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   NEED/IMPORTANCE OF THE STUDY

   STATEMENT OF THE PROBLEM

   OBJECTIVES

   HYPOTHESES

   RESEARCH METHODOLOGY

   RESULTS & DISCUSSION

   FINDINGS

   RECOMMENDATIONS/SUGGESTIONS

   CONCLUSIONS

   SCOPE FOR FURTHER RESEARCH

   ACKNOWLEDGMENTS

   REFERENCES

   APPENDIX/ANNEXURE

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CONFERENCE PAPERS

- Garg, Sambhav (2011): "Business Ethics" Paper presented at the Annual International Conference for the All India Management Association, New Delhi, India, 19–22 June.

UNPUBLISHED DISSERTATIONS AND THESES

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ONLINE RESOURCES

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- Garg, Bhavet (2011): Towards a New Natural Gas Policy, Political Weekly, Viewed on January 01, 2012 http://epw.in/user/viewabstract.jsp

RECOGNITION OF THE INCOME TAX DEPARTMENT OF THE DISCLOSED PROFITS LISTED ACCORDING TO THE LEGISLATIONS OF THE COMMISSION OF REGULATING THE BUSINESS OF THE JORDANIAN INSURANCE COMPANIES

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ABSTRACT
This study involved the Jordanian insurance companies. It targeted in particular The Holy land Insurance Co. as a sample to apply and implement the scientific method. It is financial tables were analyzed for the fiscal year 2008 qualitatively with the necessary comparisons to reveal the difference resulted from the works of the company and its financial position according to the legislations of the Commission of Regulating the Business of the Insurance sector and comparing that with results consistent with the legislations of the Income Tax Department. The study concluded that the requirements of the Commission of Regulating the Business of the Insurance sector impose a set of actions on the insurance companies when preparing the financial tables revealing it, and implementing the international criteria used in preparing the financial reports. The legislations of the Income Tax Department recognizes only some acts related to the revenues and expenses according to the principles and basics accepted internationally, where this affected the allotted value of the bad debts. (debtors' receivables, reinsurance companies receivables, notes receivable). So we can notice the difference between the accountable income and the taxable income. So the study advised a collection of recommendations the most important one is to create a unified committee appointed by the commission of regulating the insurance sector and the income tax dept. so as to agree upon the allotments specified for bad debts., agreeable with the international criteria, principles and basics, and not contradicting with the goals of the Income Tax Dept. and the commission of Regulating the business of the insurance companies. Following that will result in great positive impact on the outcomes of the operating the insurance companies and their financial position.

KEYWORDS
Bad debt, Allotments, profits, the legislation of the Income Tax Department, The legislations of the commission of Regulating the Business of the Insurance Sector.

PREFACE
As a result to the expansion of the business and the increase in its volume, there is a great demand for the disclosed information and data lists of the joint stock companies. Accounting is considered the language used to disclose the financial of the joint stock companies and their output.
This is realized by the functions of measurements and forwarding the information, that requires accounting to adjust itself to the demands and the diversity all parties that use and benefit from it.
So, it is important when preparing financial reports to follow the basics and strategies of accounting that discloses the economical information of the accounts companies business their products in a way that agree with the regulations and the legislations imposed by all parties that regulate the business of such companies.
The instructions and legislations issued by the Commission of Regulating the Business of the Insurance Companies imposes a machinery requiring the insurance companies to disclose and observe their works and the financial information, casting light on the potential risks that may encounter the insurance companies, may cause different effects and weaken their ability to survive and fulfill their commitment towards debtors.
The legislations of the commission are sometimes contradicting with some articles issued by governmental party such as the Income Tax Department.
This will clearly affect the products of the companies, as well as the shareholders rights. In addition to that, the legislations of the commission are derived from the international criteria, while that of the income tax department derived from the international rules and principles.
The financial information and data list of the Jordanian insurance companies that should be disclosed and presented are to focus on the business products and the financial position of the companies, in addition to the needs of the information users, so as to take the necessary actions.
But the Income Tax Department has specific concepts in some disclosed articles in the financial lists of the insurance companies. That will create substantial changes in the business products and the financial position as well.
When applying the accounts profit and changing it into a taxable profit, such allotment is not accepted by the legislations from the view point of the Income Tax Department.
The difference between the accountable profit and the taxable profit caused by the fact that the Jordanian insurance companies adopts the base of the payability, while the income tax department adopts the payability with relative to revenues and the financial basic with relative to expenses .
This case study is discussing the legislations imposed on the Jordanian insurance companies by the commission of regulating the business of the Jordanian insurance companies according to the criteria of the financial accounting that discloses the financial lists regarding the recognition of the allotments when preparing the lists, disclosing their financial positions, and the products of their businesses.
Added to this, disclosing the profit value of the insurance companies according legislation of the commission differs from that imposed by the Income Tax Department, causing the payment of higher income taxes in addition to the effect of that on the profits that may be distributed to the shareholders.
So the question of the case study is as the following:
Is there a difference between the legislations of the commission of regulating the business of the Jordanian Insurance Companies and the legislations of the Income Tax Dept. regarding the acceptance of the net profit of the insurance companies?
Therefore, this study aims to:
1- The legislations that are imposed by the Commission of Regulating the Business of the Jordanian Insurance Companies regarding the disclosures of the annual financial lists of that companies.
2- The legislations imposed by the Income Tax Dept. on the Jordanian Insurance Companies regarding the annual income and determining the taxable profits of that companies.
3- Comparing the financial lists in the light of such legislations and their effects on the results of the business and shareholders.

The importance of this study comes through focusing lights on the differences between the legislation of the commission of regulating the business of the Jordanian Insurance Companies and that of the Income Tax Dept., regarding the allotments of bad debt during the preparation of the financial lists of the Jordanian Companies.

STUDY POPULATION
The study involved the population of the Jordanian insurance companies (numbering 28 companies in 2009). It was applied on the Jordan Holy Land Insurance Co., because it gave the researcher the opportunity to study its financial and data lists for the fiscal year 2008, which is the period of the study.

THEORETICAL PART OF THE STUDY

Disclosures are one of the criteria of accounting that were emphasized on through the local and international legislations and regulations. It is considered the essence of markets and the fundamental and the necessary condition for their success.

It makes all information available to the investors in the banknotes markets, and the new view of disclosing the financial information is directed towards offering the important information that help in taking the right decisions in incitement (Mr. Lotfi, 1998, pp20).

The information appended to the financial lists takes the form of classifications or supplemental details and explanations to the financial positions and the output of operations.

It explains information related to the healthy financial results of the businesses; making it of a high important to its users; because it reflects a clear picture of the financial position of the business. (Hammad, 2009, pp. 21).

The disclosure of accounting is meant to include the financial lists that should be prepared according to the acceptable accounting principles, lowers the uncertainty and show all accounting information.

Accounting is merely a system working through measuring, forwarding, deleting, and adjusting information. Excluding any information may mislead the decision makers. (Mohtadi, Siam, 2007, pp. 260), (Aboud, 2009, pp.11)

There are two levels of disclosures: (Matar 2004), (Sa'ada, 2008, pp.21), (Aboud, 2009, pp.13)

First: the ideal level, which is realized under three conditions:

1- The issued financial lists should be correct and credited.
2- The numbers of the financials list should be correct and credited
3- The financial lists should be presented in time and suitable to the users.

Second: the real level or the available level

Which means the balancing between the results of using the information's and the cost of issuing its. This is realized under the following conditions:

1- The principles and methods of accounting.
2- The policy of administration.
3- The supervision, observations, and auditing guidelines.

Based on such conditions, disclosures take several forms and considered to be the channel on which the information is sent to the benefited users. (Dharawi 2009, pp. 13)

The Jordanian legislators are keen on disclosing the financial information and data included in the financial lists and bringing investments to the market.

Therefore, the relevant articles in the law included the requisites of disclosing the financial information and data issued by a group commissioned to regulate the work of all companies and sectors operating in the Jordanian business market.

At the top of that is the commission of banknotes, which included in its instructions and recommendations much interest in fulfilling the needs of the financial principles and governmental parties interested in the result of the business of various companies.

Maturity is meant to include revenue and all expenses in the accounts of the fiscal year, regardless of the dates in which the revenues occurred or how the expenses paid. This method gives the fiscal year a specific identity, and because of that it is sometimes called (The fiscal year method), and what remained is to implement the required statements so as to determine the share of each cost. (Work press, 2008-2009) http://finanicalmangement

With regard to the business of the insurance companies, the accounting based on maturity and revenues are calculated on the bases of selling services and recording costs upon receiving the service or the commodity. Maturity includes non monetary expenses such as the depreciation of the fixed assets, bad debts. Other allotments as non monetary transactions have impact on the income lists considered as a precaution and early warning; provided that the maturing principle demands that no allotments are to be recorded in the books of accounting.

When preparing financial lists, insurance companies use the international criteria, but the maturity principle should not be applied, because most of their actions are based on technical allotments, such as the prevailing risks, suspended claims, vested rights and the fall of banknotes. All these allotments affect the income lists in terms of the yearly profit, or the accounting profit.

According to the legislation of the Jordanian Income Tax Dept., the Jordanian legislator refused to recognize such allotments, but accepted part of them. So the accountable income is amended to return the unacceptable part to the yearly income. By doing so the profit is increased to reach the taxable income, and a 25% is deducted from the taxable income, in a way that may affect property rights and shareholders, as there may be accounting profit, causing loses for that year.

This case is not considered by the commission of insurance, because it is a government commission having the authority to enact laws and legislations for the insurance companies.

Contrary to that, the commission of the insurance companies demands the implementation of the maturity principle in their financial operations and from bad debt allotments reaching 100% of the debt older than 360 days. But the Income Tax Dept. does not recognize such expenses until actually paid by the insurance companies and returns part of the allotments.

So it employs the maturity principle, and recognizes revenues either received or not. That is to say it recognizes revenues when the transaction occurs.

PRACTICAL PART

The legislation of the Income Tax Dept. (#17, 2003) regarding the tax processing of the bad debt issued based on the article (2) from the paragraph (f) from the article 10 from the Income Tax Dept. law (#57), 1985, 1997) and its amendments requires the acceptance of bad debt allotments for tax purposes, and not exceeding the following rates of the balance of the vested fees for each year according to the articles #3) from the same law, and as follows:

- 5% of the balance of fees matured since 180 days and less than one year.
- 10% of the balance of fees matured since one year or less than two years.
- 20% of the balance of fees matured since two years and up to three years.

This is in contradiction with the legislations of the commission of insurance because it is obliged to create an allotment for bad debt that may reach 100% of the receivable debt exceeding 360 days. This discrepancy may cause a difference in profits of the accounting period. But the Income Tax Dept. recognize only 10% of that, so there is 90% difference between the requirements of the commission of Insurance and what of the Income Tax Department recognizes .Such situation may have an impact the revenue of profits and losses in the revenue list with a rate of 90%.

It is noticeable from the attached financial lists after applying the legislations of the Income Tax Dept. that the paragraph debtors and the reinsurance receivables had been influenced and became J.D 1100442 for the debtors, which is considered a book value, and the reinsurance receivable debt became 1830849 after applying the requirements of the commission, changing from J.D 1082104 for debtors, and the reinsurance receivables were J.D. 152257.

The profits of the financial period had become J.D 949555 after tax with a difference of J.D 122305.

This change in the financial lists is due to applying the requirements of the Insurance Commission regarding bad debt and neglecting the application of the income tax legislations.

Table (1) and (2) explains the financial position and the company's operations sample according to the legislations of the insurance commission and that of the Income Tax Dept., in addition to the effects on such difference.

We can see that the value of the financial period had increased according to the legislations of the Income Tax Dept. compared with that of the commission. Such differences can be seen in the data illustrated in the tables (3) and (4) prepared according to the requirements of the insurance commission to explain the reason of differences in the value of allotment of the bad debt.

The financial lists presented here are issued according to the requirements of the insurance commission to allot 100% for the bad debt receivable before 365 days. Whereas the accountable profit was J.D 122305 and the profit of each share was J.D 0.031; while the total right properties was J.D 3577721 right properties was J.D 357772. The allotment for the income tax is estimated to be J.D 46235.

These actions are not agreeable with the legislations of the Income Tax Dept. regarding the bad debt, but it agrees with the fixed ratios adopted by the income Tax Dept. regarding creation of bad debt, and what exceeds that is not recognizable by the Jordanian Income Tax Dept, and should be returned to the profit of that year.

So such allotments from the view point of the Tax Dept. is not acceptable and the tax department will return large part from the bad debt allotment to reach the taxable value J.D 31658.

In addition, when fixing the amount allotted for the income tax according to the legislations of the insurance commission, there will be loses between J.D 122305-J.D 16518, the product for that year is lose, no profit for the shareholders, and the total rights of the shareholder is lowered by the same difference between the two cases .

However, when amending the financial lists according to the legislations of the Income Tax Dept., the value of the declared profit will change radically and the value of the rights of the shareholder will be (J.D 1226074), the rights of the, the profit for each share will be J.D 0.237, the income tax is going to be after deducting the income (net profit) J.D 949555**.**

Therefore, it is apparent how the rights of the shareholders are influenced and the effect of that on the ability of the insurance company to compete with other companies and the price of the share of that company in the financial markets.

TABLE (1): THE UNIFIED BALANCE SHEET OF THE SAMPLE COMPANY FOR THE YEAR 2008

Value according to the legislations of		Description	Value according to the legislations of		Description
Income tax	The commission	Liabilities	Income tax	The commission	Assets
5.755,349	5.755,350	Non-vested premium –net	9,038,810	9,038,810	Deposits at banks
1.454,039	1.454,039	Claims	1,406,830	1,406,830	Financial assets for trading
7.209,388	7.209,389	Insurance contracts liabilities	50,000	50,000	Investments in real estate
1.050,635	1.050,635	Crediting bank	234,135	234,135	Total investments
576.138	576.138	Creditor	10.729,775	10.729,775	Cash
1,325	1,325	Receivable expenses	21,344	21,344	Collectable checks
150,870	150,870	Reinsurance crediting	316.528	222,484	Debtors- net
234,262	234,262	Receivables other allotments	1,100,442	855,697	Reinsurance debiting receivables
317,304	47,016	Income tax allotment	1,840,849	1.082,104	Fixed assets –net
256,135	256,135	Other liabilities	152,257	152,257	Other ASSETS
2,586,669	2,316,381	Total	28,830	28,830	Total of current assets
9,796,058	9,525,770	Total liabilities			
4,000,000	4,000,000	Shareholders rights			
38,221	38,221	Compulsory reserve			
555,086	355,086	Optional reserve			
22,561	22,561	Period profit after tax			
949,555	122,305	Accounted loses			
1,171,452	1,171,452	Total			
4,393,971	3,566,721	Rights of shareholders			
4,393,971	3,566,721	Total of property rights			
14,190,024	13,092,491	Total of receivable of property rights		13,092,491	

TABLE (2): LIST OF INCOME OF THE SAMPLE COMPANY (2008)

Description	Values according to the legislations o the	
	Income tax	The commission
Revenues	12,304,874	12,304,874
Total of subscription installments	478,098	478,098
Share of reinsurance companies	11,826,776	11,826,776
Net change in the unsubscribed	3,466,860	3,466,860
Revenues of realizable fees-net	8,359,916	8,359,916
Commission revenue	90,412	90,412
Fees of issuing insurance policies	69,492	69,492
Other subscribing revenues interests	28,942	28,942
Crediting	210,740	210,740
Profit of financial assets and investments-net	62,657	62,657
Change in fixed assets	390,941-	390,941-
Other revenues	56,761	56,761
Revenues of returned surplus	1,097,534	1,097,534
Total revenues	9,585,513	9,585,513
Compensations, loses an expenses		
Paid compensations	6,094,742	6,094,742
Recoveries	313,117	313,117
Reinsurance share	652,108	652,108
Paid compensations-net	5,129,517	5,129,517
Change in claims-net	500,713	500,713
Paid employees expenses	519,028	519,028
Paid administrative expenses	375,818	375,818
Installments of surplus loses	132,774	132,774
Insurance policies expenses	785,401	785,401
Other subscription expenses	28,250	28,250
Expenses of employees compensations-net	7,471,500	7,471,500
Employee expenses	129,757	129,757 1
Depreciation	21,018	21,018
Management expenses	93,954	93,954
Loses	586,811	586,811
Garage operation expenses		
Other expenses	16,398	16,,398
Total expenses	8,319,439	8,319,439
Profit before tax	1,266,074	168,540
Income tax	316,518	46,235
Period borfit	949,556	122,305
Shareholder of mother company	949,556	122,305

When viewing the paragraphs committed by the sample company regarding the international accounting criteria and the requirements of the insurance commission, we can see that the sample company is committed itself disclose the registered values of each category of assets or discounts if in budget, because most budget articles are important during evaluation of the financial tools regarding the financial position. This will help in understanding how the policies of accounting affect each category.

The sample company had committed itself to the amended international, according criterion (39) and the preparation of the financial reports (7), so as to reclassify the assets. Such amendments gave permission to reclassify the financial assets for trading it to other assets, and reclassifying the financial assets available for selling to be as assets kept for the date of maturity, because there was no change in the accounting policies or had no effects on that, since reclassifying any asset influences the way in which the financial asset is measured.

The disclosures of the information related to the fulfillment of repaying the receivables, returned checks, and bills receivable prepared at the time of preparing the financial report, as the details of such values, and the reserves of bad debts.

The income lists is one of the most important financial lists that concerns the shareholders. Such list is used to measure the competence of the administration and to help users to evaluate the performance of the financial tools and activates of the bank as mentioned above.

The insurance commission imposes observational formats on the insurance companies, as the tables (3) and (4)-and preparing a trust policy to focus light on the potential risks resulting for the normal practices of the insurance companies. To safeguard that, the insurance companies usually take the proper actions before the incidence of the risks, so as to keep the continuity of the company and its ability to fulfill its commitments towards the insurance policy holders.

The insurance company usually issue insurance and reinsurance policies to distribute the risks of the insurance, so as not to bear the burner solely, such dealings are dealt with either by the instant collection of the insurance and the reinsurance installments or through resorting to receivable, whereas the insurance companies allot bad debts. At the end of the financial period. Such allotments are deducted from the earnings and lose of the accounting period.

The insurance commission usually reviews the financial data of the insurance companies and dictates the formation of the bad debt. Allotment for the bills receivable, uncollected checks and the receivables of the reinsurance companies. The allotment of the bad debt may be 100% of the receivables matured more than 360 days.

It should be noted that the Insurance commission requires the insurance companies to have a collection policy to collect receivables, so as to provide sufficient liquidity for the insurance companies and to have the required ability to pay claims to the customers.

TABLE (3): THE RECEIVABLES OF THE SAMPLE INSURANCE COMPANY

The total according to the legislations of		**Receivable before between 360 days, according to the legislations of**		**Receivable matured between 360-180days, according to the legislations of**		**Receivable matured 180-90 days, according to the legislations of**		**Receivable matured before 90 days, according to the legislations of**		**Accrued receivable**	Description
Income tax	Commission	Income tax	Commission	Income tax	Commission	Income tax	Commission	Income tax	Commission		Receivable s
468620	468620	151027	151027	84142	84142	88534	88534	144917	144917		Policy holders
473129	473129	103823	103823	40602	40602	120249	120249	208455	208455		Agents
19410	19410	19147	19147	0	0	0	0	263	263		Garage
88284	88284	58408	58408	0	0	9218	9218	20658	20658		Unsettled cases
6514	6514	641	641	255	255	692	692	4926	4926		Employees
99187	99187	30495	30495	13573	13573	9708	9708	45411	45411		Return checks
											Bad debts. deducted
-54703	-54703	-36354	-299447	-6929		-11420					Receivable net
1100441	1100441	327187	64094	131643	138572	216981	228401	424630	424630		Receivables of the insurance companies
774572	774572	13165	13165	30672	***30672***	54500	***54500***	676235	676235		Local insurance companies
1169738	1169738	849041	849041	170722	***170722***	87913	***87913***	62062	***62062***		foreign reinsurance companies
-103461	-103461	-86221	-862206	-10070		-7171					Allotment of bad debts.
1840849	1840849	775985	0	191324	***201394***	135242	***142413***	738297	***738297***		Receivable of insurance companies net

TABLE (4): CHECKS UNDER COLLECTION AND RECEIVING PAPERS OF THE COMPANY

Matures after 6 months				Matures during 6 months				Description
Previous period according to the legislations of		Current period according to the legislations of		Previous period according to the legislations of		Current period according to the legislations of		
The income tax		The income tax	The commission	The income tax	The commission	The income tax	The commission	
94300	***94300***	***119584***	***119584***	***74092***	***74092***	***18778***	***18778***	Receivable papers
10594	***10594***	***11290***	***11290***	***127686***	***127686***	***173794***	***173794***	Checks under collection
80000-	***80000-***	***6918***	***100962-***	***4000-***	***4000-***		***0***	Bad debts. allotment deducted
24894	***24894***	***145280***	***37400***	***161778***	***161778***	***192572***	***192572***	Total

We can see in the tables (3) and (4) the data prepared according to the specific formats imposed on the insurance companies by the insurance commission, to enable the commission to verify the commitment of the insurance companies to sufficient allotments and that the sample company had receivables matured before 360 days.

So the allotments according to the insurance commission should reach 100% of the receivables matured before 360 days. The allotment of the bad debt of the receivables of the local and foreign reinsurance companies, the receivables of the policy holders, the returned checks and receiving papers amounted to J. D. 1262615.

Such allotment forms 96% of the total receivable or 35% of the total property rights. This gives the impression that the sample company has no clear credit policy and no section responsible of collecting the dues. But according to the income tax legislations, the total allotments of the bad debts. created by the sample company should be only 10% of the allotment prepared according to the insurance commission, that is J.D 126261, and the difference rejected by the income tax (J.D 1136353) will clearly influence the business and the shareholders of the company. This is evident from the above mentioned tables (1) and (2), which proves that the income tax department aims to urge the insurance companies to create competent credit policy and be able collect money from the insurance companies.

It should be noted that the ages of debts are classified into intervals according to the needs of the insurance commission, and the extent of using it is up to the insurance companies to invest according to the satisfaction of the company and its ability to collect receivables.

In addition, the sample company had formed its allotments according to the dates of the receivables that are not exceeding 360 day, because receivables are connected with dates of issuing the insurance policies.

In case other companies needed to exploit such dates, the income tax legislations determined recognizable rates- as mentioned above- according to the disclosures period declared by the company.

The net receivable had reached at J.D 42463 in 90 days according to the insurance commission; and arrived at the same value in 90 days according to the legislations of the income tax department. The receivables aged between 90-180days arrived at J.D 22840 according to the insurance commission, but according to the income tax legislation it differed and arrived at J.D 21698 due to the allotment of 5% for the bad debt.

As for the period between 180-360 days, it arrived at J.D 13857 according to the legislations of the insurance commission.

But it arrived at J.D 131643 according to the legislations of the income tax department due to the allotment of 10% for the bad debt.

The net receivables aged more than 360days reached J.D 64094 due to the allotment at 95% for the bad debt, but it was J.D 327187 according to the legislations of the income tax department after allotting 20% of the bad debt.

The total net receivable reached J.D 64094 after deducting bad debts. of J.D 299447, but according to the legislations of the income tax department a sum of J.D 54703 were allotted for bad debts. and the net receivable were J.D 100441.

The net receivables of the insurance and the reinsurance companies had arrived at J.D 73829 for the 90days according to legislations of the insurance commission, while it was the same value according to the legislations of the income tax department. With respect to the period of maturity ranging between 90-180fays, it arrived at J.D 14241 according to the insurance commission and J.D 13524 according to the income tax department after allotting 50% for the bad debt (J.D 7171).

However, for the period between 180-360 days, the not profit had amounted to J.D 20139 according to the insurance commission, but as for the income tax department there were an allotment of 10% for the bad debts. valued at J.D 10070 and the net receivables were J.D 191324. As for the period exceeding 360 days, there was 100% allotment for the bad debts. matured before 360 days.

But according to the income tax department, a 20% were allotted for the bad debt. and the net receivables were J.D 775985. The net receivables amounted to J.D 1082194 according the legislations of the insurance and reinsurance companies, whereas the allotment for the bad debt arrived at J.D 862206, but it arrived at J.D. 103461 and the reinsurance companies were J.D 1840849 according to the legislations of the income tax department.,

The net receivable and checks under that reaches 6 months were J.D 192572 according to the legislations of the insurance commission, and the difference was attributed to the period exceeding the six months, the net receivables were J.D 37400 and bad debts. were J.D 100962.

But according to the legislations of the Income Tax Department, the net receivables were J.D 145280 and the bad debts. amounted to J.D 6918.

These difference between the allotments required by the insurance commission and the allotment recognized by the income tax department had influenced greatly the business results and the shareholders rights, because the net profit amounted to J.D 122305 according to the legislations of the insurance commission (see table 2), while the net profit was J.D 949356 according to the legislations of the income tax department as shown in the same table, but for the shareholders rights it was J.D 3566721 according to the insurance commission and J.D 4393971 according to the income tax department as shown in table (1).

CONCLUSIONS AND RECOMMENDATIONS

CONCLUSIONS

The study reached the following conclusions:

1. The commission of regulating the business of the insurance companies imposes a set of actions on the insurance companies when preparing and disclosing the financial lists and applying the international criteria. However, the legislations of the income tax department recognize some articles related to income and expenses according to its legislations disclosed in the financial lists and the known accounting principles recognized internationally. Therefore, a difference is seen between the accounting income and the taxable income appeared during the preparation of the practical part of this study – see tables 1 &2.
2. The Insurance Commission usually adopts certain formats for inspection as shown in tables 3&4 so as to focus light on the potential risks resulting from normal operations of the insurance companies as a precaution for taking the necessary actions, keeping the continuity of the insurance companies and verifying their ability to pay the needed compensations to the insurance policy holders , as the commission of regulating the insurance sector requires preparing a credit policy to apply the afore mentioned target .
3. There is no clear crediting policies for the sample company, neither a section for to collect the bad debt, whereas the allotment for the bad debt was J.D. 100962 for the debt matured before 360 days, a value comprising 96% of the total receivables or 35% of the total shareholder rights.
4. When applying the legislations of allotting values for bad debt not exceeding 20% of the debt matured 360 days ago , the profit before tax becomes more than that prepared according to the legislations of regulating the insurance sector which allows the allotment of nearly 100% ,in addition to the impact of that on the shareholders rights.
5. The insurance companies adopt the financial results prepared according to the commission of regulating the business of the insurance sector for the purpose of distributing the profit on the shareholders. Such lists do not disclos high profits caused by the deductions from the realized profit which negatively affects the shareholders. This is emphasized by the objectives of the legislations of the commission in protecting the insured.

RECOMMENDATIONS

After implementing the study theoretically and practically, we recommend the following:

1. Finding means to harmonize between the legislations of the commission of regulating the insurance sector and that of the income tax department with respect to the allotment of bad debt (receivables of debtors, receivables of reinsurance companies) for the purpose of reducing negative effects on the results of the 2- creating a unified committee by the commission of regulating the insurance sector to be agreeable with a unified ratio of deductions to form the allotments of the bad debt conforming with the acceptable international principles and rules not contradicting with the aims of the income tax department and the commission of regulating the insurance sector, the thing which have a positive effect on the results of the insurance companies and their financial positions.
2. The necessity of establishing a special section for the insurance companies dealing with collecting receivables, the thing which have a positive impact on the allotment of the bad debt. This will be directly reflected on on the results of the insurance companies and the rights of the shareholders, in addition to creating proper solutions for the expected risks and the fulfillment of the insurance companies' commitments.
3. The necessity of creating committee for preparing competent credit policies enabling the recovery of money and forecasting the potential risks that may affect the relationship between the company and the insured.

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