

Artificial intelligence, commercial law, and taxation in Jordan: A doctrinal analysis of the legal framework

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Abstract

It is more common to see the notion of artificial intelligence to be somehow connected with business, contracts, accounting, invoices, taxes, and administration. There appear such questions as responsibility, consent, evidential questions, liability, tax payer duties and accountability. The current article studies AI-based commercial operations in Jordan under the doctrinal legal approach supplemented by the use of function-based and comparative approaches. This study proves that technical independence should not be associated with juridical independence while recommending preserving legal attribution of these operations involving artificial intelligence to identifiable natural persons and companies, taxpayers, platform managers together with competent government authorities. The study addresses the following issues within the scope of this research: automated formation of commercial contracts, business liability, digital evidence, liability apportionment, taxation arising from AI-enabled transactions, e-invoicing, and AI-supported tax administration. This analysis demonstrates the areas in which Jordanian legislation remains adaptable enough to deal with emerging circumstances and identifies those that require further clarifications through a distinct regulatory instrument. This analysis provides an analytical framework which considers the need for technology neutrality and decision making depending on the functions of artificial intelligence. Therefore, updating the existing legislation on commercial conduct and electronic dealings, taxation and public administration may provide a suitable path out.

Keywords: AI, business law, taxation, Jordan, digital transactions, automated contract formation

Introduction

Innovations in AI technologies bring about a change in the way of organizing, performing, recording and regulating business processes. The companies use AI technologies to analyze customers, suggest products to them, determine the price for their services, create contracts, manage communications, classify transactions, issue invoices and apply accounting regulations. AI is an element of tax administration through its application in data analytics, digital invoicing, fraud identification, taxpayer classification and administrative decision support.

In the setting described, the number of concepts in legal practice associated with the actions of certain individuals should be transformed. According to commercial law, legal consequences are applied to persons who make proposals, accept commitments, issue declarations, submit documents or conduct business acts (Hashemite Kingdom of Jordan, 1966) ^[12]. The problem arising from the use of AI technology is the possibility to generate legal effects in the absence of human involvement at the same time.

The issue of attribution and accountability is extremely important in this situation. In case the AI system conducts negotiations, fixes prices, issues invoices, classifies transactions, provides tax information, there should be a clear legal understanding of the personality of the individual whose actions are performed and of the individual who holds relevant rights and responsibilities. The strategy for implementing AI technologies emphasizes the importance of legislative and regulatory development as an element of the institutional environment supporting the technology deployment (Ministry of Digital Economy and Entrepreneurship, 2023) ^[21].

The discussion in the article focuses on AI-supported business activities and the legal issues connected with them. It covers commercial law and taxation in this regard. It is discussed that the responsibility should be assigned to recognized personalities and institutions while the targeted regulation is needed to address the uncertainties related to the use of AI.

Research Problem and Research Questions

The research problem lies in the growing gap separating technological capability from legal liability. A company can assign its AI system to communicate, set prices, respond to offers, generate invoices, classification and compliance outcomes without the consent of each individual decision. Among the research questions are the potential of regulating the activity of AI systems based on Jordanian laws, liability issues, tax issues during automation of transaction processing, and protection against the risks of using AI technology in taxation.

Research Methodology

In this research, the legal approach of doctrinal methodology of law will be applied in which the main issues of the research will involve interpretation, structure and evaluation of the legal norms related to conducting business activities through AI and taxation.

A functional approach will also be utilized for research purposes in which the research object will be analyzed according to the functions performed by law. In this context, the systems will be distinguished in regard to whether they provide suggestions regarding the conditions, complete deals, create invoices and assist tax authorities.

Artificial Intelligence and Commercial Legal Responsibility

The first major issue concerns the relationship between autonomy and responsibility. While there may be great technical autonomy concerning AI, legal autonomy based on technical autonomy can never be allowed. Under Jordanian company law, the juridical-person structure organizes and assigns all business acts of companies (Hashemite Kingdom of Jordan, 1997) ^[15]. AI operates mostly within the framework created by people, companies, service providers, or public organizations.

The correct approach here is to attribute actions undertaken by AI to a person known as it is commercial action accomplished through the instrumentality of AI, taking into account the modern understanding of AI in light of agency law (Seng & Tan, 2024) ^[27]. Thus, where a business entity allows AI to do a specified business act, the conduct that was undertaken by the system in this case would normally be attributed to the company. It makes no sense to use automation and at the same time try to evade responsibility for the act that does not pay off.

The above method would guarantee the absence of any responsibility gaps. Considering AI as a person who would bear responsibility would be wrong since the system has no ordinary assets or liability.

AI-Enabled Contract Formation

There may be no more evident example of interaction between AI and business law than automated contracting. In Jordan, the Jordanian Civil Code provides the bases of agreement and contractual relations (Hashemite Kingdom of Jordan, 1976) ^[13]. There is a special regulation of electronic contracting in the framework of Jordan's legal system for electronic transactions (Hashemite Kingdom of Jordan, 2015) ^[17]. AI increases the complexity of the process because the system can create, analyze, modify or accept terms of the contract.

If a business deliberately uses the AI system having the possibility of creating transactions based on some conditions, then such actions must be legally assigned to the business. It is also the case regarding current international legal instruments, in which automation of the formation and execution of the contract is expressly acknowledged alongside party autonomy (UNCITRAL, 2024). In other words, the relevant consent derives from the prior choice to authorize the system to operate in its business capacity.

It is required to make the automated commercial process trustworthy. The principles of technological neutrality and functional equivalence have been included into the international law of electronic commerce for many years (United Nations, 2005) ^[28]. The development of the systems which can automatically decide about the terms of the contract indicates the possibility of automation of activities previously performed by human actors (Casey & Niblett, 2024) ^[4]. If it were permissible to reject every machine-generated contract since no one expressly approved it, technology-mediated automated commerce would become untrustworthy.

However, a difficulty may arise where an AI system generates terms or pricing that are commercially unreasonable. Based on the scholarship conducted on automated contracts, there exist certain means of dealing with unreasonable or unwanted outcomes using established principles of contract law (Herbosh, 2025) ^[20].

Algorithmically formed contracts likewise involve questions concerning the fact that the agreement is made under conditions which were not intended by the party that deployed the system (Filatova-Bilous, 2026) ^[18]. Thus, a Jordanian legal assessment should identify whether the agreement fell within the scope of the authorized commercial activity and whether established doctrines concerning mistake, misrepresentation, authority, unfairness or invalidity remain usable.

Contractual transparency is also significant. AI-enabled agreements call for additional analysis regarding the allocation of responsibility across the socio-technical process rather than the immediate output generated by the automated system (Arvind, 2024) ^[2]. However, the counterparty interacting with an automated system should be informed whether that system is able to make a binding agreement. Accordingly, the disclosure concerning the system's commercial role will contribute to the clarification without disclosing underlying technical specifications.

Commercial Evidence and AI-Produced Records

The effect of AI on commercial evidence is that AI-related transactions will lead to generation of electronic evidence which would include communications, decision log, automated suggestions, transaction data, timestamping, invoices and other evidence concerning the transaction. The principles of Jordanian commercial law in relation to the use of evidence to prove the relevant facts and documents are stated in Jordan (Hashemite Kingdom of Jordan, 1952) ^[11]. Concerning the use of AI, the main problem would relate to the matters of authenticity, integrity, availability, accuracy and relevance to the transaction.

The use of AI complicates the matter since some of the systems may generate the output without having any explanation of how it has been generated. The company must have sufficient evidence to recreate the transaction, its inputs and outputs, and any subsequent steps. In the meantime, records governance must comply with Jordanian laws on the processing and safeguarding of personal data (Hashemite Kingdom of Jordan, 2023) ^[18]. Accordingly, management of commercial records must reflect the digital workflow rather than the underlying technical architecture itself.

Liability Allocation in AI-Enabled Commerce

AI-enabled commerce may comprise business users, developers, platform operators, data suppliers, integration and consulting providers, and customers. The issue appears when the system generates incorrect results. As per current private law liability models for AI systems liability which include vicarious liability doctrine, the liability could be determined based on existing legal relations rather than on a novel AI concept (Morgan, 2024) ^[2].

In most cases, the entity engaged in business relations with the client is liable for the system utilized in the process of conducting this specific relationship. The client should not determine who among providers of technology has made mistakes internally before filing any lawsuit against the business. Various duties might arise between the business and the software provider which did not live up to its obligations.

That way, the liability of the client towards the business in regard to technology providers is secured. Issues that should be addressed in the AI contract include: intended purpose of

the system, system performance standards, data governance, monitoring, documentation, updates, security, change management, and error remediation and loss allocation. The aim is not to impose identical duties; rather, it is to avoid complex highly technical issues making lines of responsibility ambiguous.

AI and Taxation of Commercial Transactions

Taxation will ordinarily follow commercial activity because tax consequences arise from the economically attributed activity. AI could considerably assist in generating revenues but it is not to be considered as the tax system per se. Within Jordanian income-tax regulations, liability remains attributed to the legally identified taxpayer and the relevant taxable activity (Hashemite Kingdom of Jordan, 2014) ^[16]. All the income generated through AI-assisted sales or decision systems must remain attributed to the business entity or taxpayer engaging in that activity.

Identification of the taxpayer will not change merely because AI is used. The issues will rather pertain to categorization, documentation, computation, and compliance. Automated tools can categorize transactions, income, expenses, and other tax treatments across large volumes of transactions. Furthermore, the classification may affect duties arising under Jordan's General Sales Tax Law (Hashemite Kingdom of Jordan, 1994) ^[14]. A mistake made by an automated system can thus influence many transactions.

Even where AI handles substantial compliance functions, the taxpayer remains responsible. No statutory tax duties could shift automatically to a technology provider. That approach would preserve the taxpayer's responsibility before the tax authority without dividing statutory duties among multiple parties.

In case of a loss incurred due to the defective technology, then the taxpayer would have recourse in contract law but technological obligation of the taxpayer will be distinct from statutory obligation of the taxpayer towards the tax authority. A functional approach to the issue could help distinguish the software providing recommendations on classification from the systems making automated classifications. Automation of the process would increase the monitoring, record keeping, validation and corrections of errors while the taxpayer's responsibility will be preserved.

Analogous reasoning applies to automated calculations of taxes from commercial data. Digital transformation increasingly integrates tax processing within the taxpayer's ordinary business processes (OECD, 2020) ^[23]. The automated tool that makes tax classification based on business transactions of the taxpayer must preserve adequate control of the taxpayer to supervise and correct this process.

AI and Electronic Invoicing

As an electronic invoice is a document which may constitute evidence in relation to a transaction and to accounting record retention, payment conditions and tax requirements, an e-invoice connects business law and taxation. Jordan's amended invoicing regulation makes provision for a national electronic invoicing framework in Hashemite Kingdom of Jordan (2023b) ^[18]. Invoicing data, classifying, transaction values and reconciliation of transactions and the identification of discrepancies may be automated using AI.

An AI-generated invoice should also be legally attributed to the business entity which issues it. It does not mean that it is not necessary to require mandatory information to be provided. Digital instruments become increasingly integrated into the tax compliance process while ensuring the governance and assurance framework continues to apply (OECD, 2025b) ^[25]. Therefore, regulation should be technology-neutral and provide for such requirements as integrity, accessibility, retention, correction, and accountability rather than specifying any particular software design.

The businesses which have automated invoicing processes should maintain controls for detecting repeated discrepancies. Because a single classification error or automated rule may affect multiple transactions, making verification and correction procedures especially important parts of the e-invoicing process.

AI Applications in Tax Administration

AI may be used by revenue authorities to analyze large volumes of data, detect inconsistencies, select cases, audit and increase the efficiency; such a digitalisation of tax administration becomes more and more apparent all around the world (OECD, 2024) ^[2]. Guidance on the use of artificial intelligence in revenue administration includes aspects of governance structures, lawfulness, ethical safeguards, and accountability (Aslett *et al.*, 2024) ^[3]. As far as revenue authorities exercise their statutory powers and affect directly the rights and duties of taxpayers, additional procedural guarantees should be provided in case of the use of artificial intelligence as a substantial part of the administrative procedure.

Decision support through AI deployment may remain consistent with principles of administrative accountability as long as the ultimate determination is taken by the authorized official. From a rule-of-law approach, the deployment of technology must be limited by the legal limits governing the exercise of public-administration powers (Daly, 2024) ^[5]. Taxpayer rights encompass the right of challenging algorithm-assisted decisions and enforcement measures (Faúndez-Ugalde *et al.*, 2020) ^[7]. Taxpayers therefore need to understand the lawful basis of the decision, rectify errors, provide further information and obtain legal review.

AI deployment must not reduce the transparency or reviewability of administrative decisions. The literature on the topic of explainable AI for tax administration shows the importance and limits of technical explanations when providing the basis of the legal justification (Górski *et al.*, 2025) ^[25]. Moreover, broader tax-law scholarship stresses that the deployment of AI by revenue authorities implies transparency, institutional accountability, and taxpayer protection (Guglyuvatyy, 2025) ^[10]. Accordingly, the authority remains accountable for the selected and implemented system, while legal review remains available for material automated tax determinations.

Regulatory Gaps and a Proposed Legal Framework

A special field of AI commercial law is not necessary in Jordan either, as most of the challenges can be addressed through careful clarifications. First, it is necessary to clarify the attribution: authorisation of automated transactions ought to attribute them to identifiable natural or juridical persons who use the relevant technology and thereby reduce

ambiguity surrounding automated offers, acceptances, representations and records.

Second, documentation and record-retention obligations should require businesses to keep sufficient information to provide evidence of the context and significance of any material automated transactions, particularly in cases where automation materially affects contractual duties, billing, pricing or tax classification.

Third, the regulatory obligations should distinguish between advisory systems and systems that perform materially automated functions. An advisory system should not be treated in the same way as systems authorized to conclude material automated contracts or determine tax classifications. The European risk-based model for AI regulation, for instance, provides for differentiation according to the context and significance of particular AI uses (European Parliament & Council of the European Union, 2024) ^[6]. Jordan should likewise calibrate the intensity of regulation according to the legal significance and practical importance of the use rather than AI as such.

Fifth, contracts governing AI should allocate responsibilities among the user, provider, developer and operator of the system. It is clear that contractual allocation of responsibilities cannot replace regulatory duties, but it can clarify responsibilities for performance, data accuracy, updating, monitoring and remediation.

Lastly, it is unnecessary to create in Jordan a separate legal personality of AI for commercial or tax purposes. Reform should instead focus on attribution, evidence, automated decision-making, reviewability and technology-neutral governance.

It is also necessary to establish the regulatory coordination in the sense that commercial, tax, e-transaction and administrative regulation should employ shared concepts of legal attribution and responsibility and ensure that the same automated transaction does not produce inconsistent implications merely because it is characterized differently.

Discussion

Therefore, the analysis indicates that the deployment of AI will interfere with the mechanisms by which responsibility is assigned but not with the underlying framework of commercial and tax law. Similarly, recent contract-law scholarship shows that greater system autonomy does not mean that a separate contractual regime should be developed (Zhai, 2026) ^[30]. Parties to the contract must be identified, tax responsibilities will stay with taxpayers, and powers will be delegated to appropriate organizations. The disruption of the AI takes place in the process of establishment or management of the relations and does not involve necessity for establishment of responsibilities.

The technologically neutral development of legislation follows from this conclusion. Legislation based on rules focused on attribution, authority, evidence, responsibility, transparency, and review will be more sustainable in comparison with legislation designed for a specific technological model and capable to be changed due to the development of AI capabilities.

But at the same time, the technological neutrality cannot imply the absence of actions of the regulator. The increase of risks and the level of information asymmetry in case of use of AI technology can lead to the clarification of certain doctrines which ambiguity arises because of the automation process. It is also important to take into account the

interconnection between commercial and taxation laws as tax responsibilities are defined by the characteristics of transaction.

Therefore, the most reasonable approach for Jordan is the incremental one based on retention of existing principles and legislative regulation of certain uncertainties.

It also prevents the problem of overregulation as necessary measures will be taken depending on the significance of automated activities.

Legal and Policy Recommendations

The Jordanian law needs to recognize the legal efficacy of any automation process carried out by any authorized commercial entity while tying up the legal liability for such a process to recognized individuals. Commercial entities utilizing AI technology for carrying out legally important functions need to have internal procedures for authorization, supervision, documentation, error correction and accountability for acts carried out.

AI-related contracts need to address issues of data governance, performance, and changes in system configuration, documentation, oversight, confidentiality, security, and risk allocation. Taxation rules need to provide that any automated accounting, invoicing or compliance system does not in any way transfer any statutory liabilities to another person.

Tax administration utilizing AI needs to ensure that the government remains accountable, supervision is effective and procedure is just. In comparison, guidelines prepared for the public sector indicate that utilization of AI by governments depends upon governance and protective mechanisms for ensuring its trustworthiness (OECD, 2025a). Therefore, future regulation of AI by Jordan will need to take into account the interaction of commercial, transactional, taxation, data protection and administrative laws.

Conclusion

There are already a number of applications of artificial intelligence in such domains as contract formation, invoicing, accounting, compliance, and tax administration. Such innovations create novel legal and regulatory challenges yet they do not require a departure from the basic principles of Jordanian commercial and tax law.

The central issue concerns legal attribution. Technological autonomy should not detach legally significant conduct from identifiable persons. Companies will generally continue being liable for conduct generated through the lawful use of AI systems. Taxpayers will retain their statutory duties regardless of the fact that AI performs classification, accounting, invoicing or reporting.

Automation of contracts indicates that the current doctrinal framework can cope with such changes. Prior authorization to carry out business using a certain automated method might help prove the legal attribution of contractual conduct by reference to doctrines of mistake, authority, invalidity, and misrepresentation.

A similar conclusion applies to evidentiary and taxation matters. Evidential weight of digital evidence should be assessed according to its reliability, authenticity, availability, and connection to the relevant conduct. Automated income should be attributed to the acknowledged taxpayer. In case of the application of AI in the public sector, some extra measures have to be taken

because the tax determination has to maintain attribution to the relevant authorities.

In such a manner, a cautious doctrinal reading favors a technologically neutral function-oriented approach. At the present stage of development, the Jordanian legal system needs neither legal personality of AI nor a commercial code of AI. Targeted clarification of commercial, electronic-transaction, tax, and administrative law would provide greater legal certainty.

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