article 9 (c) of the Companies Law No. 22 of 1997 and its amendments.
- (18) Article 10 (a) of the Companies Law No. 22 of 1997 and its amendments.
- (19) Article 10 (b) of the Companies Law No. 22 of 1997 and its amendments.
- (20) Article 26 (a) of the Companies Law No. 22 of 1997 and its amendments.
- (21) Article 32 of the Companies Law No. 22 of 1997 and its amendments.
- (22) Article 41 of the Companies Law No. 22 of 1997 and its amendments.
- (23) Article 42 of the Companies Law No. 22 of 1997 and its amendments.
- (24) Article 48 of the Companies Law No. 22 of 1997 and its amendments.
- (25) Article 53 (b) of the Companies Law No. 22 of 1997 and its amendments.
- (26) Article 53 (a) of the Companies Law No. 22 of 1997 and its amendments.
- (27) Article 54 (b) of the Companies Law No. 22 of 1997 and its amendments.
- (28) Article 3 of the Regulation for Registering Limited Liability Company No. 76 of 2008.
- (29) Article 55 of the Companies Law No. 22 of 1997 and its amendments.
- (30) Article 53 (c) of the Companies Law No. 22 of 1997 and its amendments.
- (31) Article 76 of the Companies Law No. 22 of 1997 and its amendments.
- (32) Article 77 of the Companies Law No. 22 of 1997 and its amendments.
- (33) Article 79 of the Companies Law No. 22 of 1997 and its amendments.
- (34) Article 78 (a) of the Companies Law No. 22 of 1997 and its amendments.
- (35) Article 82 of the Companies Law No. 22 of 1997 and its amendments.
- (36) Article 81 (a) of the Companies Law No. 22 of 1997 and its amendments.
- (37) See Article 82 of the Companies Law No. 22 of 1997 and its amendments.
- (38) See Article 84 of the Companies Law No. 22 of 1997 and its amendments.
- (39) See Article 87 of the Companies Law No. 22 of 1997 and its amendments.
- (40) See Article 88 of the Companies Law No. 22 of 1997 and its amendments.
- (41) Article 65 bis (a) of the Companies Law No. 22 of 1997 and its amendments.
- (42) Article 65 bis (c) of the Companies Law No. 22 of 1997 and its amendments.
- (43) Article 65 bis (b) of the Companies Law No. 22 of 1997 and its amendments.



- (44) Article 66 bis (a) of the Companies Law No. 22 of 1997 and its amendments.
- (45) Article 68 bis (a) of the Companies Law No. 22 of 1997 and its amendments.
- (46) Article 65 bis (d) of the Companies Law No. 22 of 1997 and its amendments.
- (47) Article 72 bis (a) of the Companies Law No. 22 of 1997 and its amendments.
- (48) Article 88 bis of the Companies Law No. 22 of 1997 and its amendments.
- (49) Article 90 (a) of the Companies Law No. 22 of 1997 and its amendments.
- (50) Article 90 (c) of the Companies Law No. 22 of 1997 and its amendments.
- (51) Article 90 (b) of the Companies Law No. 22 of 1997 and its amendments.
- (52) Article 95 (a) of the Companies Law No. 22 of 1997 and its amendments.
- (53) Article 91 of the Companies Law No. 22 of 1997 and its amendments.
- (54) Article 90 (d) of the Companies Law No. 22 of 1997 and its amendments.
- (55) Article 6 of the Regulation for Non-Profit Companies No. 73 of 2010.
- (56) Article 4 of the Regulation for Non-Profit Companies No. 73 of 2010. Both the US revised Model Non-Profit Corporation Act of 1987 of the American Bar Association and the US Model Non-profit Corporation Act of 2008 of the American Bar Association omit listing the purposes of a non-profit corporation. However, § 4 of the US Model Non-Profit Corporation Act of 1964 of the American Bar Association refers to “any lawful purpose or purposes, including, without being limited to” certain specified purposes: “charitable; benevolent; eleemosynary; educational; civic; patriotic; political; religious; social; fraternal; literary; cultural; athletic; scientific; agricultural; horticultural; animal husbandry; and professional, commercial, industrial or trade association”. Section 154 (1) of the Canadian Corporations Act, RSC 1970, c C-32 refers to the following objects “national, patriotic, religious, philanthropic, charitable, scientific, artistic, social, professional or sporting character, or the like objects”.
- (57) Article 12 of the Regulation for Non-Profit Companies No. 73 of 2010.
- (58) Article 8 of the Regulation for Non-Profit Companies No. 73 of 2010.
- (59) Article 7 (a) of the Regulation for Non-Profit Companies No. 73 of 2010.
- (60) Article 7 (b) of the Regulation for Non-Profit Companies No. 73 of 2010.
- (61) Article 7 (d) (3) of the Companies Law No. 22 of 1997 and its amendments.
- (62) Article 7 (d) (4) of the Companies Law No. 22 of 1997 and its amendments. See Article 17 of Societies Law No. 51 of 2008 and its amendments.
- (63) Article 7 (d) (4) of the Companies Law No. 22 of 1997 and its amendments.
- (64) Article 12 of the Regulation for Non-Profit Companies No. 73 of 2010.
- (65) Mahmoud Ababneh, Foreign funding of associations and non-profit companies, Alrai daily newspaper, 6 November 2014.
- (66) Article 9 (a) of the Regulation for Non-Profit Companies No. 73 of 2010.
- (67) Article 9 (b) of the Regulation for Non-Profit Companies No. 73 of 2010.
- (68) See the definition of “transformation” at Aziz AlOkeli, AlWaseet in Commercial Companies, Dar Al Thaqafa for Publishing and Distrubting,



- Amman, 2010, p. 513. See also Mohsen Shafiq, The brief in Commercial Law, First Volume, Dar Alnahda Alarabia, Cairo, 1967 - 1968, p. 491. Mohammed El-Arini and Mohammed El-Fiqi, Commercial Companies, AlHalabi Legal Publications, Beirut, 2005, 426-427.
- (69) See the definition of “merger” at AlOkeli, *ibid*, p. 525. See also Hosni Al-Masri, Companies Mergers and Division: A Comparative Study between French law and the Egyptian law study, Hassan printing house, Cairo, 1986, p. 36. El-Arini and El-Fiqi, *ibid*, pp. 436-437.
- (70) Article 10 of the Regulation for Non-Profit Companies No. 73 of 2010.
- (71) Article 218 of the Companies Law No. 22 of 1997 and its amendments.
- (72) Article 10 of the Regulation for Non-Profit Companies No. 73 of 2010.
- (73) Article 11 of the Regulation for Non-Profit Companies No. 73 of 2010.
- (74) The ‘liquidation’ or ‘winding up’ of a company is defined as “a process whereby its life is ended and its property administered for the benefit of its creditors and members ..... an administrator, called a liquidator, is appointed and he takes control of the company, collects its assets, pays its debts and finally distributes any surplus among the members in accordance with their rights”. L C B Gower ... [et al.], Gower's Principles of Modern Company Law, 4th edn, London: Stevens & Sons, 1979, p. 719. See the definition of “liquidation” at Aziz AlOkeli, *supra* note 69, p. 352. Abu Zaid Radwan, Commercial Companies, First Volume, Dar Al Fikr Al Arabi for Publishing, Cairo, 1987, p. 180.
- (75) Article 12 of the Regulation for Non-Profit Companies No. 73 of 2010.
- (76) Article 13 of the Regulation for Non-Profit Companies No. 73 of 2010.