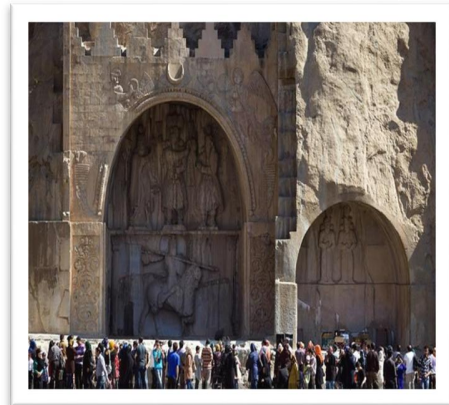
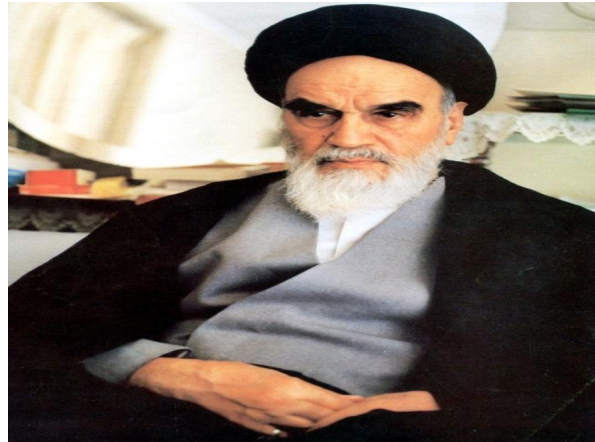


Investment Opportunities and Projects and Investment Guide in Kermanshah Province

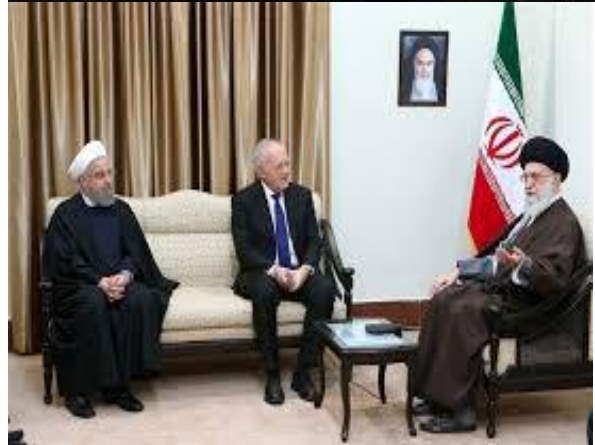


Book's title: Investment Opportunities and Projects and Investment Guide in Kermanshah Province
Author(s): Ali mohammadi, Farid Khalili, Ali Ayaseh
Editor(s): Taeobeh Amirian
Layout: Ali Ayaseh
Circulation: 1000
Publication: 1st

Imam Khomeini (God's blessing be upon him):
Involve people and assist them with doing things that are not necessary for government.



Supreme Leader of Revolution:
Investment and Entrepreneurship are great works and kinds of worship.



The Popular President:
Kermanshah is Iran's western gate of Business and Economy. Faster solving of province unemployment problem is available through energy, industrial, agriculture and tourism capacities. Free zones should be a platform for export, not to import of poor-quality products

Ministry of Economic and Finance:
The high-volume of released securities, by the government of Islamic Republic in 1395, is one of the important attractions for foreign investors, and I would recommend foreign investors that they do not lose this great opportunity in the field of investment.



Governor General of Kermanshah:
Doubtless, due to the geographical location, excellent interchanges, suitable Climate, abundant water resources, fertile soil and a lot of tourist potential, Kermanshah province can be entitled the land of great investment opportunities



CONTENTS

1-	Introduction of Investment Services Center of Kermanshah Province	4
2-	Key services offered by the Center include:	1
3-	Introduction of coordinates of Kermanshah province	2
4-	Investment opportunities of Kermanshah province in 2016(1395)	9
	4-1 Investment opportunities in urban scope and municipality	9
	4-2 Investment opportunities in West Regional Electricity.....	11
	4-3 Investment opportunities in Health and Medical field.....	11
	4-4 Opportunities in the field of industrial cities	12
	4-5 Investment opportunities in the field of industry and mining.....	13
	4-6 Investment opportunities in the field of cultural heritage.....	14
	4-7 Investment opportunities in the field of agriculture and animal husbandry	15
	4-8 Cooperation organization of municipalities of Kermanshah province.....	18
5-	Work group and Address	19
6-	Foreign Investment Promotion and Protection Act (FIPPA).....	21
7-	Implementing Regulations of Foreign Investment Promotion and Prote	27
8-	Frequently Asked Questions on Foreign Investment in Iran.....	41
9-	Registration of Companies.....	57

1- Introduction of Investment Services Center of Kermanshah Province

This center has been established in order to facilitate and accelerate the performance of legal duties in fields of encouragement and protection of investment in province and representatives of all relevant organizations have been deployed in where. It is referral center for domestic and foreign investment applicants. By referring to this center, foreign investors in person meetings with experts, investors will be familiar with encouragers and advantages and facilities of FIPPA and also the process of obtaining

foreign investments license. This center responds to the investment applicant's questions in fields repeated to executive organizations Stationed in center. In addition, Domestic and foreign investors can benefit from Guidance and of assistance of center In order to communicate with other organizations about the project. Organizing affairs and workflow in the service center are in such a way those investors will access to all information and necessary solutions and they do not need to frequent referring.



Responsibility of services given by the center is not restricted to pre-steps of the decision to invest, but investors can always and during the process of their investment return to the foreign investment services center and benefit from its services.

Furthermore, the center is ready to examine the completed application form of foreign investment and other documents prepared before the official presentation on Investment organization to resolve its violation.

Address: Kermanshah-Naft square (Sepah e Pasdaran)- Jamejam boulevard- Investment services center.

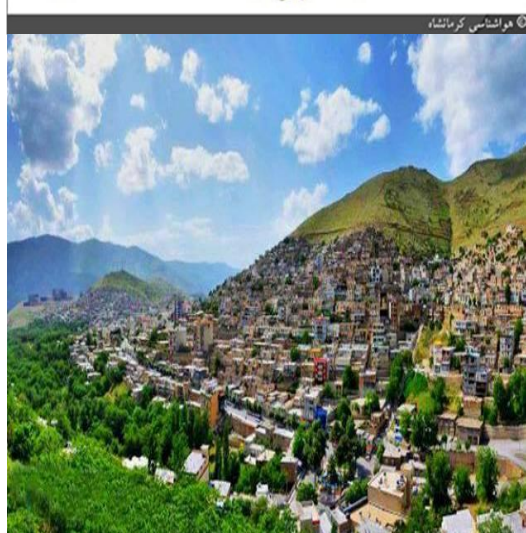
Phone: 083-38388041 – and 083- 38384665 Fax: 083-38383519

1- Key services offered by the Center include:



- § Dissemination of information and provision of necessary guidance to foreign investors concerning investment in Iran.
- § Necessary coordination concerning the issues related to foreign investment including issuance of the declaration of establishment, the environment protection license, the permits for subscriptions relation to water, electricity, fuel and telephone, the license for exploration and exploitation of mines, etc. from the relevant authorities, prior to the issuance of the investment license.
- § Necessary coordination for the securing of entry visa, residence and employment permits for foreign nationals involved in foreign investment projects.
- § Necessary coordination concerning issues related to foreign investments subsequent to the issuance of the investment license including registration of joint venture Company, registration of order for importation of machinery and equipment, and issues related to importation and repatriation of capital, customs and tax affairs, etc.
- § Coordination among various official agencies in connection with requests and applications made by projects involving foreign investment.
- § General supervision concerning the fulfillment of decisions surrounding foreign investment projects.
- § Conduct of affairs related to foreign investment by the Center has been organized in a manner that foreign investors can easily lay hand on all required information and services without any need for further referral to a host of different executive bodies. In fact, services rendered by the Center are not limited to prior-investment stages; foreign investors may, at any time and any stage ever after, refer to the Center and benefit from its services.
- § The performance of the Center since its establishment proves that the establishment of the Center is an effective step toward expediting the affairs of foreign investment undertakings. It is expected that further development of relations between the Center and foreign investors will increasingly enhance the efficiency of the Center in carrying out its assigned duties and responsibilities.
- § The Centers with the same tasks mentioned above established in the center of all provinces.

2- Introduction of coordinates of Kermanshah province



Kermanshah province is located in a mountainous area in 25,900 sq.m, in the west of county, on the border of Iraq and leads to Kurdistan Province from the north and to Lorestan and Elam from the south and to Hamadan from the east.

Kermanshah province now has 14 counties, 21 towns, 31 regions, 86 rural districts, 2793 villages inhabited, the Kermanshah city is the provincial capital of Kermanshah province, and The most important cities are as follows: Islamabad-e Gharb, Paveh, Javanrood, Sarpol-e Zahab, Songhor, Sahneh, Qasr-e Shirin, Kangavar, Gilan-e Gharb and Harsin. The average elevation above sea level of province is 1200 m, 36% of its area is Agricultural Lands, and 19% are Forest lands 44% Grasslands and 20% Residential areas. Kermanshah has been located in the main ways of East to the West of the country, North West to the southern regions, in the main route of transit and services to Iraq and on the main route of Holy Shrines ('Atabat-e 'Aliat).

Kermanshah province due to its geographical location and being among Zagros Mountains, has a diverse Climate. As far as, Kermanshah is called the four seasons.

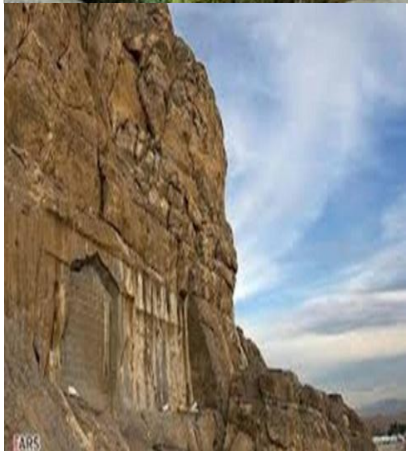
3- Potentials and capabilities of Kermanshah province



In terms of population, this province with more than 2 million populations is a demographic Perspective, that the majority of its population is young people who have the best conditions, In terms of being active. Almost 72 percent of the populations 15-64 years are at the age of their activities. Only 27% of the population is in other ages. It means that the province has a massive power of active youth who They are needed for growth and development.



Kermanshah province has a Historical past. From the archaeologists perspective, Kermanshah is on the third stage of Antiquities after Shiraz and Shoosh (jakson:1860), and it has attracted many explorers. This province has landscapes and Indicator phenomena. Most of the prominent antiquities like Bisotun and Taq-e Bostan, are located within the city. This province has 6 tourist areas and 14 tourist centers and more than 100 tourist spots. These capacities can be attractions for Domestic and foreign tourists. The most important tourist attractions are: Taq-e Bostan, traditional bazaar, central mosque, Niloofar springhead, catacombs, Ganz darre historic hill, Dariush Inscription, Shah Abbasi Caravanserai, Anahita Temple, Dar bans springhead of Sahneh, Rijab River, Yazd Gerd Castle, Abu Dojaneh Tomb, Goori Ghaleh cave, Ravansar springhead, Rijab Waterfall, Hajij village and shamshir, Bazi Deraz mountain, Direh catacomb(Rahimzade,1391)





4-1-Agriculture and Animal Husbandry :

The province has relatively high ability in the agricultural sector, Due to the suitable environmental conditions. Appropriate diversity of climate has caused that various products are marketed at frequent times. For example: when Wheat scores on the tropical regions, one or two months later, the cold regions the province, like Kangavar, submits its wheat crop. This ability causes that one crop is submitted a few times to the consumer market on a brief interval, in the province. The most important crops which are exported outside the province: it could be pointed to: Wheat, Barley, Rapeseed, Sugar beet, Pea. This province has high capacity for different types of agricultural (farming) and Animal Husbandry Including: Turkey growers and Ostrich, Livestock, Aquaculture production, beekeeping, Gardening. Despite the Favorable climatic conditions, Water and suitable soil, the province has the agricultural Core with the production of various products, the susceptibility in the field of Alternate industries and abundant natural resources, for the production of raw materials(Rahimzade,1391).



4-2- Industrial and mining: The province has rich resources of Oil, natural gas, Mines of bitumen, Mines of construction materials of decorative stone, gypsum stone, rubble stone, Limestone and marl and... Metal and non-metal Mines of Ironstone... Silicon, Feldspar, Industrial soil and... due to appropriate population and Higher Education, this province has many massive workforce, Experienced Designers and professional experts in the fields of Handmade Carpet, artisan, Mining, Commercial.

Profile of Mines of Kermanshah

No.	Type of mineral	Number	proven reserves (Million tons)	Annual extraction (Tons)
1	Stone rubble	124	412.5	11019
2	Bitumen	32	1	73
3	Dolomite and dolomitic marble	31	27	334
4	Decorative stone	22	21	249
5	Mixture mountain	20	48	1514
6	Gypsum stone	9	40.5	470
7	Silica	6	22	146
8	Feldspar	4	1	80
9	Argillaceous limestone	4	505	3600
10	Industrial Soil	2	2	48
11	Schist	1	1	15
12	Manganese	1	0.21	3
13	Pgaty micaceous	1	0.29	5



4-3- Trade and Export

Province Commerce capabilities include two international customs of Khosravi and Parviz Khan border markets in Qasr-e Shirin, are Dayalah province neighbors, and Shoshami in Nosood and Sheykh salah in Salas Baba jani are Solaymanieh in Iraq neighbors.



Karbala highway has caused that 48% of Iran exports are exported via Parviz Khan Border and also 150 m truck carrying goods are exported daily via Khosravi border. In addition, National projects railway Tehran – Khosravi, will causes close to khosravi border that it is supposed to be finished on Khosravi border in 2017. According to the statistics, custom and Parviz Khan Market are the biggest and The most bulky exporter of goods to Iraq and the most foreign exchange market of Iran after Bandar Abbas, the biggest export customs of Iran, and 48% Iran exports are exported through this Market. This market is one of the economic hubs in Iran.



Kermanshah province has three Special Zones such as: Islam Abad e- Gharb Special Economic Zone and a free zone. Islam Abad e- Gharb Special Economic Zone has 860 hectares and has all provincial and national license and now has Benefits and conditions such as: Conducted comprehensive studies, executive plans, The first phase Topographic maps in 150 hectares, Package and investment opportunities, 1MW Power Rating, Deep well water with a depth of 35 Dubai LPs.



4-4- Infrastructure

The length communication ways of Kermanshah province is 2796km. this province has the largest airport in the west with displacement capacity of nearly 960000 travelers. Kermanshah province has 12 Special National and provincial projects in the Road and rail Transport sector. The main

highway of Karbala, International Airport of Kermanshah and railway are under construction. All of These roads have provided infrastructure power of the province for development of other economic sectors.



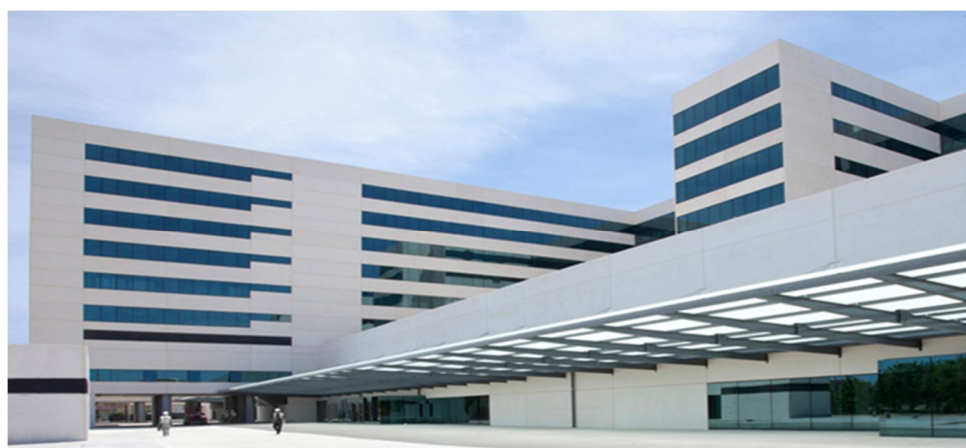
Kermanshah province has 16 active Industrial cities in different sectors. Furthermore, this province has several under construction Industrial cities which

have Infrastructure services such as water, electric and gas and Most of them are on the transportation route.



Charisttristics of Kermanshah industrial units

Name	Space	number of industrial units	Location
Islam Abad e-Gharb	74	52	Islam Abad e-Gharb-5km road of Islam Abad e-Gharb-Kermanshah
Bisotun	179	95	Kermanshah-12km road of Kermanshah- Tehran
Pave	20	10	Pave-Bayangan road-8km Pave road
Salas Babajani	46	-	Salas-3/5km road of salas-Kermanshah
Javanrood	43	-	Javanrood-crossroad-5km road of Javanrood-Kermanshah
Dalahoo	90	1	Dalahoo-5km road of Kerend -Kermanshah
Rawansar	80	52	Rawansar-5km road of Rawansar-Kermanshah
Sarpolzohab	43	34	Sarpolzohab-5km road of sarpolzohab-Kermanshah
Sonqor	42	30	Sonqor-5km road of Sonqor- Kermansha.
Sahneh	76	12	Sahneh-50km road of Kermanshah- Tehran
Faraman	220	274	Kermanshah-14km road of Kermanshah- Tehran
Qasr-e Shirin	75	10	Qasr-e shirin-8km road of Qasr-e Shirin-Kermanshah
Kangavar	63	32	Kangavar-5km road of Kangavar- Kermanshah.
Gilan e- Gharb	24	14	Gilan –e Gharb- Goor Sefid-12km road of Gilan e- Gharb-Qasr e-shirin
Harsin	68	2	Harsin-14km road of Harsin- Kermanshah



In Kermansha province there are universities such as: Razi University, University of Medical Sciences, University of Applied Science, Azad university, Payam Noor university, in Majors and Different courses including: Associate, Bachelor, Master, Ph.D, has scientifically empowered the province.

Also the province has several Specialized and ultra-specialized hospitals with specialist and sub-specialist medical personnel which have prepared to accept the patients of neighboring provinces and even the patients Of Iraq. Imam Ali and Imam Khomani and Muhammad Kermanshahi hospitals, all of

them are unique in the fields of heart treatment and types of cancer and burn and specialized pediatrics .

4- Investment opportunities of Kermanshah province in 2016(1395)




4-1 Investment opportunities in urban scope and municipality




Subject	Minimum capital requirement (Billion rials)	Required land (Hectare)	Human resources (Person)	execution time (mounth)	Investment method	considerations
Tagh e- Bostan Telecabin	500	37.5	30	18	BOT	
Kermanshah modern Amusement park	450	17	70	24	BOT	Velayat bridge
Fruit and vegetable market of Kermanshah	1000	72	400	36	Partnership	Islam abad e-Gharb road
Fajr Hotel	200	2.2	25	24	Partnership or BOT	In front of Hekmat Abad
Milad Complex administrative, service andCommercial	500	0.76	100	36	Public participation	Azadi Square
Tagh e- Bostan Amusement park	120	0.6	40	12	BOT	
Sarab Ghanbar Forest Park and recreational	2000	160	100	60	BOT	
Revolving Restaurant, Hotel and commercial complex of Park Shirin	150	1.5	30	36	Public participation	
Amusement park of Azadegan Square	10	0.3	60	24	BOT	
Flower Gallery of Welayat	200	22	30	24	BOT	


Commercial recreational and services Complex of Park Sharghi	7500	75	-	36	BOT	
--	------	----	---	----	-----	--


Subject	Minimum capital requirement (Billion rials)	Required land (Hectare)	Human resources (Person)	execution time (mounth)	Investment method	considerations
Noor Commercial project	80	0.22	-	24	Public participation	Modaress street-nexe to the Biston vertical parking
City Center project	4500	30	-	40	Public participation Or BOT	Shahid Kaviani terminal
Commercial project-street radiating from Keshavarz Boulevard	50	0.1	-	12	Public participation	
Station complex of Urban Train	Expert assessments	5.06	-	30	Public participation Or BOT	Basij crossroad
Station complex of Urban Train	Expert assessments	0.8	-	24	Public participation Or BOT	Current Location of Office of Enforcement
Station complex of Urban Train and Office Complex and Heshmatollah al-saltana Parking	Expert assessments	50	-	36	Public participation Or BOT	Modarres Street

4-2 Investment opportunities in West Regional Electricity					 شرکت برق منطقه ای غرب
Subject of opportunity	Productive sector	Dependent Productive sector	Annual production capacity	Minimum land requirement (Hectare)	Human resources requirement (person)
solar power station	electricity	electricity	25MW	37.5	6
Small-scale power plants	electricity	electricity	10MW	0.3	6

4-3 Investment opportunities in Health and Medical field			
Subject of opportunity	type of project	Place of performance of project	Required Investment (Grand)
Building 1500beds hospital	building	Kermanshah	13000
Building Comprehensive Cancer Center of country west type 2&3	building	Kermanshah	2000
Comprehensive Center for Women diseases in country west	building	Kermanshah	4000
Health city	building	Kermanshah	10000
student dormitory1,000	building	Kermanshah	200
Cultural comforts sport Complex and University Conference Center	building	Kermanshah	300
Medical tourism company	building	Kermanshah	50
research training tourism company	building	Kermanshah	50
Welfare Service Complex &Imaging Center		Kermanshah	300,000



4-4 Opportunities in the field of industrial cities					
Subject	Minimum capital requirements(Billion riyals)	Annual capacity	Unit Weight (ton)	Required land (Sq. M.)	Staffing requirements (person)
Gasoline Anti-freeze	7.726	525	Ton	2.500	19
Gasoline Alternative Fuel From natural sources	6.085	3.000	Ton	2.000	9
Synthetic brake fluids	8.960	3.000	Ton	1.000	10
Soundproof	37.901	180000	Meter	6.000	14
Olefin copolymers	40.162	1.500	Ton	5000	40
Activated clay	11.603	5.400	Ton	5.000	11
EP additives	6.325	600	Ton	2.000	11
Boiler chiller	28.258	200	Ton	8.000	46
Glass recycling	30.000	22.000	Ton	4.000	15
Production of non-metallic nanopowders	9.000	5.600	Kg	1.500	8
Production of hydraulic jacks	4.500	23.000	Device	2.000	19
eatable color Production	15.000	50	Ton	9.000	31
Nano filter Production	9.000	80	Ton	1.000	17
Production of steel belts	45.000	12	Ton	4.000	22
Laminated parquet production	26.000	1.200	Ton	4.000	36
Flexible sanding	13.898	200.000	Meter	2.600	20
Organic fertilizer from agricultural waste	25.138	100	Ton	5.000	26
Hydraulic press	30.597	10	Device	6.000	29
Nano-composite	24.891	30.000	Meter	4.000	14
Colored aluminum profiles	138.649	4.000	Ton	5.000	24



4-5 Investment opportunities in the field of industry and mining



Subject of opportunity	Annual production capacity	Capacity unit	minimum Required land(hectare)	Minimum staffing requirements (person)	Minimum required capitalization
Melting Iron	3000000	Ton	50	3000	30000
Solar panels of silicon metal-Wafers and Solar Panel	3000	Ton	10	1250	21000
Crystal Melamine	3000	Ton	4	240	1800
Seamless pipes(Manysman)	3000	Ton	25	600	10000
ferroalloy with priority Silicon-manganese Ferro	25000	Ton	10	200	1500
Hot galvanized sheet	High capacity	Ton	20	500	3200
Magnesium ingot	1200	Ton	10	120	1750
washing powder and Folic Acid	102000	Ton	3	150	700
Bio-ethanol	100000	Ton	10	135	2300
Modern Stonecutting	1000000	Sq. M.	20	60	500
Float glass	180000	Ton	10	350	2700
Glass fiber and yarn	30000	Ton	2	130	3000
Car Airbags	400000	Number	0.6	52	125
Blocks and concrete panel and Light Concrete and Dry Mortar	285000	M ³	5	30	700
Polyethylene pipes and fittings	5000	Ton	-	70	340
Cold-generating compressor Under the reputable brand	10000	Number	0.2	26	40
Manganese Sulfate	10000	Ton	0.8	82	175
Winding rods	22000	Ton	0.35	60	310
Lithium-ion battery Mobile	300000	Number	0.6	98	100
Bio-diesel	15000	Ton	0.6	35	825
Activated carbon	1000	Ton	0.5	33	165
composite guard rail	80000	Branch	0.5	62	45
Styrene Bvtaydn Rubber	60000	Ton	10	310	4500
Nano-membrane water purification reverse Smz(Membrane modules)	50000	Modules	1	103	530
Gelatin from animal waste	500	Ton	0.45	58	70
Compressor Oils CNG Mineral-base	3.000	Ton	0.25	38	30
be cleaned Float glass	306500000	Sq. M.	5	131	1700
Injector needles for diesel engines	600000	Ton	0.2	52	1000
Carbon fiber production	100	Ton	1	76	600
inhibitor Schuchath ethylene	20	Ton	-	11	27
Polyethylene network production	5000	Ton	-	67	123

Subject of opportunity	Annual production capacity	Capacity unit	minimum Required land(hectare)	Minimum staffing requirements (person)	Minimum required capitalization
Super behalf powder Production	2000	Ton	-	37	297
Thermo band coating production	2100	Ton	-	40	215
recombinant Tylosin production	500	Ton	-	30	48
Production of high-efficiency air conditioning systems	100000	Device	-	33	225
Production of blood bags	1500000	Number	-	33	82
Production of molecular diagnostic kits	200000	Number	-	25	39
Compound fertilizers micro Zul	1200	Ton	-	25	43
Production of absorbable surgical thread	500000	Number	-	34	135
Production of of polymer nanocomposites	1500	Ton	-	33	165
Processing and Production of nano-silica	3000	Ton	-	31	185

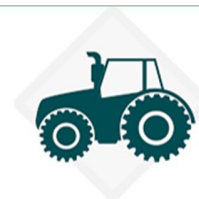
4-6 Investment opportunities in the field of cultural heritage



Subject	Investment	Capacity Person-year	Human resources	Net present value(Billion riyals)	Return of capital period	Internal Rate of Return(Percent)
Tagh e- Bostan Telecabin	1.300	110.000	100	2050	5	37
Ghoori Ghalee Recreational and tourist complex	152	150.000	20	250	3	34



4-7 Investment opportunities in the field of agriculture and animal husbandry



Subject of opportunity	Annual production capacity	land requirement (Hectare)	staffing requirements (Person)	capital requirements (Billion riyals)
agricultural City Establishing for Zahab plain greenhouse production(Hydroponic)	6000	40	480	800
Greenhouse complex Pishgaman Diar Gharb Company (Islam Abad e- Gharb)	8400	56	672	671
Miyandar Ghorotak Greenhouse complex	3000	20	240	400
Aznab Dinevar Greenhouse complex	3000	20	240	400
Haydar Abad Harsin Greenhouse complex	4500	30	360	600
Baba Vali al- din Greenhouse complex	3000	20	240	400
Tonog Kesht Greenhouse complex	15000	100	1200	2000
Pardis Keshavarzi Greenhouse complex	30000	200	2400	4000
Chelleh Gilan Gharb Greenhouse complex	600	4	45	50
tropical system	76500	510	6120	10200
Sorting and packing fruit and Refrigerator	5000	10000	80	120
potato Processing	5000	10000	60	90
Production malt and beer from barley	5000	10000	57	85
Production of starch and corn gluten in Rawansar	1000	8000	53	80
Processing, Freezing, Packaging fresh fruits and vegetables IQF method in Kermanshah	5000	3500	47	71
Onion and vegetable processing of Harsin	6000	8000	33	51
Production of gelatin from animal waste of Kermanshah	1000	3000	32	48
Cereal-based baby food of Kermanshah	500	2500	20	31
Livestock slaughter of Javanrood-Kangavar	1200	10000	17	25
Drying and packaging of medicinal plants and Production of herbal tea- Dalahoo- Sahneh- Kermanshah	500	3000	17	25

Subject of opportunity	Annual production capacity	land requirement (Hectare)	staffing requirements (Person)	capital requirements (Billion riyals)
pea process(protein-starch separation)Kermanshah-Dalahoo	3000	5000	13	20
extracts from medicinal plants Production - Kermanshah	100	3000	13	20
Grape processing(raisin production and packing)Sahneh	7500	5000	13	20
Production of bio-fertilizers. Kermanshah-Sar pol Zahab	1000	4000	13	20
Glycyrrhizin extract and Flavonoids of Licorice extracts. Sahneh-Kermanshah	150	5000	10	15
Processing and packaging of types of fodder - Kangavar	3000	3000	7	10
Processing and packaging of figs. Dalahoo	1500	1500	6	9
Meat packing. Kermanshah- Islam Abad e- Gharb	600	3000	5	8
Dehydrated packing (Berry Walnut) Javanrood.	1000	1000	5	8
Pea Processing(semi cooked, Canned, freezed	500	2000	5	7
Processing and packaging of edible mushrooms. Sahneh	2000	1000	3	20
Complex of Dairy cattle. Ghaleh Shahin Sar Pole Zahab	1500	5	280	300
Animal Husbandry City- Deh Laili Ravansar	3000	8.5	15	45
Animal Husbandry City- Cheleh Gilan e- Gharb	3000	4	15	30

Subject of opportunity	Annual production capacity	land requirement (Hectare)	staffing requirements (Person)	capital requirements (Billion riyals)
Creation and development of rearing units ornamental birds	100000	2	16	400
Creation of unit dairy cattle. Sahneh(Chenar Shoo)	2000	20	350	600
Creation of unit dairy cattle in Animal Husbandry City. Miyanrahan-Dinevar- Sahneh.	3000	28	400	225
Animal Husbandry City villeh Beunij - Dalahoo	14400	7.5	48	11
Breeder hens Training	50000	2	74	75
Animal Husbandry City Ezgelleh – Salas Babajani	6900	6.5	35	45
Animal Husbandry City Vijeh Nan Gilan e- Gharb	300	2	15	40
Rearing and Improvement of Thoroughbred horses-Kermanshah	100	2	10	60
Production chain of Chicken meat, egg, Breeder hens. Sonqor e- Kolyaei		50	16	60



4-8 Cooperation organization of municipalities of Kermanshah province



Subject of opportunity	Annual production capacity	minimum land requirement (Hectare)	Minimum staffing requirements (Person)	Minimum capital requirements (Billion riyals)
Tableware production IML	1500 Ton	7000Sq. M.	18	46603
Production LCD	300000Device	4000Sq.M.	40	100122
Production OCP	1500Ton	5000Sq.M.	40	40044
Brick clay Production	100 m	2000 SQ.M.	15	61095
Amalgam Production	50Ton	2000Sq.M.	18	44210
canned pineapple Production	1300Ton	10000Sq.M.	20	66170
Metal barrels Production	3400Ton	4500Sq.M.	24	19460
unit-package Production	2000Device	2000Sq.M.	15	5780
Oilfield Equipment Production	35 Boilers 700 Tanks	100000Sq.M.	20	40470
Park Pole Production	-	2000Sq.M.	10	3990
Printing and Packaging Production	-	2000Sq.M.	15	61974
Activated clay Production	5400 Ton	5000Sq.M.	11	13923
Road color machine	2200Ton	2800Sq.M.	15	12090
Synthetic brake fluids Production	3000Ton	1000Sq.M.	10	74710
Alternative fuel of Gasoline	3000Ton	2000Sq.M.	9	7645
Prepared and semi-prepared foods	6000Ton	4000Sq.M.	25	39460
International Airport Build	-	20000Sq.M.	20	100000
Water Cooler Production	20000Device	5000Sq.M.	20	80300
Greenhouse complex build	-	10000Sq.M.	15	170000
Bitumen from Petroleum bitumen	8000 Ton	9960Sq.M.	15	1272150
Industrial dietary Pharmaceutical Machinery	300Device	2000Sq.M.	14	8488



5- Work group and Address



Managers



Mr. Neematullah Haghighi
head of the organization of
[Industry, Mine and Trade](http://ksh.mimt.gov.ir)
ksh.mimt.gov.ir



Mr. Farid Khalili
Deputy Director of Economy
and Finance of Kermanshah
province and Investment
services center
investin-ksh.ir



Mr. Ali Mohammadi
General Director of Economic
Affairs and Finance of
Kermanshah province and vice
chairman of Investment services
Center
km.mefa.gov.ir



Mr. Asadullah Razani Tetrarch
of Kermanshah province and
President of Investment
services center
www.ostan-ks.ir



Kivan Kashefi
Chamber President of
Kermanshah Province



Dr. Shahbazi
Head of the Agricultural Jihad
Organization
www.kermanshah.maj.ir



Arash Rezaee
Mayor of Kermanshah
www.kermanshah.ir



Mr. Balaei
Director General of Cultural
Heritage
kermanshah.ichto.ir



Mr. Hazrati
Managing Director of the
Municipal Cooperation
hamyari-ksh.ir



Dr. Karim
President of the University of
Medical Sciences
www.kums.ac.ir



Abdollah Bahadori
General Director of Roads and
Urban Development
mrt-ks.ir



Sirus Shahbazi
Managing Director of Gas



Mr. Amirian
Managing Director of Regional
Water Company
www.kshrw.ir



Mr. Kurdistani
Managing Director of
Industrial estates Company
www.kiec.ir

Experts

No.	Name	Organizational position	TelePhone	Extension	E-mail	SMS
1	Erfan Yusefi	Head of Department	08338388041	118	info@investin-ksh.ir	30002349921706
2	Ali Ayaseh	Head of Department	08338388041	121	info@investin-ksh.ir	30002349921706
3	Ahmad Latifi	responsible expert	08338388041	120	info@investin-ksh.ir	30002349921706
4	Ahmad Rezaei	responsible expert	08338388041	110	info@investin-ksh.ir	30002349921706
5	Fariborz Shahbazi	expert	08338388041	120	info@investin-ksh.ir	30002349921706
6	Boshra Rezaei	expert	08338388041	117	info@investin-ksh.ir	30002349921706
7	Taebbeh Rashidi	expert	08338388041	101	info@investin-ksh.ir	30002349921706
8	Asghar Karami	serviceman	08338388041	112		
9	Amir Ahmadi	Driver	08338388041	112		

Representatives

No.	Name	Post Agents	Telephone	Extension	E- mail
1	Sabeti Manesh	Housing and Urban Development	08338388041	102	info@investin-ksh.ir
2	Fakhri	Housing Foundation	08338388041	102	info@investin-ksh.ir
3	Chalanger Poor	Veterinary	08338388041	108	info@investin-ksh.ir
4	Sarhad dar Haydari	Natural resources	08338388041	113	info@investin-ksh.ir
5	Talaei	Regional Water	08338388041	110	info@investin-ksh.ir
6	Talaei	Regional Water	08338388041	110	info@investin-ksh.ir
7	Ehsani	gas company	08338388041	110	info@investin-ksh.ir
8	Zareei	environment	08338388041	102	info@investin-ksh.ir
9	Malek Fahad	Regional Electricity	08338388041	102	info@investin-ksh.ir

6- Foreign Investment Promotion and Protection Act (FIPPA)



Chapter One Definitions

Article 1: The terms and expressions used in this Act (FIPPA) shall have the following meanings:

The Act: The Foreign Investment Promotion and Protection Act.

Foreign Investor: Non-Iranian legal or juridical persons and/or Iranians using capital with foreign origin, who have obtained the Investment License referred to in Article (6).

Foreign Capital: Various types of capital, whether in cash and/or non-cash (in kind), imported into the country by the Foreign Investor, and comprising the following items:

- a) Cash funds in the form of convertible currency, brought into the country through the banking system or other methods of transfer acceptable to the Central Bank of the Islamic Republic of Iran.
- b) Machinery and equipments.
- c) Tools and spares, CKD parts and raw, addable and auxiliary materials.

d) Patent rights, technical know-how, trade marks and names, and specialized services.

e) Transferable dividends of Foreign Investors.

f) Other permissible items approved by the Council of Ministers.

Foreign Investment: Utilization of Foreign Capital in a new or existing economic enterprise after obtaining the Investment License.

Investment License: The license issued for each Foreign Investment in accordance with Article (6) of FIPPA.

Organization: The Organization for Investment, Economic and Technical Assistance of Iran, referred to in Article (5) of the law concerning the Establishing the Ministry of Economic Affairs and Finance, enacted on July 15, 1974.

Board: The Foreign Investment Board, referred to in Article (6) of FIPPA

Chapter Two

General Conditions for Admission of Foreign Capital

Article 2- Admission of Foreign Investment shall be made in accordance with the provisions of FIPPA and with due consideration of other prevailing laws and regulations of the country, for the purpose of development and promotion of producing and manufacturing activities in industry, mining, agriculture and services, and based on the following criteria:

- a) Bring about economic growth, upgrade technology, enhance the quality of products, increase employment opportunities and exports.
- b) Does not pose any threat to the national security and public interests, and cause damage to the environment; does not disrupt the Country's economy and jeopardize the production by local investments.
- c) Does not entail grant of concessions by the Government to Foreign Investors. "Concession" means special rights which place Foreign Investors in a monopolistic position.
- d) The ratio of the value of the goods and services produced by Foreign Investments, contemplated in FIPPA, to the value of the goods and services supplied to the local market, at the time of issuance of the Investment License, shall not exceed 25 percent in each economic sector and 35 percent in each sub-sector (field). The sub-sectors and scope of investment in each sub-sector shall be determined in the Implementing Regulation to be approved by the Council of Ministers. Foreign Investment for the production of goods and services for export purposes, other than crude oil, shall be exempted from the aforementioned ratios.

Note - The "Law for the Ownership of Immovable

Property by Foreign Nationals" ratified on June 6, 1921 shall remain in effect. Ownership of land of any type and to any extent in the name of Foreign Investors is not permitted within the framework of FIPPA.

Article 3- Foreign Investments admitted in accordance with the provisions of FIPPA shall enjoy the incentives, facilities and protections available under FIPPA. Such investments may be admitted under the following two categories:

- a) Foreign Direct Investment (FDI) in areas where the activity of the private sector is permitted.
- b) Foreign Investment in all sectors within the framework of "Civil Participation", "Buy-Back" and "Build-Operate-Transfer"(BOT) schemes where the return of capital and profits accrued is solely emanated from the economic performance of the project in which the investment is made, and such return of capital and profit shall not be dependent upon a guarantee by the Government or government companies and/or banks.

Note - So long as the investment in "Build-Operate-Transfer"(BOT) schemes referred to in Paragraph (b) of this Article, and its accrued profits are not amortized, the exercise of ownership right by the Foreign Investor over the remaining capital in the recipient economic enterprise is permitted.

Article 4- Investment by a foreign government or foreign governments in the Islamic Republic of Iran shall be dependent upon the approval of the Islamic Consultative Assembly, on a case by case basis. Investments by foreign government companies are deemed private.

Chapter Three Competent Authorities

Article 5- The Organization is the sole official authority for the promotion of Foreign Investments in the Country, and for investigation of all issues pertaining to Foreign Investments. Applications of Foreign Investors in respect of issues such as admission, importation, utilization and repatriation of capital shall be submitted to the Organization.

Article 6- For the purpose of investigation and making decision regarding applications referred to in Article (5), a board under the name of the "Foreign Investment Board" shall be established under the chairmanship of the Vice Minister of Economic Affairs and Finance who is ex-officio the President of the Organization, comprising of Vice Minister of Foreign Affairs, Vice President of the State Management and Planning Organization, Vice Governor of the Central Bank of the Islamic Republic of Iran and vice ministers of relevant ministries, as the case requires. In relation to applications for admission, the Investment License shall, after the approval of the Board, be issued upon confirmation and signature by the Minister of Economic Affairs and Finance. At the time of admission of Foreign Investments, the Board is required to observe the criteria referred to in Article (2) of FIPPA.

Note - The Organization, after preliminary review, shall submit the investment applications along with its own recommendation, to the Board within a maximum period of "15 days" as from the date of the receipt of the applications. The Board must review the applications within a maximum period of one month from the date of submission, and notify its final decision in writing.

Article 7- In order to facilitate and expedite issues related to the admission and activity of Foreign Investments in the Country, all relevant agencies including the Ministry of Economic Affairs and Finance, the Ministry of Foreign Affairs, the Ministry of Commerce, the Ministry of Labor and Social Affairs, the Central Bank of the Islamic Republic of Iran, the Customs of the Islamic Republic of Iran, the General Directorate for Registration of Companies and Industrial Property, and the Organization for Protection of the Environment are required to designate a fully authorized representative to the Organization by the highest authority of the agency. These representatives shall act as the liaison and coordinator for all issues related to their respective agency vis-a-vis the Organization.

Chapter Four Guarantee and Transfer of Foreign Capital

Article 8- Foreign Investments under FIPPA shall equally enjoy all rights, protections, and facilities available to local investments.

Article 9- Foreign Investments shall not be subjected to expropriation or nationalization, unless for public interests, by means of legal process, in a non-discriminatory manner, and against payment of appropriate compensation on

the basis of the real value of the investment immediately before the expropriation.

Note 1- Application for compensation shall be submitted to the Board within one year from the date of expropriation or nationalization.

Note 2- Disputes arising from expropriation or nationalization shall be settled in

accordance with the provisions of Article (19) of this Act.

Article 10- Assignment of the whole or a part of the Foreign Capital to a local investor and/or, upon approval of the Board and confirmation by the Minister of Economic Affairs and Finance, to

another Foreign Investor is permitted. In case of assignment to another Foreign Investor, the assignee who shall have, at least, the same qualifications as the initial investor shall replace and/or become a partner to the former investor from the standpoint of FIPPA.

Chapter Five

Provisions for Admission, Importation and Repatriation of Foreign Capital

Article 11- Foreign Capital may be imported into the Country by way of one or a combination of the following manners, to be covered under this Act:

- a) Cash funds to be converted into Rials.
- b) Cash funds not to be converted into Rials, but to be used directly for the purchases and orders related to Foreign Investment.
- c) Non-cash items, after valuation by the competent authorities.

Note- The procedure and arrangements related to the manner of valuation, and registration of Foreign Capital shall be determined in the Implementing Regulations of FIPPA.

Article 12- The rate of conversion of foreign exchange applicable at the time of importation or repatriation of Foreign Capital as well as the exchange rate for all foreign exchange transfers, in case of applicability of a unified exchange rate, shall be the same rate prevailing in the Country's official network; otherwise, the applicable exchange rate shall be the free market rate as acknowledged by the Central Bank of the Islamic Republic of Iran.

Article 13- The principal of the Foreign Capital and profits there from, or the balance of capital remaining in the Country, after fulfillment of all obligations and payment of legal dues and upon the approval of the Board and confirmation by the Minister of Economic Affairs and Finance, shall be transferable abroad subject to a three-month

prior notice submitted to the Board.

Article 14- The profit derived from Foreign Investment after deduction of taxes, dues and statutory reserves, upon the approval of the Board and confirmation by the Minister of Economic Affairs and Finance, shall be transferable abroad.

Article 15- Payments pertaining to the installments of the principal amount of the financial facilities of Foreign Investors and their associated expenses, agreements for patent rights, technical know-how, technical and engineering assistance, trade marks and names, management as well as similar agreements within the framework of the relevant Foreign Investment, upon the approval of the Board and confirmation by the Minister of Economic Affairs and Finance, are transferable abroad.

Article 16- Transfers referred to in Articles (13), (14) and (15), shall be made in compliance with the provisions of Paragraph (b) of Article (3) of FIPPA.

Article 17- provision of foreign exchange, required for transfers referred to in Article (13), (14) and (15), of FIPPA may be procured in the following manner:

- a) Purchase of foreign currency from the banking system.
- b) Out of the foreign exchange earned from the export of the products and/or the

foreign exchange earned from the service activities of the economic enterprise in which the Foreign Capital is employed.

c) Export of permissible goods specified in the list approved by the Council of Ministers for implementation of this paragraph in compliance with the relevant laws and regulations.

Note 1- Application of one or a combination of the above manners shall be specified in the Investment License.

Note 2 - With respect to investments referred to in Para (b) of Article (3), if, as a result of enactment of legislation or Cabinet decrees, the execution of the financial agreements approved within the framework of FIPPA is prohibited or interrupted, the resulting losses, up to a maximum of installments at maturity, shall be provided and paid by the Government. The scope of acceptable commitments

within the framework of FIPPA shall be approved by the Council of Ministers.

Note 3 - The Central Bank of the Islamic Republic of Iran must secure and make available to the Foreign Investor the equivalent foreign currency for the transferable amounts referred to in Para (a) of this Article, upon the agreement of the Organization and confirmation by the Minister of Economic Affairs and Finance.

Note 4 - In case the Investment License expressly refers to Para (b) and/or (c) of this Article, this license shall be deemed as the export license.

Article 18- Transfer abroad of the portion of the Foreign Capital imported into the Country within the framework of the Investment License but remained unused, is exempted from all foreign exchange as well as export and import laws and regulations.

Chapter Six Settlement of Disputes

Article 19- Disputes arising between the Government and Foreign Investors with regard to investments under FIPPA, if not settled through negotiations, shall be referred to domestic courts,

unless the Law ratifying the Bilateral Investment Agreement with the respective government of the Foreign Investor provides for another method for settlement of disputes.

Chapter Seven Final Provisions

Article 20- The relevant executive agencies are required to take measures in respect of mutual obligations upon the request of the Organization, for the issuance of entry visa, residence permit, work and employment permit, as the case may be, for Foreign Investors, managers and experts of the private sector linked to Foreign Investments under FIPPA as well as their immediate relatives.

Note - Differences of opinion between the Organization and executive agencies shall be settled upon the opinion of the Minister

of Economic Affairs and Finance.

Article 21- The Organization is required to ensure the access of the general public to all information related to investment, foreign Investors, investment opportunities, Iranian partners, fields of activity and other information available to the Organization.

Article 22- All ministries, government companies and organizations as well as public institutions to

whom the applicability of law is required to be stipulated by name, are under obligation to provide the Organization with reports on Foreign Investments implemented as well as information required for Foreign Investor so that the Organization can proceed in accordance with the preceding Article.

Article 23- The Minister of Economic Affairs and Finance is required to provide, every six months, the relevant commissions of the Islamic Consultative Assembly with a report reflecting the performance of the Organization with respect to Foreign Investments under FIPPA.

Article 24- As from the date of ratification of this

The above Act comprising of 25 Articles and 11 Notes is ratified by the Islamic Consultative Assembly in its session of Sunday, 10 March 2002. The initial part of Articles (1) and (2), Paragraphs (c) and (d) of Article (2), Paragraph (b) of Article (3), and Note (2) of Article (17) have been approved by the Expediency Council in its meeting on Saturday, May 25, 2002.

Act and its Implementing Regulations, the Law for the Attraction and Protection of Foreign Investments - enacted on November 28, 1955 - as well as its Implementing Regulations, are repealed. Foreign Capital previously admitted under the said law shall be covered by FIPPA. The provisions of FIPPA shall be repealed or altered by subsequent laws and regulations provided that the repeal or alteration of FIPPA is expressly stipulated in such laws and regulations.

Article 25- The Implementing Regulations of FIPPA shall be prepared by the Ministry of Economic Affairs and Finance and subsequently approved by the Council of Ministers within two months.

7- Implementing Regulations of Foreign Investment Promotion and Protection Act

Article 23- The Minister of Economic Affairs and Finance is required to provide, every six months, the relevant commissions of the Islamic Consultative Assembly with a report reflecting the performance of the Organization with respect to Foreign Investments under FIPPA.

Article 24- As from the date of ratification of this Act and its Implementing Regulations, the Law for the Attraction and Protection of Foreign Investments - enacted on November 28, 1955 - as well as its Implementing Regulations, are repealed. Foreign Capital previously admitted under the said law shall be covered by FIPPA. The provisions of FIPPA shall be repealed or altered by subsequent laws and regulations provided that

the repeal or alteration of FIPPA is expressly stipulated in such laws and regulations.

Article 25- The Implementing Regulations of FIPPA shall be prepared by the Ministry of Economic Affairs and Finance and subsequently approved by the Council of Ministers within two months.

The above Act comprising of 25 Articles and 11 Notes is ratified by the Islamic Consultative Assembly in its session of Sunday, 10 March 2002. The initial part of Articles (1) and (2), Paragraphs (c) and (d) of Article (2), Paragraph (b) of Article (3), and Note (2) of Article (17) have been approved by the Expediency Council in its meeting on Saturday, May 25, 2002.

Chapter One Definitions

Article 1- All terms and expressions defined in Article (1) of the Foreign Investment Promotion and Protection Act (FIPPA) shall have the same meanings in these Regulations. Other terms and expressions used in these Regulations shall have the following meanings:

Regulations: The Implementing Regulations of FIPPA.

Investee Firm: A new and/or an existing Iranian company in which the Foreign Capital is utilized under one of the methods specified in FIPPA.

Non-governmental Sector: Private and cooperative sectors and non-governmental public institutions and establishments.

Center: The Center for Foreign Investment Services, established in accordance with Article (7) of FIPPA at the premises of the Organization.

Country Official Monetary Network: The banking system (the Central Bank and the banking network, being governmental or non-governmental) and non-banking credit institutions which, upon the permission of the Central Bank, are dealing with monetary and foreign exchange activities.

Audit Firm: An audit firm, selected by the Organization from amongst the audit firms which are members of Iran Association of Certified Accountants, subject matter of the "Law governing the Use of Specialized and Professional Services of Competent Accountants as Official Accountant", enacted in 1993, or the Auditing Organization.

Chapter Two Investment Methods and Criteria for Admission

Article 2- Foreign Investments admitted in the territory of the Islamic Republic of Iran on the basis of FIPPA, shall enjoy the facilities and protections available under FIPPA. Admission of such investments is subject to the general conditions for admission of Foreign Capital and submission of a written application by the Foreign Investor, and with due observance of the criteria set forth in these Regulations.

Article 3- Admission of Foreign Investment, based on FIPPA and the criteria set forth in these Regulations, may be carried out within the framework of the following methods.

The table of Foreign Investment methods, features and facilities available under FIPPA shall be prepared and published by the Ministry of Economic Affairs and Finance.

- a) Foreign Direct Investment (FDI)
- b) Foreign Investment within the framework of contractual arrangements including various types of "Build-Operate-Transfer (BOT)," "Buy-Back ", and "Civil Participation" schemes.

Article 4- Methods of investment referred to in Article (3) of these Regulations, in respect of the procedure for investment and the protection coverage of FIPPA and these Regulations have the following common or specific features and advantages:

A. Common Features and Advantages:

- 1- Foreign Investors enjoy the same treatment as accorded to domestic investors.
- 2- Import of Foreign Capital, being cash or non-cash (in kind), is only subject to the Investment License and does not require any other license.
- 3- The volume of Foreign Investment in each individual case shall not be subject to any limitation.
- 4- Foreign Capital is guaranteed against

nationalization and expropriation, and in such cases the Foreign Investor shall be entitled to receive compensation.

5- Transfer of the principal capital, profit and capital gains derived from utilization of capital shall be affected in the form of foreign currency or, as the case may be, in the form of goods, as set out in the Investment License.

6- The freedom to export goods produced by the Investee Firm is guaranteed and, in the event of any prohibition on the export, the goods produced may be sold in the domestic market, and proceeds of sale shall be transferable abroad in the form of foreign currency through the Country's Official Monetary Network.

B. Specific Features and Advantages:

1- Foreign Direct Investment (FDI):

1-1 Investment may be made in all areas where the private sector activity is permitted.

1-2 There is no restriction on the percentage of foreign shareholding.

2- Investment within the Framework of Contractual Arrangements:

2-1 Compensation for losses sustained by the Foreign Investment resulting from prohibition and/or interruption in the execution of financial agreements caused by enactment of law and/or Cabinet decrees, up to a maximum of matured installments, shall be guaranteed by the Government.

2-2 In "B.O.T." and "Civil Participation" schemes where a government agency is the sole purchaser and/or supplier of goods and services at subsidized prices, the purchase of produced goods and services resulting from an investment project by the government agency as a party to the contract, shall be guaranteed in accordance with the relevant regulations.

Article 5- Iranian natural and juridical persons applying for investment in the Country, for the purpose of enjoying the facilities and protections under FIPPA, are required to submit documentary evidences proving their economic and commercial activities outside the Country.

Article 6- Foreign Investors who have already invested in Iran without the benefit of coverage of FIPPA may, upon completion of the admission procedure, benefit from FIPPA's coverage for the principal investment already made. Subsequent to the issuance of the Investment License, the investor shall be entitled to benefit from all privileges of FIPPA including, inter alia, the right to transfer profit. This type of investments shall be generally considered as existing investments to which the general criterion for admission of Foreign Capital is applicable.

Article 7- Foreign Investment in existing firms by way of purchasing shares and/or capital increase and/or a combination of the two, subject to completion of the admission procedure, shall benefit from the privileges of FIPPA provided that such investment creates added value. The added value so created may result from an increase in investment in the existing firm and/or achievement of certain objectives such as enhancement of management, increase in exports, and/or improvement in the technology level of the existing firm.

Article 8-The Board, in the course of examining and issuing license for any Foreign Investment application, shall investigate and verify the ratios set out in Para (d) of Article (2) of FIPPA in the following manner:

a) Specifications of the proposed project including the type and volume of goods and services to be produced, the time-schedule for implementation and operation of the project, as well as

projection for domestic or export sales, will be set out in the application forms for investment.

b) The official statistics provided by the competent authorities relating to the value of goods and services supplied to the domestic market in every sector and sub-sector (field) at the time of issuance of the Investment License, shall be obtained by the Deputy for Economic Affairs of the Ministry of Economic Affairs and Finance. The bases for the Board's decisions shall be the statistics made available to the Organization by the aforementioned deputy up to the end of the first quarter of each year.

c) Sectors and sub-sectors (fields) shall be distinguished on the basis of the list attached to these Regulations.

d) The volume of investment in each sector and sub-sector (field) shall be determined by the Board in accordance with the provisions of Paragraphs (a), (b) and (c) of this Article, and the value of goods and services supplied to the domestic market, and with due observance of the exception from investment limitation on the export of goods and services derived from Foreign Investment, and, in the event of approval of the project, the Investment License shall be issued.

Note- Changes in the ratio of the value of goods and services resulting from Foreign Investment and/or changes in the value of goods or services supplied to the domestic market, which at the time of issuance of the Investment License have constituted the bases for the Board's decision, shall not affect the validity of the Investment License once it is issued.

Article 9- Assignment of the proprietary rights to the Iranian party designated in "BOT" contracts

may, on the basis of the agreement of the parties to the contract, be effected by way of gradual assignment of proprietary rights during the contract period, or single assignment of the acquired rights at the end of the contract period.

Article 10- In "BOT" contracts, the proprietary rights of the Foreign Investor may be assigned to the institution providing the financial facilities to the investment project upon the confirmation of the Board.

Article 11- With respect to those investment projects where a government agency is the exclusive purchaser of produced goods and services as well as cases where the goods and services produced by the investment project is supplied at subsidized prices, the government agency may, within the established legal framework, guarantee the purchase of the goods and services produced at the price and quantity determined in the relevant contract.

Chapter Three Admission Regime

Article 12- The Organization, while carrying out the duties relating to admission and protection of Foreign Investments within the framework of FIPPA, is in charge of performing and conducting foreign investment promotion activities inside and outside the Country as well as introducing legal grounds and investment opportunities, carrying out studies and applied researches, organizing conferences and seminars, cooperating with relevant international organizations and institutions, and establishing relations and coordination with other agencies in gathering, compiling and providing information related to Foreign Investments.

Article 13- The Board is responsible for investigating and making decision on all investment applications including applications for admission, importation and utilization of Foreign Capital as well as repatriation of capital and accrued profits.

Article 14- The permanent members of the Board are the four deputy ministers specified in Article (6) of FIPPA, and the Board's meetings require a quorum of at least three permanent members, and decisions shall be made with at least three positive votes. The deputies of other relevant ministries shall, upon invitation of the Chairman of

the Board, attend the meetings with the right to vote. In such cases, decisions are made by the majority of votes cast.

Article 15- Investors shall submit to the Organization their written application together with documents specified in the relevant form. After conducting necessary investigations and taking the viewpoints of the ministry responsible for the related sectors, the Organization shall bring the investment application along with its expert advice before the Board within a maximum period of 15 working days. Enquiries remained unanswered by the relevant ministry, after 10 days from the date of receipt of the enquiry shall be considered as agreement of that ministry with the investment concerned. On the basis of the decisions adopted by the Board for which the acceptance of the Foreign Investor has already been obtained, the Investment License shall be drafted and, upon confirmation and signature by the Minister of Economic Affairs and Finance, shall be issued.

Note- The Investment License shall include the particulars of the investors), type and method of Foreign Investment, the manner for transfer of dividend and profit gained as well as other terms and conditions relating to the approval of every investment

project.

Chapter Four Center for Foreign Investment Services

Article 16 - For the purpose of facilitating and accelerating the fulfillment of the Organization's legal duties in the areas of promotion, admission and protection of Foreign Investment in the Country, the "Center for Foreign Investment Services" shall be established at the premises of the Organization where the representatives of the relevant agencies will be stationed. This Center shall be the focal point for all referrals by Foreign Investment applicants to the relevant organizations.

Article 17- The Ministry of Economic Affairs and Finance (the State Organization for Tax Affairs, the Customs of the Islamic Republic of Iran), the Ministry of Foreign Affairs, the Ministry of Commerce, the Ministry of Labor and Social Affairs, the Ministry of Industry and Mines, the Ministry of Jihad-e-Agriculture, the Central Bank of the Islamic Republic of Iran, the General Directorate for Registration of Companies and Industrial Property, the Organization for Protection of the Environment, and other executive agencies determined by the Minister of Economic Affairs and Finance shall introduce their fully authorized representatives to the Organization with the signature of the highest executive authority of the agency. The designated representatives, from the standpoint of the employment regulations, shall be considered as the employees of their respective agencies, and as situation requires and in proportion to the volume of Foreign Investment applications and enquiries by investors, shall, upon the Organization's request, be present in the Center in order to respond to the enquiries in accordance with the duties assigned to them under this Article.

Article 18- The representatives introduced to act

on behalf of the relevant agencies shall have authority over all executive and service issues related to their respective agencies in respect of Foreign Investments. The relevant executive agency, for the purpose of good performance of the duties assigned to the representative under FIPPA and these Regulations, is required to notify the duties, responsibilities and authorities of the representative to other departments of its organization and, simultaneously, to conduct a review on the administrative procedures relating to Foreign Investments under its authority in a manner to facilitate fulfillment of the duties assigned to the representative in the Center.

Article 19- The relevant executive agency, in order to maintain the continuation of its executive and service activities in the Center, may, in addition to the designated representative, introduce another person with the same qualifications to represent as the alternate to perform the duties in the absence of the representative of the agency. If necessary, the relevant executive agency may place in the Center a maximum of two more persons at senior level for issues related to that agency.

Article 20- The functions of the "Center for Foreign Investment Services" are determined as follows:

- 1- Provision of information and necessary advice to Foreign Investors.
- 2- Coordination required in respect of affairs related to securing necessary licenses, including, but not limited to, the declaration of establishment, the license of the Organization for Protection of the Environment, the permits for subscriptions relating to water, electricity, fuel and telephone, exploration and exploitation licenses for mines, etc. from the relevant agencies, prior to

the issuance of the Investment License.

3- Coordination required in respect of affairs related to issuance of visa, residence and work permits for individuals related to Foreign Investment.

4- Coordination required in respect of affairs related to Foreign Investment subsequent to the issuance of the Investment License including registration of Joint Venture Company,

registration of orders, and issues related to importation and repatriation of capital, customs and tax affairs, etc.

5- Coordination required to be established by representatives of the agencies among executive departments of their respective agencies in respect of applications for Foreign Investment.

6- Monitoring the good performance of decisions made in respect of Foreign Investments.

Chapter Five Provisions for Importation, Valuation and Registration of Foreign Capital

Article 21- The procedure relating to the importation, valuation and registration of Foreign Capital, being cash or non-cash (in kind), is set forth as follows:

A. Capital in Cash

1- Cash funds in foreign exchange referred to in Para (a) of Article (11) of FIPPA imported into the Country in one or several stages with the intention to be converted into Rials, shall, on the date of conversion into Rials and in accordance with the certificate of the bank, be registered by the Organization in the name of the Foreign Investor, and shall be covered by FIPPA. The Rials equivalent of the foreign currency imported shall be deposited in the account of the Investee Firm or in the account of the investment project.

2- Cash funds in foreign exchange referred to in Para (b) of Article (11) of FIPPA imported into the Country in one or several stages but not converted into Rials, shall be deposited in the foreign exchange account of the Investee Firm or in the account of the investment project. These funds, as from the date of deposit, shall be registered in the name of the Foreign Investor, and shall be covered by FIPPA. The said funds may, under the supervision and confirmation of the Organization, be used for foreign purchases and orders related to the Foreign Investment.

Note- The Country's Official Monetary Network is required, in relation to the foreign

exchange transfer-drafts of Foreign Investors, to certify directly to the Organization the details of the draft including the name of the transferor, the amount of the foreign exchange, the type of the foreign exchange, the date of receipt, the date of conversion, the name of the Investee Firm, and, in case of conversion into Rials, the Rials equivalent of the foreign exchange imported.

B. Capital in Kind (non-cash)

Foreign Capital in-kind includes those items mentioned in Paragraphs (b), (c) and (d) under the definition of the term Foreign Capital in Article (1) of FIPPA for which the procedure for importation, valuation and registration is set out as follows:

1. With respect to the Foreign Capital in-kind referred to in Paras (b) and (c) above (including machinery, equipments, tools and spares, CKD parts, raw, addable and auxiliary materials), the Ministry of Commerce, after being notified of the Organization's agreement with the importation of the non-cash Foreign Capital items, shall proceed with the statistical registration of the order and shall communicate the issue to the relevant customs office for the purpose of valuation and release of the imported items.

The Customs' valuation on the value of the imported items shall be considered as the acceptable valuation, and, upon the request of the

investor, the value stated in the import license plus the transportation and insurance expenses, shall be registered in the name of the Foreign Investor, and shall be covered by FIPPA as from the date of release from the Customs. In case of discrepancy between the Customs' valuation and the price stated in the detailed list (of the non-cash items) approved by the Board, the Customs' valuation shall be the basis for registration of the Foreign Capital in the Organization and the General Directorate for Registration of Companies and Industrial Property.

Note 1- The Ministry of Commerce and the Organization are required to take measures, within a period of one month from the date of official notification of these Regulations, for the preparation of a special form for the statistical registration of orders of the non-cash Foreign Capital items under this paragraph, and to act accordingly.

Note 2- The Customs of the Islamic Republic of Iran is required to assess the value of the second-hand machinery and equipments related to Foreign Investments at second-

hand price.

Note 3- If, by findings, the non-cash Foreign Capital imported into the Country is defective, mutilated, not usable and/or does not conform with the specifications declared in the list approved by the Board, the matter will be brought before the Board, and that part of the value of the imported goods which is not confirmed by the Board shall be deducted from the account of the imported capital.

2. With respect to capital items referred to in Para (d) of Article (1) of FIPPA (including patent, know-how, trade marks and names, and specialized services), the Organization, after carrying out necessary investigations, shall submit to the Board a report on the fulfillment of the contractual undertakings under the technology and service agreements, and the approved sums shall be registered by the Board as Foreign Capital and shall be covered by FIPPA within the framework of a directive to be drafted by the Board and approved by the Minister of Economic Affairs and Finance.

Chapter Six

Provisions on Repatriation of Capital and Capital Gains

Article 22- All applications for the transfer of capital, profit as well as gains resulting from an increase in the value of capital covered by FIPPA must be supported by the report of an Audit Firm that is a member of Iran Association of Certified Accountants. Such transfers shall be affected, after deduction of all legal dues, up to the amount certified by the Audit Firm.

Article 23- Transfer of the principal capital, profit and gains resulting from an increase in the value of capital related to investments referred to in Para (a) of Article (3) of FIPPA, is permissible in the form of foreign exchange and/or, upon the request of the Foreign Investor, by way of export of authorized goods. Repatriation of capital and

profits related to investments referred to in Para (b) of Article (3) of FIPPA, is permissible out of the foreign exchange earnings from the export of the products and/or out of the foreign exchange earnings from the services rendered by the Investee Firm, and/or by way of the export of other authorized goods. The Board, on the basis of the report of the Audit Firm on the latest status of the principal capital, amount of profit and capital gains belonging to the Foreign Investor, shall determine the transferable amount and shall issue, upon the confirmation by the Minister of Economic Affairs and Finance, the repatriation permit, on a case by case basis.

Note - With respect to investments referred to in Para (b) of Article (3) of FIPPA, if, as a result

of any export constraint, the provision of foreign exchange for transfer of funds in the opinion of the Board is found expedient and possible, the required foreign exchange shall be made available through the banking system.

Article 24- In the event the Investment License refers to Paragraphs (b) and/or (c) of Article (17) of FIPPA, the said license shall be considered as the export license and the Investee Firm may deposit its export earnings in an escrow account in a local and/or foreign bank and directly withdraw there from for the purposes specified in the Investment License, and pay to the Foreign Investor. Any amount of foreign exchange acquired in excess of the withdrawable amounts shall be subject to the Country's foreign exchange regulations. In any event, the Investee Firm, after payment of the relevant amounts, is required, along with submission of the export certificate, to notify the Organization in writing.

Article 25- The foreign exchange earnings from the exports of Foreign Investment, within the limits prescribed by the Board, is exempt from any regulations restricting export and from foreign exchange regulations such as commitments for reintroducing the export earnings to the Country pursuant to the current and future governmental regulations.

Article 26- In the event of a legal restriction and/or restriction prescribed by the Government as a result of which the Investee Firms cannot export their products, so long as the legal restriction and/or Government decision preventing export is in force, the said Investee Firms are authorized to sell their products in the domestic market, and, by providing the Rials equivalent of the foreign exchange requirements specified in the Investment License, to purchase the required foreign exchange from the banking system and transfer the same, and/or (should they wish so) to

export authorized goods.

Article 27- The transferable funds as set forth in FIPPA may be purchased, after confirmation of the Board and upon confirmation by the Minister of Economic Affairs and Finance, by the Foreign Investor from the banking system, and be effectively transferred, and the Central Bank of the Islamic Republic of Iran shall, for this purpose, make available the necessary foreign exchange to the banking system.

Article 28- In the event that the Foreign Investor does not transfer abroad the transferable funds within a period of 6 months from the date of completion of the relevant administrative formalities, the said funds shall be removed from the coverage of FIPPA. The continuance of the applicability of FIPPA in respect of the said funds shall be possible upon the approval of the Board.

Article 29- The Foreign Investor, if so wishes, may use, with the permission of the Board, all or part of the transferable amounts pursuant to Articles (13), (14) and (15) of FIPPA for capital increase in the same firm, and/or, after completion of the legal formalities for obtaining the Investment License, may utilize it in a new investment.

Article 30- The Government, with due observance of Principle (138) of the Constitution of the Islamic Republic of Iran, (hereby) delegates to the member Ministers of the High Council for Investment the authority to determine the scope of acceptable commitments under Note (2) of Article (17) of FIPPA. The Board is authorized to determine the extent of losses resulting from prohibition and/or interruption in the execution of the relevant financial agreements up to the ceiling of the matured commitments within the limits of undertakings acceptable to the High Council for Investment as set out in the Investment License. The bases for making decisions in respect of the authority referred to in this Article shall be the agreement of the majority members of the said

Council. Decisions adopted may be issued, if confirmed by the President, pursuant to Article (19) of the internal regulations of the Council of Ministers.

Article 31- In case the Foreign Investor insures his investment in Iran and, in accordance with the terms of the insurance policy on account of a payment made under the insurance policy to the

investor for the compensation of a loss incurred from non-commercial risks, the insurance institution subrogates the investor, the subrogee is entitled to enjoy the same rights on account of which the payment for losses has been made. This subrogation shall not be considered as assignment of capital, unless the provisions of Articles (4) and/or (10) have been complied, accordingly.

Chapter Seven General Provisions

Article 32- The Foreign Investor is required, as from the date of notification of the Investment License within a period determined on the basis of the peculiarities of the investment project by the Board, to import part of his capital into the Country as a sign of his firm intention for the implementation of the project. In the event the investor does not import part of the capital into the Country within the duration of the determined period, and/or does not apply for the extension of the period by way of submission of justifiable reasons, the Investment License shall be considered as null and void.

Article 33- The Foreign Investor is required to inform the Board of any change in the name, legal status, nationality, and of any change of more than 30% in his ownership.

Article 34- In cases where the Foreign Investment results in establishment of an Iranian company, the ownership of land in the name of the company is permitted at a size appropriate to the investment project, at the discretion of the Organization.

Article 35- The relevant executive agencies, including the Ministry of Foreign Affairs, the Ministry of Interior, the Ministry of Labor and Social Affairs are required to proceed according to the Organization for Investment, Economic and

Technical Assistance of Iran's approval and introduction regarding the issuance of visas, residence permits and work permits for the following persons:

- 1- Foreign investor
- 2- Managers and experts of the foreign investor
- 3- Managers and foreign experts employed in the economic firms in which foreign capital is used there.
- 4- Spouse, male children below 18 years, unmarried women and parents of dependent persons subject to Articles (1), (2) and (3).

a) The Ministry of Foreign Affairs is required, upon receipt of the request of the Organization for Investment, Economic and Technical Assistance of Iran and depending on the type of visa requested, to communicate the applicant or the Organization for Investment, Economic and Technical Assistance of Iran, the authorization for the issuance of single entry visa, or multi-entry visa (for three years) with a 90 days residence permit on each entry for the relevant individuals subject to the Articles (1) to (4), in the case of absence of any obstacle in terms of export laws and regulations and in case of impossibility of issuance.

b) The Ministry of Labor and Social Affairs is obliged to issue work permit or renewals for the individuals subject to Articles (1), (2), (3) upon the request of the Organization for Investment, Economic and Technical Assistance of Iran regardless of the type of visa within 7 working

days, in the case of absence of any obstacle in terms of export laws and regulations, and in case of impossibility of issuance, declare the result to the Organization for Investment, Economic and Technical Assistance of Iran.

c) The Ministry of Interior in coordination with the Ministry of Intelligence of the Islamic Republic of Iran, upon receipt of the request of the Organization for Investment, Economic and Technical Assistance of Iran is obliged to issue work permit or renewals for the individuals subject to Articles (1) to (4), within 3 working days, in the case of absence of any obstacle in terms of export laws and regulations, and in case of impossibility of issuance, declare the result to the Organization for Investment, Economic and Technical Assistance of Iran.

Note - Obtaining a residence permits by foreign investors subject to Articles (1) to (4), as stipulated above, shall exempt them from entry and exit visas required for traveling to or from the country.

Article 36- The responsibility of the Organization in relation to the general publication of information, pursuant to Article (21) of FIPPA, is limited to the information that is publishable under business practice. The Board is vested with the authority to determine whether information is publishable.

Article 37- The Organization and the Board are permitted, for the purpose of carrying out the functions and duties contemplated in FIPPA and these Regulations, to use, whenever required, consultancy and professional specialized services of the Audit Firms member of Iran Association of Certified Accountants and other private or cooperative qualified firms.

Article 38- All provisions contained in the decrees of the Council of Ministers in respect of Foreign Investment that are contrary to the provisions of these Regulations, shall be repealed from the date of coming into force of these Regulations.

The above Act comprising of 38 Articles and 7 Notes have been approved by the Islamic Consultative Assembly on September 15, 2002 and according to the proposal of No.29778 on August 14, 2002 of Ministry of Economic Affairs and Finance and based on article 25 of FIPPA ratified in 2002.

Sectors and Sub-sectors referred to in Paragraph (d) of Article (2) of FIPPA

Sector	Sub-Sector
Agriculture	<ul style="list-style-type: none"> - Farming and horticulture - Livestock and sericulture - Forestry and pastures - Fishery and aquaculture
Mining	<ul style="list-style-type: none"> - Crude oil and natural gas (exploration, extraction and transfer) - Other mines (exploration and extraction and processing)
Industry	<ul style="list-style-type: none"> - Food Industries, beverages and tobacco - Textile, clothing and leather Industries - Cellulosic (wood, paper, etc.), print and publication - Chemicals, oil derivatives, rubber and plastic - Non-metallic minerals other than oil and coal Basic metals - Transport equipment & Industries and automotives - Electrical and electronic machinery & equipments (Radio & Television and other communication devices and apparatus) - Electrical and electronic machinery & equipments (not classified elsewhere) - Medical, optical and precision instruments - Recycling
Sector	Sub-Sector
Water, Electricity and Gas Supply	<ul style="list-style-type: none"> - Collection, purification, supply, transfer and distribution of water and sewerage - Generation, transfer, and distribution of electricity - Refinement and distribution of natural gas
Construction	<ul style="list-style-type: none"> - Infrastructures - Building and housing - Construction materials
Transport and Communications	<ul style="list-style-type: none"> - Railway transport - Road transport - Pipe transport - Water transport - Air transport - Supporting services - Post and telecommunication
Services	<ul style="list-style-type: none"> - Financial services (insurance, bank, etc.) - Tourism - Public affairs - Urban services - Education and research - Other services (engineering, design and etc.)

Methods of Foreign Investment Features and Facilities available under FIPPA

METHODS OF INVESTMENT	INVESTMENT AREAS	TYPE AND MANNER OF IMPORTATION OF INVESTMENT (CASH AND NON-CASH)	VOLUME OF INVESTMENT AND SHAREHOLDING PERCENTAGE	CAPITAL SECURITY / GUARANTEES	FOREIGN EXCHANGE TRANSFERS	
					PRINCIPAL CAPITAL PROFIT	AMOUNTS ON TECHNICAL AND SERVICE CONTRACTS
Foreign Direct Investment (FDI)	All areas open to private sector	<ul style="list-style-type: none"> - Subject to approval of Foreign Investment Board (FIB) to be specified in the Investment License. - No other license is required. 	No limitation	<ul style="list-style-type: none"> Guarantee for compensation against expropriation and nationalization. - Guarantee for export, and availability of foreign exchange resulting from export prohibition. - Enjoy equal treatment accorded to domestic investors. 	<ul style="list-style-type: none"> - No limitation, in the form of foreign exchange. - No limitation, for export-oriented projects in the form of goods. 	<ul style="list-style-type: none"> - No limitation, in the form of foreign exchange. - No limitation, for export oriented projects in the form of goods.
Contractual Arrangements: "Build-Operate-Transfer" : (B.O.T) schemes	All areas open to private and government sectors	<ul style="list-style-type: none"> - Subject to approval of Foreign Investment Board (FIB) to be specified in the Investment License. - No other license is required. 	No limitation	<ul style="list-style-type: none"> - Guarantee for compensation against expropriation and nationalization. - Guarantee for export, and availability of foreign exchange resulting from export prohibition. - Enjoy equal treatment accorded to domestic investors. -Guarantee for compensation for losses resulting from prohibition or interruption in the implementation of financial agreements incurred from enactment of laws or Cabinet Decrees. - Guarantee for purchase of goods, in cases where a government body is the exclusive purchaser of the produced goods and services. 	<ul style="list-style-type: none"> - No limitation, in the form of foreign exchange. -No limitation, for export-oriented projects in the form of goods. 	

Methods of Foreign Investment Features and Facilities available under FIPPA(Continued)

METHODS OF INVESTMENT	INVESTMENT AREAS	TYPE AND MANNER OF IMPORTATION OF INVESTMENT (CASH AND NON-CASH)	VOLUME OF INVESTMENT AND SHAREHOLDING PERCENTAGE	CAPITAL SECURITY / GUARANTEES	FOREIGN EXCHANGE TRANSFERS	
					PRINCIPAL CAPITAL/ PROFIT	AMOUNTS ON TECHNICAL AND SERVICE CONTRACTS
BUY-BACK	All areas open to private and government sectors	<ul style="list-style-type: none"> - Subject to approval of Foreign Investment Board (FIB) to be specified in the Investment License. - No other license is required. 	<ul style="list-style-type: none"> - No limitation in respect of volume of investment. - Shareholding percentage is not applicable. 	<ul style="list-style-type: none"> - Guarantee for compensation against expropriation and nationalization. - Guarantee for export, and availability of foreign exchange resulting from export prohibition. - Enjoy equal treatment accorded to domestic investors. - Guarantee for compensation of losses resulting from prohibition or interruption in the implementation of financial agreements incurred from enactment of laws and/or Cabinet Decrees. 	- No limitation, in the form of goods	
CIVIL PARTICIPATION	All areas open for private and government sectors	<ul style="list-style-type: none"> - Subject to approval of Foreign Investment Board (FIB) to be specified in the Investment License. - No other license is required. 	No limitation	<ul style="list-style-type: none"> - Guarantee for compensation against expropriation and nationalization. - Guarantee for export, and availability of foreign exchange resulting from export prohibition. Enjoy equal treatment accorded to domestic investors. Guarantee for compensation of losses resulting from prohibition or interruption in the implementation of financial agreements incurred from enactment of laws and/or Cabinet Decrees. 	<ul style="list-style-type: none"> - No limitation, in the form of foreign exchange. - No limitation, in the form of goods for export projects. 	<ul style="list-style-type: none"> - No limitation, in the form of foreign exchange. No limitation, in the form of goods or export projects.

Definitions:

Foreign Direct Investment: is the participation of a Foreign Investor in an existing or a new Iranian company.

Contractual Arrangements: includes a set of mechanisms under which the utilization of Foreign Capital is solely based upon contractual agreements made between the parties to the contract.

Build-Operate Transfer: The Foreign Investor by entering into contractual arrangements with an Iranian party will make available the cash and non-cash financial resources for the project in which the investment is made, under his own responsibility by way of establishing an Iranian company and/or establishing a branch office in Iran as the Project Company, and, as the case may be, would embark onto construction and/or operation of the Project. BOT has different varieties each of which enjoy specific features.

Buy-Back Arrangement: The Foreign Investor shall make available the cash and non-cash financial resources for the construction, expansion and/or renovations to the recipient Investee Firm. In this method, the repatriation of capital shall be made in the form of goods and services produced by the Investee Firm, and/or other goods.

Civil Participation: is the contractual arrangements entered into for materialization of a joint activity for which establishment of a legal entity is not required and return of the investment as well as profit sharing of the parties to the partnership shall be withdrawable in accordance with the agreement. "Civil Participation" shall constitute all other forms of business undertaking in which the Foreign Investor, without establishing a company, is entitled to take advantage from the investment. Any how, all the financial precedents related to the "Civil Participation" shall have to be registered in Iran in the books of either parties.

8- Frequently Asked Questions on Foreign Investment in Iran



Introduction:

The collection of questions and answers already contains questions that are commonly raised by those interested in investing in the Islamic Republic of Iran. We hope that the answers provided here, makes it possible for those interested to learn the foreign investment policy of the Islamic Republic of Iran, as well as providing comprehensive information about the legal framework for adoption of the investments and how to obtain the authorization process. Although there may be some questions need not be directly related to the issue of foreign investment, but since it was intended to provide a comprehensive

set, we tried to collect together all possible questions in one book. Obviously, investors may need more accurate information on any subject which in this case, in addition to referring to the other publications of the Organization for Investment, Economic and Technical Assistance of Iran, specifically, a guidebook for foreign investment in Iran, you can communicate directly with this center or have a visit. In order to facilitate the finding of answers, we recommend our readers first, referring to table of contents and search for the answers to their questions in the relevant section.

Chapter One: General Information

1. Is Foreign Investment permitted in Iran?

Foreign investment in the Islamic Republic of Iran is permitted in accordance with the prevailing laws and regulations of the Country. All foreign investors are permitted to invest, for the purpose of development and producing activities, in all areas of industry, mining, agriculture and services.

However, from the standpoint of the Iranian government, only those investments shall be eligible to enjoy the privileges and protections under the Foreign Investment Promotion and Protection Act (FIPPA) that have obtained the required license under the FIPPA.

2. What objectives are to be achieved by foreign investment?

The main objectives are:

- Enhancing economic growth.
- Increasing employment opportunities.
- Access to and development of new technologies and managerial skills, as well as upgrading quality of products and boosting export capabilities.

3. Under what legal or contractual framework, foreign investment may be admitted in Iran?

Foreign investment in Iran is admitted under all forms of legal participation (Foreign Direct Investment) and/or contractual arrangements. By contractual arrangements we mean all forms of project financing methods within the framework of civil participation, buy back arrangements, and different types of Build, Operate and Transfer (BOT) schemes.

4. How do you define foreign investment?

Foreign investment is defined as employment of capital in an activity in which a level of risk involved. FIPPA classified foreign investment under two broad categories:

a) Legal participation (direct investment): is defined as a direct involvement of a foreign investor in the equity capital of a new or existing Iranian company. There is no restriction on the level of shareholding as well as percentage of shares belonging to foreign investors in Iranian companies. The right of foreign investor to run and control a company emanates from and is dependent upon his direct contribution in the equity capital of the concerned company.

b) Contractual arrangements: is defined as a set of mechanisms under which the utilization of foreign capital is solely based on agreements reached by the parties to a contract. In other words, the rights of the foreign investor is not yielded with his direct participation in the capital of the recipient Iranian firm, but through the arrangements agreed upon under a

contract. This type of investment may be carried out in all sectors of economy. Under contractual arrangements, the return of capital and accrued profits have to be sourced only out of the economic performance of the project in which the investment is made without being dependent upon a repayment guarantee by the government, by the banking system as well as state owned companies.

5. In what sectors foreign direct investment is permissible?

Foreign direct investment is permissible in all areas open to Iranian private sector.

6. In what sectors foreign investment under contractual arrangement is permissible?

Foreign investment under contractual arrangement is permissible in all sectors of economy. However, foreign investment in sectors reserved for the Government may only be carried out under contractual arrangements.

7. What legal structure is recommended for foreign investment?

There are seven types of juridical entity or company which can be established under the Iranian Commercial Code. From among all these different types, Joint Stock Company, in which the capital is divided by shares, is the most common and acceptable type of company.

8. Is it obligatory to have local partner(s)?

Of course not. It is by no means obligatory to have local partner, but usually foreign investors due to the familiarity of Iranian partners with working conditions, business environment, administrative rules and regulations, the use of local facilities and etc. want to have a local partner.

9. Is there a ceiling or a restriction for foreign investment in Iran?

There is no minimum and maximum for foreign investment in respect of percentage of shareholding, nor is any restriction on the amount

of investment for foreign investment in Iran.

10. If there is no restriction imposed in Iran, then what message a prospective foreign investor should get from the ratios of 25% and 35% referred to in Para (d) of Article (2) of FIPPA?

The ratios referred to in the said Para have nothing to do with the shareholding percentage of foreign investors in a single investment case. As formerly explained, no restriction with respect to the ceiling of foreign participation is imposed in Iranian companies. In fact, these ratios illustrate the proportion given to the value of goods and services produced by foreign investment in the global economy in each sector and subsector respectively, verified at the time of issuance of the foreign investment license (i.e., value of foreign products in GDP).

11. Is foreign investment permissible in oil and gas upstream activities?

Foreign investment in oil and gas upstream activities within the framework of contractual arrangements is permissible, but Foreign Direct Investment (FDI) in such areas is not permitted.

12. Is it permissible to use foreign trade marks and names in foreign investments?

Application of trade marks and names is permissible in all areas of economic activity within the framework approved by a commission subject to Article 138 of the constitution with No. 38043/205136 in 05.03.2008.

13. Is foreign investment allowed in companies quoted in the Stock Exchange Market?

There is no restriction for investment in companies quoted in the Stock Market. Foreign investors in these companies are eligible to enjoy the protections available under FIPPA, in the same manner as is available to foreign investment outside the Stock Market.

14. How do you define Special Economic Zones in Iran and in which areas of the Country these so-

called zones have so far been established?

Special Economic Zones are restricted customs areas in which import of goods, machinery and equipments is not subject to the general import/export regulations. The zones may have been established for different reasons and objectives. Some of them are established for the purpose of warehousing whereas some, in addition to warehousing of goods, are designed for setting up processing and production line. At present the number of Special Economic Zones reaches to 17.

15. Is there any difference between investments made in Free Trade Industrial Zones, Special Economic Zone and the mainland?

Investment in Free Zones is subject to especial regulations governing such investments. Iranian Free Zones at present comprise six areas by the name of Ghesm, Kish, Chahbahar, Bandar Anzali, Arwand, and Aras. Taking into consideration the applicability of Foreign Investment Law to the territory of the Islamic Republic of Iran, all foreign investments realized in Free Trade and Industrial Zones may also enjoy the privileges of FIPPA, provided that the relevant formalities for obtaining the investment license have been followed.

16. What is meant by the terms Iranian Company and Foreign Company, from the standpoint of Iranian laws and regulations?

According to Iranian Commercial Code, the term Iranian Company refers to a company incorporated and registered in Iran, even if a hundred percent of its shares or stocks belong to foreign natural or juridical persons. The term Foreign Company refers to a company incorporated and registered outside Iran.

17. Is it possible for foreign companies to establish legal bases in the form of branches or representative offices in Iran?

Of course yes. Any foreign company, for the purpose of expanding its commercial activities,

performing its contractual obligations, carrying out marketing activities, etc. may establish a legal permanent base in the form of branch or representative office in Iran. For establishing a branch or representative office certain procedure should be followed under the Law for Establishing Branches and Representative Offices. For this purpose the applicants are advised to refer to the General Directorate for Registration of Companies and Industrial Property.

18. Is the establishment of branch or representative offices considered as foreign investment?

Establishing a branch or representative office is not considered as foreign investment. In fact, foreign investment can be realized by way of establishing a new Iranian company, participation

in an existing Iranian company and/or entering into contractual arrangements with Iranian recipient entities.

19. What are the features of Industrial Estates and what facilities are available in those areas?

Industrial Estates are prefabricated Estates designed and constructed by the Industrial Estates Company of Iran, affiliated to the Ministry of Industry, Mines and Trades readily available for investors in all industrial poles throughout the Country. Even in certain Estates, factories and industrial workshops are offered for purchase. The important feature of these estates is availability of infrastructural utilities such as water, power, gas, telephone and quick access to the main transportation network of the Country.

Chapter Two: Foreign Investment Promotion and Protection Act (FIPPA)

20. What law protects foreign investment in the Islamic Republic of Iran?

The law protecting foreign investment in Iran is the Foreign Investment Promotion and Protection Act ratified in 2002 which is hereinafter referred to as FIPPA. The scope of applicability of the FIPPA extends to the territory of the Islamic Republic of Iran under which all foreign investors may invest in the Country and enjoy the privileges available there under.

21. What is the role of the regulations governing investment in Free Zones?

Although foreign investment in the Free Trade-Industrial Zones is governed by especial regulations, foreign investors may also invest in such free zones under Foreign Investment Law and take advantage of its protections.

22. What is meant by the term protection under FIPPA?

The term protection refers to a series of certain rights and privileges which are extended to

investors under FIPPA. In other words, investments carried out under any law other than FIPPA shall not be eligible to enjoy such rights.

23. What are those rights and privileges?

Fundamental rights recognized under FIPPA in favor of foreign investors are as follows:

- The right to transfer profits (dividends) as well as capital and gains on capital in foreign exchange.
- The right to receive compensation resulting from expropriation (deprivation of ownership) and nationalization of foreign capital.
- The right to receive compensation resulting from the passing of laws or Cabinet Decrees causing prohibition or interruption in the implementation of financial contracts of foreign investors.
- The right to enjoy equitable treatment accorded to domestic investors.

24. Are there any other facilities and privileges available to foreign investors?

Other facilities and privileges contemplated under

FIPPA and its Implementing Regulations are as follows:

- Convertibility and transferability of the funds resulting from various investment and transfer of technology agreements.
- Convertibility and transferability of the interest on financial facilities related to foreign investments.
- Possibility of submission of investment disputes to international tribunals.
- Recruitment of foreign technicians in affairs related to investment projects.
- Export of goods and services without any commitment to reintroduce export proceeds to the Country (i.e., no surrender commitment requirement).
- Maintenance of foreign exchange earnings from exports abroad.
- Direct access to and possibility of withdrawal of export proceeds out of Escrow accounts established in banks outside the Country.
- Inapplicability of price control, distribution as well as local content and manufacturing requirements.

25. What issues are specified in the investment license?

Many issues such as area of investment, Iranian and foreign shareholders, type and method of investment, volume and percentage of foreign investment, the manner for transfer of dividend and profit gained as well as other terms and conditions pertinent to a foreign investment project are to be specified in the investment license.

26. Who is qualified to invest in the Islamic Republic of Iran?

All foreign natural and juridical persons, international organizations, institutions and companies as well as Iranian natural and juridical persons are qualified to invest in the Country in accordance with the provisions of FIPPA.

27. How investments by Iranian nationals can be covered under FIPPA?

Investments by Iranian nationals can enjoy privileges of FIPPA on the condition that their capital has been sourced from foreign origin and, further to that; the investor has submitted documentary evidence proving their economic and commercial activities outside the Country.

28. Is the validity of the investment license limited time wise?

Yes. Upon the notification of investment license, the foreign investor is required to bring an appropriate portion of his capital into the Country, within a period determined by the investment board on the basis of the peculiarities of the investment project; otherwise the investment license shall be null and void.

29. Is it possible to extend the validity time?

Yes, foreign investor may apply for the extension of the validity of the investment license, prior to expiration, by way of submission of justifiable reasons. The investment board will review the application and determine a new period for importation of capital, upon the approval of the application for extension.

30. Are foreign state-owned companies authorized to invest in Iran in accordance with FIPPA?

Yes, foreign state-owned companies may invest in Iran in accordance with FIPPA, and enjoy privileges available under the law.

31. What are the sectors open to foreign investment in Iran under FIPPA?

Sectors open to foreign investment in Iran are vastly diversified and include all producing activities for the purpose of development in all areas of industry, mining, agriculture and services including tourism sector.

32. Does FIPPA consider pure commercial activities as foreign investment?

Indeed, pure commercial activities are not considered as foreign investment. However, should they be complementary to the producing activities in connection with an approved project, they can be taken into account as foreign investment.

33. What type of service activities are eligible to be covered under FIPPA?

Foreign investment in service sector including tourism is eligible to be covered under FIPPA.

34. Is the legal protection under FIPPA extended to foreign investments automatically?

No. Extension of legal protection to foreign investments is not an automatic phenomenon, but subject to obtaining the required investment license.

35. How and under what condition an investment already carried out but not covered under FIPPA can enjoy FIPPA's coverage?

Investments already carried out but not covered under FIPPA may, upon application for obtaining an investment license and subject to creating added value, enjoy the protections available under FIPPA.

36. Is foreign investment permissible in existing firms? If yes how?

From the standpoint of FIPPA, there is no difference between investment in a Greenfield project - a new company - and investment in an existing economic entity. All prospective foreign investors may at any time proceed for investment in a new (Greenfield) project and/or an existing economic entity. However, admission of foreign investment in existing firms is subject to creation of new added value which may result from increase in investment, upgrading managerial skills, development of exports, and improvement of technology level in the same entity.

37. How foreign investment can take place in an existing Iranian companies and firms?

From the standpoint of admission regulations, such investments can be covered under FIPPA and enjoy its privileges upon completion of admission procedure and obtaining the investment license, on the condition that they bring about value addition.

38. In what manners a foreign investor can invest in an existing Iranian company and become a shareholder?

There are two ways:

1. Acquiring /purchasing shares of a company based on agreed terms and conditions.
2. Subscription of the shares resulting from the capital increase of the company by way of assigning the first refusal rights of the existing shareholders to the foreign investor.

39. Under what legal framework BOT contracts are implemented?

For the purpose of conducting BOT contracts including BOOT, BOO, etc., the foreign investor may proceed either by establishing a branch office in Iran or by way of incorporating an Iranian company (i.e., Project Company).

40. What is meant by proprietary rights?

Proprietary rights are certain rights arising from having ownership over property and assets and/or rights assigned to the recipient under a contract. This right has been recognized in FIPPA and is applicable to a series of rights including right of ownership, right of operation and profitability, as the case maybe.

41. What is meant by assignment of proprietary rights in BOT contracts?

In BOT contracts assignment would cover the ownership right as well as the rights acquired under the contract which can be assigned to Iranian party of the contract.

42. Are foreign investment companies authorized to open bank accounts outside Iran? Foreign investment companies are authorized to have bank accounts for the purpose of depositing their export earnings. This would facilitate any and all payments due to the foreign investors by way of having a quick and direct access to export earnings from the export of products and services.

43. Is there any requirement for reintroducing export earnings to the Country for joint venture companies and investee firms?

No, no commitment for the return of export earnings is required. Export earnings are at free disposal of the exporter, to be used at his own discretion.

44. Can foreign investor insure his investment? What kind of insurance?

Foreign investor may insure his investment against non-commercial (political) risks with an insurance agency of his respective country. In the event a payment is made to the investor under the insurance contract, the insurer in the capacity of the investor's subrogee may apply for compensation resulting from the rights the investor is originally entitled to claim.

45. Which authority is competent to settle investment disputes between Iranian and foreign investors or between a foreign investor and the Government?

In general, an investment dispute between Iranian and foreign investors can be referred to domestic or foreign courts or to an international arbitration based on the (prior) agreement of the two parties. However, should the Iranian party to the dispute be a government sector or company, referral of the dispute to foreign courts or international arbitration can be done only upon observance of relevant legal formalities by the Iranian (government) party. To this effect, referral of disputes to international courts and arbitration based on prior agreement between the Iranian

Government and the investor's respective government has been accepted in bilateral treaties.

46. How investment disputes may be settled?

Investment disputes may be classified in 3 categories, each of which may be settled in a different manner:

A. Disputes between local and foreign investors: This type of dispute may be settled, in the first place, through friendly negotiations. In the event a settlement is not reached, the dispute may be referred to domestic courts, foreign courts and/or international or ad hoc arbitral tribunals. There is no legal impediment for accepting any of the aforementioned methods as is mutually agreed between the parties to the disputes.

B. Settlement of disputes between an investor and the host government: As contemplated in Article 19 of FIPPA, in the event a dispute between an investor and the Iranian Government is not settled through negotiations, the investor may approach through either of the following options:

a) Referring to domestic courts;

b) Referring the dispute to the competent arbitration tribunal stipulated in the Agreement on Reciprocal Promotion and Protection of Investment with the investors' respective government (i.e. Bilateral Investment Treaties: BITs).

C. Settlement of disputes between host and home governments: These types of disputes are not usually of the same nature as disputes raised between investors. Moreover, they are attributed to the commitments and obligations of the respective governments' vis-à-vis in respect of the implementation and interpretation of the contracts. Settlement of such disputes is also included in the bilateral and multilateral investment agreements.

47. Is ownership of land by foreign nationals permitted in Iran?

Yes. Ownership of land to the extent typically required for personal use by foreign nationals is permissible. Recognition of such ownership is dependent upon a specific permission from the Ministry of Foreign Affairs.

48. Is it permissible to own land by foreign nationals for the purposes other than personal use (i.e. industrial, agricultural, services, etc.)?

The answer is no. On the overall, the ownership of land for the aforementioned purposes which are considered to be beyond personal use is not permitted.

49. Then how the “ownership of land” in foreign investment projects is resolved?

As explained in previous answer, ownership of land in the name of foreign nationals is not permitted. However, in the event the implementation of foreign investment project results in establishment of an “Iranian Company”, ownership of land in the name of that company which bears an Iranian identity would be permissible.

50. What is meant by the term “Iranian Company”?

Iranian company is a company established and registered in Iran in accordance with Iranian Commercial Code, regardless of the identity and nationality of its shareholders or partners.

Chapter Three: Admission Regime

51. Which authority is responsible for admission and protection of foreign investments in the Islamic Republic of Iran?

The Organization for Investment Economic and Technical Assistance of Iran (OIETAI) is the sole government authority which in accordance with FIPPA is legally empowered to admit and extend legal protections to foreign capital. The license for foreign investment under FIPPA is also released by OIETAI. Of course, the provincial centers act as a focal point for the referrals by foreign investment applicants in the provinces and are coordinating places with the mentioned Organization.

52. Is it obligatory to obtain a license for foreign investment?

Yes. It is required for those investments to be covered under FIPPA. Such a license is released when signed by the Minister of Economic Affairs and Finance.

53. Does it mean that each single investment under FIPPA requires a specific license?

Yes. Foreign investment in any single project

covered by FIPPA requires a separate license.

54. What is the procedure for issuance of a foreign investment license? What documents are required for the issuance of such a license?

The procedure for issuance of an investment license is short and simple. Upon submission of the official application for foreign investment addressed to OIETAI, the application will be put in the agenda of the Foreign Investment Board for review within 15 working days, and subsequently a draft license will be communicated to the foreign investor for confirmation. The documentation required includes the filled-in application form along with all supplements/annexes, as the case may be, and other documents indicated in the last page of the application form.

55. Which services could be provided to foreign investors by OIETAI?

The organization can be addressed and consulted for any and all issues foreign investors come across. To this end, the investor is in touch with

only one single organization through the Center for Foreign Investment Services, which will result in time and cost saving for them.

56. What is the objective behind establishment of the Center for Foreign Investment Services?

For the purpose of facilitating and accelerating the attraction of foreign investments into the Country, the Center for Foreign Investment Services was established at the premises of O.I.E.T.A.I., comprising the representatives of relevant authorities. This center acts as a focal point for the referrals by foreign investment applicants to the relevant Organizations. In order to support, facilitate and promote foreign investments in the country's provinces, the province's Center for Foreign Investment Services has been established in the line with the purposes of foreign investment law, and acts as representatives in the provincial level.

57. Does the Organization provide any specific services to foreign investors other than consultancy services?

Of course yes. The Organization, besides offering the consultancy services to foreign investors, provides the following services:

1. Provision of information related to all laws and regulations pertaining to foreign investment.
2. Introducing investment opportunities in the Country.
3. Coordinating with different authorities with respect to applications for foreign investment.
4. Finding appropriate partners/parties, being local or foreign.
5. Contributing towards settlement of disputes between investors.
6. Organizing and arranging meetings and/or appointments with relevant authorities.

Chapter Four: Foreign Capital

58. What are the types of foreign capital?

According to FIPPA, there are various types of foreign capital which, in addition to cash capital, includes all types of non-cash capital comprising of machinery, equipments, parts, raw material, know-how and expertise services. (For more information please see Article (2) of the Implementing Regulation of FIPPA).

59. Are all kinds of foreign exchange acceptable as cash capital?

In fact, those kinds of foreign exchange which are acceptable to the Central Bank of the Islamic Republic of Iran could be registered as cash capital.

60. How foreign cash capital is imported into the Country?

Foreign cash capital shall have to be imported into the Country through banking system and/or the

official channels acceptable to the Central Bank of the Islamic Republic of Iran.

61. Is it obligatory to convert the imported foreign exchange into Rials?

That portion of imported foreign exchange required to be converted into Rials at the discretion of the investor, shall be purchased by the recipient bank at the current rate, and its equivalent in Rials shall be deposited in the account of the J.V.C. or the investee firm.

62. Is it possible for the foreign investor not to convert the imported foreign exchange into Rials but use it for foreign purchases and orders related to the investment project?

Yes, as the foreign exchange may be converted into Rials, it is also possible to deposit the same in the foreign exchange account of the J.V.C. or the investee firm to be used, under the supervision of

the Organization, for payments related to foreign orders and/or other necessary expenses of the investment project. Depositing foreign exchange without conversion into Rials protects the foreign investor against foreign exchange fluctuations, and provides the opportunity to use it at his own discretion, whenever required.

63. What is the applicable rate for the conversion of the foreign exchange imported into the Country?

The rate applicable for the conversion of cash funds imported by the foreign investors is the prevailing rate of the Country's official monetary network or the free (market) rate as acknowledged by the Central Bank of Iran.

64. Is it necessary to evaluate the foreign imported capital before its registration?

Yes. Valuation of capital, whether in cash or kind, is necessary. In both cases, the bank's conversion rate on the date of importation shall be the basis for valuation.

65. What formalities are required for importation of machineries, equipments, parts and raw materials (i.e., non-cash capital)?

In principal, importation of non-cash capital items related to foreign investment projects are not subject to the formalities of importation of commercial commodities. Non cash items of any type can be imported into the Country upon recommendation by OIETAI based on the approved list, and the statistical (order) registration with the Ministry of Industry, Mine and Trade.

66. Does it mean that importation of non-cash capital is free from local content requirements, allocation of foreign exchange and opening letter of credit?

That is true. It is not necessary to comply with the local content requirement, allocation of foreign exchange and opening letter of credit.

67. Is there any charge applicable to importation of foreign non-cash (in-kind) capital?

Except for machinery applicable in manufacturing and mining projects, foreign non-cash capital, the same as other goods, is subject to payment of import duties,

68. What criteria are to be considered for importation of know-how?

Technical know-how and specialized services are considered as acceptable types of foreign capital, so should be evaluated and registered then as foreign capital. However, the opinion of the relevant Ministry shall be sought before the importation of technical know-how.

69. Is it permissible to pay license fee or royalty?

Sure. In cases where technical know-how is not considered as part of foreign capital, the relevant sums and/or approved royalty are payable to technology supplier.

70. What criterion is set for payment of license fee or royalty to foreign parties?

In any and all manners of payment, the value of imported raw material shall be the basis for calculation of royalty and or license fee. This net amount, after deduction of imported materials value, shall be paid to who granted the license. In other words, according to prevailing policy, payment of royalty and license fee is calculated on the basis of domestic added value.

71. Is it possible to register patent right and trade mark in Iran?

According to Patent and Trade Marks Registration Law, industrial and intellectual property rights such as patent rights, trade marks and names, etc. can be registered and protected in Iran.

72. Is it necessary to provide the list of non-cash capital before importation of the same?

Yes. Prior to importation of non cash capital, the

foreign investor is required to submit to the OIETAI the detailed list of the same comprising technical specifications, manufacturer(s)' name, year of manufacture and price, along with relevant catalogues. Upon confirmation of the list, the said non-cash capital can be imported into the Country in one or more shipments at the discretion of the investor without any other specific formalities.

73. Is a prior review of technical know-how necessary?

Agreements related to specialized services, to be imported in the form of capital or to be paid for in other ways, shall be submitted to OIETAI along with the foreign investment application. The Organization will then coordinate and consult with the relevant Ministry on the necessity of the know-how as well as its value.

Chapter Five: Foreign Exchange Transfers

74. What is meant by the term "Foreign Exchange Transfers"?

The term "foreign exchange transfers" refers to transfer of all sums resulting from the performance of a foreign investment and/or other sums to be transferred in the form of foreign exchange. Such transfers are categorized in two:

a. Capital transfers such as dividends, principal capital, and capital gain, sums pertaining to compensation for confiscation or expropriation of foreign capital;

b. Other foreign exchange transfers including those resulted from patent, technical know-how as well as engineering and technical assistance agreements, trademarks and name, and similar agreements.

75. Is there any restriction with regard to the volume of transferable funds?

No, there is no legal restriction with respect to the volume of transferable funds, neither annually nor totally.

76. How the foreign exchange required for such transfers is procured?

Foreign exchange required for transfers related to foreign investments shall be procured and made available by way of purchasing foreign exchange

from the banking system or out of foreign exchange earnings resulted from the export of products and/or services of the foreign investment project, as the case may be. However, the mechanism for provision of foreign exchange transfers is specified in the investment license.

77. Which formalities are required for transfers related to a foreign investment?

Principally, any and all foreign exchange transfers shall be made upon formal application of the foreign investor or the joint venture company or investee firm on behalf of the foreign investor. All transfers, after deduction of legal dues, are payable to the foreign investor's account.

78. In case specific regulations or a government decision prohibits the export of products of the investment project, how the foreign exchange related to transfer of capital and profit is procured?

In exceptional cases where export is not so permitted, the foreign investor is authorized to sell his products in domestic market and to purchase, from the banking system, the required foreign exchange for such transfer(s). Obviously, the foreign investor may export other authorized goods instead, should he wish to do so.

Chapter Six: Tax & Customs Issues

79. What is the rate of income tax for juridical persons in Iran?

The rate of income tax for juridical persons in Iran is 25% of the taxable income (Article 105, Iranian Tax Code).

80. Is an equal rate of tax applicable to all types of company including Iranian as well as foreign companies?

The rate of tax for all types of company, whether Iranian or foreign (branches and representative offices), is 25% that is equally applied.

81. Are branches and representative offices of foreign companies which are engaged only in marketing and information collection for their parent companies abroad, subject to payment of income tax too?

No, branches and representative offices of foreign companies and banks which are engaged in gathering information or marketing in Iran for their parent companies, without any transaction right, and receive remuneration from them against their expenditures, shall not be subject to taxation in respect of such remuneration (Note 2, Article 107, Direct Taxation Act).

82. How is the income tax of foreign airlines and shipping companies calculated in Iran?

The tax of foreign airlines and shipping companies for passenger freight cost and the like earned in Iran, is a fixed rate of 5% of such earnings whether collected in Iran, at the destination, or on the way. (Article 113, Direct Taxation Act).

83. Shall the income derived from transfer of technology agreements such as technical know-how, engineering and technical services and also payments of license fee and royalty be subject to taxation?

In case of granting of licenses and other rights in such agreements, which is considered as the income of foreign juridical persons, taxable income consist of 20% to 40% of all payments received by them during a tax year and shall be taxed at a rate of 25% (Note 2, Article 105; Para "b", Article 107, Direct Taxation Act).

84. How the contracting business agreements are taxed?

In case of contracting businesses of foreign entities in Iran with regard to all types of work in fields of construction, installations, and technical installation including procurement and setting up of the same or transportation, preparation of design for buildings and installation, topography, supervision and technical calculations, provision of training and technical assistance, transfer of technology and other services, the taxable income will be 12% of total annual receipts. (Para "a", Article 107, Direct Taxation Act). In the event the relevant employer of the contract is a ministry, a government institution, a state company or a municipality, then that part of the contract price which is used for purchase of supplies and equipments from domestic or foreign sources shall be exempt from taxation, provided that the amounts relevant to those supplies and equipments are included, apart from other items, in the contract or in its further amendments or supplements. (Note 2, Article 107, Direct Taxation Act). However, in accordance with Note 5 of Article 107 of Iranian Tax Code, the taxable income of the activities subject matter of Para "a" of Article 107 thereof, the contracts which will be concluded from the beginning of the year 2003 onwards, shall be audited according to the provisions of Article 106, by way examination of statutory books.

85. How to compute the taxable income in Build, Operate and Transfer (B.O.T) projects, and what is the rate?

The taxable income of foreign investors in Build, Operate and Transfer (B.O.T) contracts in Iran, shall be calculated at a fixed rate of 25% after deduction of acceptable expenditures, by way of examination of the statutory books (Article 105 and 106, Direct Taxation Act).

86. What is the manner of computation of salary income tax of foreign employees?

The tax rate of salary income of employees whether Iranian or foreigner, after deduction of annual exemptions provided in Article 84 of Direct Taxation Act and up to IRR42,000,000 of the annual salary income, shall be subject to a rate of 10%. The rest shall be subject to a rate ranging from 20% to 35%, in accordance with Article 131 of the said Act.

87. What is the rate of tax applicable to transfer of shares of companies listed in the Stock Exchange?

Each transfer of companies' shares and priority right of shares shall be taxed at a flat rate of 0.5% of the sale value of such shares and priority rights of shares (Note 1, Article 143, Direct Taxation Act).

88. What is the rate of tax applicable to transfer of shares of other companies?

Each transfer of stocks, partnership shares, priority right of stocks and partnership shares shall be taxed at a flat rate of 4% of face value of the shares and/or partnership shares (Note 2, Article 143, Direct Taxation Act).

89. What customs duties are there?

The aggregate of custom tax and duties, order registration fee and other levies on imported goods is called as customs duties, which is charged at a rate of 4% of the customs value of the goods. This sum plus the commercial benefit to be determined by the Council of Ministers are referred to as import duties.

Chapter Seven: Tax and Customs Facilities and Exemptions

A. Tax Facilities and Exemptions

90. What is meant by tax exemption and how they are realized?

Tax exemption means exemption from payment of tax on income derived from industrial, mining and producing activities. Companies in Iran are required to withhold the tax on dividend, which is considered as natural entities' tax, and pay it to the relevant tax office (Article 132, Direct Taxation Act).

91. What are the tax exemptions, and in what manner they can be applied?

· Tax exemption in industry, mining and producing sectors:

1. 80% of the income derived from producing and mining activities of cooperative and private sectors are tax exempted for a term of 4 years as from the date of exploitation or extraction (operation) (Article 132, Direct Taxation Act).

2. Any part of the declared profit of private and cooperative companies that is used in the same year for development, reconstruction, renovation or completion of existing industrial or mining units and/or for setting up of new industrial or mining

units is exempted from 50% of the applicable tax (Article 138, Direct Taxation Act).

· Tax exemption in agricultural sector:

The income derived from all activities in the field of agricultural, animal rearing, stock breeding, fish farming, bee-keeping, poultry, husbandry, hunting and fishing, sericulture, revival of pastures and forests, horticulture of palm trees, is tax exempted without time limitation (Article 81, Direct Taxation Act).

· Tax exemption in tourism sector:

All enterprises for internal and international tourism obtained exploitation permit from the Ministry of Culture and Islamic Guidance shall enjoy an annual exemption with regard to 50% of their applicable taxes (Note 3, Article 132, Direct Taxation Act).

92. Is there any requirement for enjoying tax exemptions?

Yes, industrial and mining enterprises shall enjoy tax exemptions if located out of a 120-kilometer radius from the center of Tehran or out of a 50-kilometer radius from the center of Isfahan, and also out of a 30-kilometers radius from the administrative centers of provinces and cities with a population of more than 300,000. Industrial Estates established within the same 30-kilometers radius from the later province centers and cities are exception to this rule (Note 2, Article 132, Direct Taxation Act).

93. Shall the establishment of manufacturing units in less developed areas result in increase of the rate and period of tax exemption?

Yes, 100% of taxable income of all units located in less developed areas shall be tax exempted for a period of 10 years. (Article 132, Direct Taxation Act).

94. In respect of tax exemptions, is there any distinction between the units located in Special Economic Zones and those of the mainland?

No, In respect of tax exemptions, there is no

difference between the Special Economic Zones and the mainland. In fact, tax treatment is the same in all parts of the Country.

95. Shall export income enjoy tax exemption?

Yes, 100% of the income derived from exportation of agricultural and industrial finished goods as well as their conversional and complementary industries, also 50% of the income earned from exportation of other non-oil goods, are tax exempted (Article 141, Direct Taxation Act).

96. What is the tax exemption applicable to transit goods?

100% of the income derived from exportation of different goods that have been, or will be, imported to Iran on transit, and are exported without making any changes in the substance thereof, or doing any works on them, are tax exempted (paragraph "b", Article 141, Direct Taxation Act).

97. Do the companies quoted in the Stock Exchange enjoy tax exemptions other than those applicable to industrial, mining, agricultural and tourism units?

All the companies listed in the Stock Exchange whose transition of shares is done by stock brokers are tax exempted equivalent to 10% of their payable tax (Article 143, Direct Taxation Act).

B. Custom's Facilities and Exemptions:

98. Is customs exemption applicable to the raw materials imported on transit to be exported then in the form of manufactured goods?

Yes, the raw materials imported on transit for producing purposes are exempted from customs duties. Any sum paid at the time of importation for any reason, shall be refunded once the said goods are exported.

99. At which price are the imported second hand machinery and equipments evaluated in customs

house?

All the imported goods are evaluated at new price in customs; only the second hand machinery and

equipments which are imported to the Country for production line under FIPPA are to be evaluated at second hand price.

Chapter Eight: Other Facilities and Exemptions

100. Which facilities are offered by OIETAI for entry visa of foreign investors and experts?

OIETAI facilitates visa formalities of foreign investors, including short and long term as well as single and multi entry visas (i.e., 3 year multi entry visa with a 3 months residence permit that is renewable for 1 year), by introducing foreign investors, directors, foreign experts and their immediate family members to the Ministry of Foreign Affairs. Foreign investors or joint venture companies can apply for visa by sending the relevant specification form of applicants along

with the reasons for their presence to OIETAI. It is worth mentioning that OIETAI is not the only reference for foreign investors to obtain visa, but all foreigners, according to the prevailing regulations, can refer to the Missions of the Islamic republic of Iran abroad, and apply for visa.

101. Are there any facilities available for the issuance of residence and work permits?

If necessary, OIETAI will provide certain facilities and assistance to foreign investors in this regard

Chapter Nine: Other

102. With which countries has Iran signed the Agreement on the Avoidance of Double Taxation? And are they enforceable at present?

Before the Islamic Revolution, Iran had signed the Agreement on the Avoidance of Double Taxation with two countries, France and Germany, in 1964. After the Revolution, this number has increased.

1- Names of the countries that signing agreements with them is in force: South Africa, Armenia, Uzbekistan, Pakistan, Turkmenistan, Turkey, Tunisia, China, Sri Lanka, Syria, Kyrgyzstan, Kazakhstan, Georgia, Lebanon, Bahrain, Sudan, Oman, South Korea, Malaysia, Azerbaijan, Algeria, Qatar, Kuwait, Indonesia, Jordan, Germany, France, Ukraine, Russia, Belarus, Switzerland, Austria, Spain, Bulgaria, Poland, Venezuela, Romania, Croatia and Serbia.

2- Names of the countries that agreements were signed with them and are passing between the two countries parliaments:

Tajikistan, Zimbabwe, Yemen, Senegal, Morocco, Kenya, Iraq, Albania, Cyprus, Belgium, Norway, Slovakia, Ecuador, Slovenia, Montenegro, Czech, Bosnia and Herzegovina, Cyprus and Macedonia.

3- Names of the countries that their initial agreements have been finalized:

Vietnam, Ghana and India

4- Names of the countries that their initial agreements are negotiating and are going to be finalized:

Tanzania, Afghanistan, the Philippines, Thailand, Ethiopia, Singapore, Mauritius, Saudi Arabia, Libya, the United Arab Emirates and Nigeria.

5- Names of the countries that their agreements have been exchanged:

North Korea, Uganda, Brunei, Eritrea, Gambia, Niger, Namibia, Portugal, Finland, Luxembourg, Moldova, Mexico.

103. With which countries has Iran signed the

Agreement on Reciprocal Promotion and Protection of Investment?

the final ratification procedure for a number of them.

Yet 63 agreements on Reciprocal Promotion and Protection of Investment have been signed and numbers of 7 agreements were ratified. The mentioned agreement with 8 countries is still on the way of negotiation and 47 other countries exchanged texts which have been gradually ready for negotiation.

104. Has Iran concluded any multilateral investment agreement?

Yes, the Government of the Islamic Republic of Iran has joined the Agreement on Promotion, Guarantee and Protection of Investment among OIC member countries as well as the agreement among ECO member countries.

105. Has Iran joined the Multilateral Investment Guarantee Agency (MIGA)?

Yes, the Islamic Republic of Iran is a member of MIGA at present, to this end foreign investors can

enjoy the guarantee mechanisms of this agency as well. Although FIPPA along with bilateral and multilateral investment agreements signed by Iran provides sufficient protections against non-commercial risks, membership to MIGA gives a double guarantee.

106. Which laws and regulations are necessary for potential foreign investors?

In addition to FIPPA and its Implementing Regulations which protect rights of foreign investors, OIETAI recommends the investors to acquire knowledge of the following regulations:

- Commercial Code (sections related to joint stock companies).
- Direct Taxation Act.
- Labor Law (to find out how to employ foreign services).
- Law for Registration of Patent and Trade Marks (to know about industrial and intellectual property rights).
- Export and Import Regulations.
- Customs Law.

9- Registration of Companies

GENERAL

1.1. Definition

The Joint Stock company is defined by the law as a company whose capital is divided into shares and the liability of whose shareholders is limited to the par value of their shares. As mentioned in the Foreword, the Joint Stock company may be either a public company (Sherkat Sahami Am) or a private company (Sherkat Sahami Khass). The main difference between the two is that the public company may offer its shares and debt securities to the public while the private company may not. See Annex A for additional differences between the public and private companies.

1.2. Other Forms of Business Association

In addition to the Joint stock company, the Iranian Commercial Code provides for the following types of business association:

- (a) Limited liability company (Sherkat ba Masouliyat Mahdoud)
- (b) General partnership (Sherkat Tazamoni)
- (c) Limited partnership (Sherkat Mokhtalet Gheyr Sahami)
- (d) Mixed joint stock partnership (Sherkat Mokhtalet Sahami)
- (e) Proportional liability partnership (Sherkat Nesbi)
- (f) Production and consumption cooperative (Sherkat Ta'avoni Towlid va Masraf)

Of the mentioned listed companies, the limited liability company and the joint stock partnership provide for a limitation of shareholders' liability to the value of their shares. In the case of the mixed joint stock partnership, the law provides for both shareholders and unlimited liability partners. The principal difference between the joint stock and the limited liability company is that with the latter, the capital may not be divided into shares and the participants may not transfer their interests therein without the approval of a majority of the participants representing three-fourth (3/4) of the company capital.

1.3. General Features

The shareholders of a joint stock company participate in the ownership, profit and losses, and distribution of assets in liquidation, in proportion to the shares held. As indicated above, the liability of each shareholder is limited to the par value of his shares and in the absence of fraud or other deceptive practices, there should be no recourse to shareholders for the liabilities of the company. The company has a separate juridical personality by the law and can sue or be sued in its own name. The shareholders possess the usual shareholder rights

including, in general, the right to attend shareholders meetings, receive financial reports, elect and replace the board of directors, and vote on major decisions of the company.

1.4. Number of Shareholders

The law specifies that a joint stock company must have a minimum of three shareholders.

1.5. Nationality of Shareholders

There are no legal restrictions with respect to the nationality of persons who may form joint stock companies. As a matter of policy, however, the Iranian Government generally requires Iranian shareholder participation in fields of activity deemed important to the nation's development programs.

1.6 Shares

A Joint Stock company may issue both ordinary and preferred shares in either bearer or registered form. While the law does not specifically state what privileges may be accorded to preferred shares, it is understood that priorities as to dividends and distribution of assets in liquidation, and

multiple voting powers will be honored under the law. The principal differences between registered and bearer shares relate to the manner of transfer and tax implications. See Section 2.6. below.

1.7. Management

Management of a joint stock company is made the responsibility of board of directors which must be elected by cumulative voting of the shareholders at least once every two years. See Pan IV below for additional information concerning the board of directors.

1.8. Dissolution and Liquidation

General provisions governing the dissolution and liquidation of a joint stock company are provided in the law and companies are authorized to specify in their Articles of Association any particular provisions they may desire so long as they are not inconsistent with the law. Since the provisions of the law on this subject are general in nature, it is advisable, when drafting Articles of Association, to include procedures for dissolution and liquidation.

CAPITAL

2.1. Share Capital :A minimum capital, at time of formation, of Rls. 1,000,000 is required for the private company, and of Rls. 5,000,000 for the public company. Payment for shares may be either in cash or in kind. If payment is made in kind, the value of the property involved must be appraised by an official appraiser of the Ministry of Justice. In the case of payments

in cash, only 35% need be paid in at the time of formation and the remainder within five years upon the call of the board of directors or shareholders. In the case of payments in kind, the full amount of the property must be transferred to the company at the time of formation. The share capital may be increased at any time by a two-third (2/3) vote taken at an

extraordinary general meeting. Decrease in the capital may also be effected at any time by a two-third (2/3) vote taken at an extraordinary general meeting and there is a legal requirement for the reduction of capital whenever half of the company's capital is lost. 2.2. Subscriptions :Although only 35% of the company's capital need be paid in at the time of formation, 100% of the capital must be subscribed.

Notwithstanding the 100% subscription requirement, a procedure has been developed in practice for "authorized but unissued stock", enabling the use of such desirable arrangements as employee stock purchase plans. In general, the procedure involves the holding of an extraordinary general meeting at which the shareholders approve to implement the increase in such amounts and at such times as the board may determine.

2.3. Par Value

A Par Value, or nominal Value, is required to be assigned to the shares of a joint stock company. For the public company, the law prescribes a maximum par value of 10,000 per share. There is no minimum or maximum par value fixed for the shares of a private joint stock company. There is a requirement applicable to both the public and private companies that all shares must be of equal par value and this requirement is apparently applicable to both ordinary and preferred shares. Where both ordinary and preferred shares are issued, all apparently must have the same par value. There is also a related requirement that all calls of the unpaid portion of shares must

be made without any discrimination. If provision for the issue of fractional shares is made, the par value of each fraction must also be equal.

2.4. Share Certificates

Specific requirements as to the form and content of share certificates are provided in the law. They must be uniform, printed, and bear a serial number, and be signed by at least two authorized persons. Each certificate must contain the following information:

- (1) Name and style of the company and number under which it is registered at the Companies Registration Office.
- (2) Registered share capital and paid-up portion
- (3) Type of Shares.
- (4) Par value of the shares and paid-up portion both in words and figures.
- (5) Number of shares represented by the certificate.

2.5. Provisional Share Certificates

The law provides that when share certificates have not been issued, the company must issue provisional certificates to the shareholders indicating the number of shares and the amount paid up. The law also provides that until the full par value is paid on bearer shares, the issuance of bearer certificates is prohibited; however, registered certificates may be issued to the subscribers of such shares before the full par value has been paid and in this case the provisions of law regarding the transfer of registered shares will be applicable to such shares.

2.6. Transfer of Shares

Bearer shares may be transferred by physical delivery while the transfer of registered shares is not complete until the transfer is recorded in the share register of the company. At least, in the case of registered shares, restrictions on transfer may be written into the Articles of Association.

2.7. Reserves

A legal reserve to be funded by transfer of 5% of the net profit of a joint stock company each year until the fund reaches ten percent (10%) of capital is required. Net profit is defined as income derived during the year less the expenses, depreciation and any transfers to reserves (other than the Legal Reserve of five percent (5%) of net

profit).

2.8. Dividend

Dividends must be authorized by the shareholders at a general meeting and may be made only out of "distributed profit" which is defined as the net profit earned during the year less (i) losses incurred during preceding years, (ii) other optional reserves, plus distributed profit of the preceding years not previously distributed.

2.9. Preemptive Rights

Shareholders have the preemptive right to subscribe to new shares. This right may be rescinded, however, by a two third (2/3) vote taken at an extraordinary general meeting.

FORMATION

3.1. Articles of Association

The constitutional document of a joint stock company is called the Articles of Association which is roughly equivalent to a combination of the charter and by-laws of a corporation formed in other countries. The subscribing shareholders, or founders must approve the Articles of Association and affix their signatures thereto before the company formation may be registered. See Annex B for a checklist of matters- to be covered in the Articles of Association.

3.2 Payment of Subscriptions

Subscriptions in the required amount must be paid in to a bank account opened in the name of the company before the company may be formed. A receipt of the bank is required as one of the documents to be filed with the Companies Registration Office

when the company is registered.

3.3 Founders Meeting

A meeting of the subscribing shareholders, or founders is required by law for the public company but not for the private company. Even with the private company, however, it is advisable to hold such a meeting as the simplest means for accomplishing all of the actions required in connection with the company formation. All of the founding shareholders must :

(a) Approve and sign the Articles of Association

(b) Confirm the required subscriptions and payments thereon have been made

(c) Elect directors and inspectors

(d) Receive acceptances of directors and inspectors

(e) Designate a general circulation newspaper for publication of the company's legal notices.

3.4 First Meeting of the Board of Directors
Before a joint stock company may begin doing business, the Board of Directors must hold a meeting to:

(a) Elect a Chairman and a Vice Chairman

(b) Appoint the Managing Director and specify his duties

(c) Approve the form of share certificates and designate the company officers to sign them

(d) Designate the officers authorized to sign on behalf of the company

In addition, it is advisable in the first meeting of the Board of Directors to designate the bank or banks to serve as depository of the company funds.

3.5 Registration

In forming a private company the following documents are required to be filed with the Companies Registration Office:

(a) Draft Articles of Association signed by all shareholders

(b) Statement that the shares have been subscribed together with a bank certification that the required amounts have been paid in

(c) A document signed by all shareholders evidencing the election of directors and inspectors

(d) Signed acceptances of the directors and inspectors

(e) Statement designating the general circulation newspaper in which the legal notices of the company will be published

(f) A declaration (on a form furnished by the

Companies Registration Office).

A public company is formed when its Articles of Association has been approved by the shareholders at a founders (or statutory) meeting and filed with the Companies Registration Office together with a minute showing the election of directors and inspectors and their signed acceptances of their positions. The public company's promoters, who must subscribe to at least 20% of the company's capital, begin the process of formation by submitting to the Companies Registration Office in Tehran draft Articles, a draft prospectus and a declaration which must state:

(a) Name of the company

(b) Identity and domicile of promoters

(c) Objectives of the company

(d) Capitalization, including separate identification of stock paid in kind and in cash.

(e) Number of registered and bearer shares together with their par value and the number of preferred shares together with a description of the rights of preferred shareholders.

(f) Contributions, cash and kind, of the promoters

(g) Principal office, and

(h) Duration

When the Companies Registration Office is satisfied with the information furnished by the promoters, it will permit publication of the prospectus which must include

information and instructions regarding how and where interested investors may subscribe for shares of the company's stock. When the total capital of the company has been subscribed and at least 35% has been paid in, the promoters are required to allot the shares to the subscribing shareholders and then call the founders (or statutory) meeting. At this meeting the subscribing shareholders are to review the Articles of Association, elect the first directors and inspectors and designate a newspaper for publication of the company's legal notices. Upon approval of the Articles by the subscribing shareholders, they must be submitted to the Companies Registration Office together with the minute of the meeting.

3.6. Publication

A notice of the company formation is required to be published both in the Official Gazette and the general circulation newspaper designated by the founding shareholders. Publication of this notice is paid for by company and usually contains the following information:

- (1) Name and style
- (2) Objects
- (3) Location of the head office
- (4) Duration and date of formation
- (5) Nationality
- (6) Share capital, par value of shares and type of shares
- (7) Paid-up portion of the share capital and number of bank receipt or receipts evidencing the payments.
- (8) Identity of founders and number of

shares held by them

- (9) Names of first board members and managing director
- (10) Managing director's authorities
- (11) Persons authorized to sign on behalf of the company
- (12) General circulation newspaper in which legal notices will be published
- (13) Names of the first statutory inspector and alternate inspector.
- (14) Manner of liquidation

3.7. Commencement of Legal Existence

Although the registration and publication requirements must be met to complete the formation process, the legal existence of the company commences on the date the directors and inspectors accept their positions in writing.

3.8. Costs

The following charges and fees will be incurred in connection with the formation of the Company:

- (a) Registration fee based on the capitalization of the company payable to the Companies Registration Office.
- (b) Charges for publication in the Official Gazette of the notice of registration payable to the Official Gazette at current rates.
- (c) Charges for publication in a general circulation newspaper at current rates.
- (d) Stamp taxes on share certificates.

3.9. Liability of Promoters

The law provides that the promoters of the company are jointly liable for all acts and functions which they perform in connection with formation of the company

BOARD OF DIRECTORS

4.1. Number

Although the law prescribes that a public joint stock company must have a minimum of five directors, there is no minimum prescribed for private joint stock companies. However, since the board of a private company, as well as of a public company, is required to elect a Chairman and a Vice Chairman, and a board is required by law, the board of a private company must consist of at least two directors.

4.2. Election and Removal

Directors must be elected from among the shareholders at least once every two years. It is mandatory that the election be by cumulative voting and that it takes place at an ordinary general meeting. Any one or more of the directors are subject to removal by the shareholders. Directors are also eligible for re-election. Legal entities may be elected as directors.

4.3. Duration of Office

The term of office for directors must be fixed in the Articles of Association but may not be for more than two years. However, if the term expires before successor directors are elected, the existing directors continue to be responsible for the affairs and management of the company until the new directors are elected.

4.4. Security Shares

Directors are required to possess the number of shares specified by the Articles of Association and this may not be less than

the number required for voting at general meetings. Each director must place the required number of shares in the custody of the company for the duration of his term of office to serve as security against losses which may result to the company through violations by the directors of their duties. These shares must be registered shares. The law provides that failure to comply with the requirements will result in the offending director being considered to have resigned from his office.

4.5. Authority

The law specifically provides the board with all necessary authorities for the management of the company within the limits of the company's objectives as stated in the Articles of Association. However, the board may not exercise any power which have been expressly reserved to the shareholders acting in general meetings, and limitations on the board's authority which will be valid as between the directors and shareholders, but not in respect of third parties, may be written into the Articles of Association.

4.6. Liability

Directors are not only subject to the ordinary rules of fair play in respect of the company, its shareholders, and third parties dealing with the company, and thus liable for any violations of these rules, but they are also, individually and jointly, subject to criminal prosecution for specified acts and omissions.

4.7. Meetings

The board is expected to act in meeting at which a quorum of a majority of the directors is present. The manner of calling board meetings including any notice requirement should be specified in the Articles of Association. In any event, the law provides the board chairman and any group of directors constituting one-third (1/3) of the board with authority to call meetings. Resolutions will be adopted when passed by the favorable votes of a majority of the directors present at the meeting, unless a higher vote requirement is specified in the Articles of Association.

Minutes for each meeting must be kept and signed by a majority of the directors who attended the meeting. The minutes must show the names of the directors who attended and who were absent, a summary of the deliberations and actions taken, and the date of the meeting.

4.8. Actions without Meeting

Actions of the board are valid without a meeting if approved in writing by all of the directors.

4.9. Proxies

Although there is no specific authority in the 1969 amendments to the Commercial Code for director's proxies, such have been recognized in practice. The Code, prior to the amendments provided for proxies with the caveat that the director remained responsible for his proxy's acts.

4.10. Alternate Directors

Alternate directors are authorized but are not mandatory.

4.11. Managing Director

The law requires that at least one person be appointed by the board as the managing director to manage the daily operations of the company. This person may or may not be a member of the board but he may not also hold the position of chairman of the board unless the shareholders meet and approve the arrangement by a three-fourth (3/4) vote. The scope of the managing director's authority should be specified by the board at the time of his appointment and he is then considered to be the company's legal representative with authority to sign on behalf of the company.

4.12. Compensation

Directors as such may not be paid by the company except reasonable fees for attending meetings, and a "bonus" voted by the shareholders out of company profits. For the private company this bonus is limited to 10% of dividends and for the public company, to 5% of dividends. Directors may serve as officers or employees of the company, however, and be compensated in such capacities.

4.13. Doing Business with the Company

A director (and the managing director) may not enter into an enforceable business transaction with the company unless the transaction is approved by the board without the interested director participating in the vote, and the matter is reported both to the company inspectors and the shareholders. Even where this is done, if losses result to the company from the transaction, the directors who approved may be held liable. The law specifically

provides that loans and guarantees by the company to directors are void except where the director is a legal entity.

4.14. Competing with the Company

If any director (or the managing director)

concludes transactions in competition with the company, and the company suffers a loss of profits as a result, the director will be liable to indemnify the company for the loss.

SHAREHOLDERS MEETINGS

5.1. Types

Shareholders meetings are called general meetings and the law provides for three types. The first is the statutory or founders meeting which is mandatory only for the public company. The second is the ordinary (annual) meeting which must be held once a year and the third is the extraordinary meeting which is held on call. In addition, there are two other species of meetings involving the shareholders. One is a 'Special meeting' which must be called whenever the rights of holders of preferred shares are to be altered, to enable these shareholders to vote on the intended alteration. The other is called an 'extraordinary session of the ordinary general meeting' and may be called by the board of directors, inspectors, or holders of 20 percent of the company's shares whenever action is required on a matter within the competence of the ordinary meeting at times other than when the ordinary meeting is scheduled to be held.

5.2. Competence of Ordinary Meeting

The ordinary meeting is competent to deal with all of the affairs of the company except those which are expressly within the competence of the statutory and

extraordinary meetings. It is expressly required to take action on the following matters:

- (1) Review and approval of the balance sheet and profit and loss account and other financial reports.
- (2) Review and approval of the directors annual report
- (3) Review and approval of the inspectors annual report
- (4) Election of directors (if their term has expired)
- (5) Election of inspector(s) and alternate inspector(s)
- (6) Designation of general circulation newspaper in which the company's legal notices will appear.

5.3. Competence of Extraordinary Meeting

The extraordinary meeting is competent to deal with any changes in the Articles of Association or the share capital and dissolution of the company.

5.4. Directorate

The law provides for management of general meetings by a directorate composed of a chairman, a secretary, and two observers. Unless the Articles of Association provides otherwise, the chairman will be the chairman of the board of directors. The secretary need not

be a shareholder but the observers must be.

5.5 Notice

Written notice for general meetings must be given to the shareholders not less than 10 days and not more than forty days before the date of the meeting and such notice must be published in the general circulation newspaper designated for the company's legal notices. The notice must state the agenda and the date, hour, and place of the meeting. Waiver of these requirements is authorized whenever all of the shareholders attend the meeting.

5.6. Quorum

The quorum requirement for both the ordinary and extraordinary meetings is more than 50 percent of the shares entitled to vote. If an ordinary meeting fails for lack of a quorum upon the first call, the

5.11. Minutes

Written minutes of all general meetings are required to be made by the secretary of the meeting providing a record of the deliberations and actions taken. The minutes must be signed by the directorate and a copy thereof must be kept at the principal office of the company.

5.12. Filing and Registration of Minutes

Whenever a general meeting takes action on any of the following matters, a copy of the relevant resolution must be filed with the Companies Registration Office for registration in a register (book) maintained by that office:

- (1) Election of directors or inspectors
- (2) Approval of the balance sheet
- (3) Decrease or increase in the capital and

any change in the Articles of Association.

(4) Winding up of the company and the manner of liquidation.

5.13. Publication of Minutes

In addition to the filing and registration requirements mentioned in Section 6.12 above, notice of action taken by a general meeting (or by the board) on the following matters is required to be published in the general circulation newspaper designated by the shareholders and in the Official Gazette:

- (1) Election of directors or inspectors
- (2) Decrease or increase in the capital and any change in the Articles of Association.
- (3) Winding up of the company and name and particulars of the liquidators.
- (4) Name and power of the Managing Director
- (5) Designation of the newspaper in which all the legal notices of the company will be published.

5.14. Adjournment

A general meeting may be adjourned for a period of up to two weeks by the directorate with the approval of the meeting. In such a case, no new notice is required and the quorum requirement for the adjourned session will be the same as for the original session.

5.15. Minority Shareholders Calls

Minority shareholders owning in the aggregate one-fifth (1/5) of the company's shares are entitled to request the board and the inspectors to call a general meeting at any time. If the board and the inspectors fail to call the requested meeting, then the shareholders, themselves, are entitled to call the meeting.

MISCELANIOUS

6.1. Statutory Inspectors (Auditors)

The law requires the election, by the shareholders, of a statutory inspector and alternate inspector once a year at the ordinary general meeting. The election of more than one inspector and alternate inspector is optional. In general, the function of the inspector is to serve as a watchdog over shareholders and third parties interests and he may be prosecuted criminally for violation of his duties. Certain categories of persons such as criminals, the directors and their relatives, and persons doing business with the company are disqualified from serving in this post. Among other things, the inspector is required to submit a report of the ordinary general meeting each year.

6.2. Books of Account

Both the public and private joint stock companies are required to maintain in the

Persian language the journal, ledger, inventory and copy book of merchants. These books serve as the basis for determining the company's tax liability and failure to keep them strictly in accordance with the legal requirements may result in the tax authorities making their own determination of what the company's tax liability should be.

6.3. Company Name

The law requires that the words, "Private joint stock company (Sherkat Sahami Khass)" appear with the name of a private company and that these words be displayed in a conspicuous way on all letterheads, publications and notices of the company. As a matter of practice, the Companies Registration Office requires the use of Iranian names and will refuse to register a new company name that is too similar to the name of a company already registered.

ANNEX A

SOME DIFFERENCES BETWEEN PUBLIC AND PRIVATE JIONT STOCK COMPANIES

1. A private company may be formed with a minimum capital of one million Rials (RIs. 1.000.000). The public company must start with a minimum capital of five million Rials (RIs. 5.000.000).

2. The founding shareholders of a public company are required to subscribe at least 20 percent of the initial capital and to pay in at least 35 percent of the subscription. The

founding members of a private company must secure subscriptions to 100 percent of the capital and pay in a minimum of 35 percent of the cash capital and 100 percent of the non-cash capital.

3. The board of directors of a public company must consist of a minimum of five directors. A private company may operate with a board of two directors.

4. Directors of a private company are permitted a bonus of 10% of dividends. Directors of a public company may be voted a bonus of only 5% of dividends.

5. When a public company is organized, a founders meeting is required at which a number of formalities must be observed. This meeting is not required for the founders of private companies, although it is desirable to hold such a meeting.

6. The annual financial reports of public companies must be certified by officially recognized accountants. This requirement is

not strictly applicable to private companies.

7. The public company is limited in the maximum nominal value which it may assign to each share of stock to Rls. 10.000. The private company is not so limited.

8. The raising of additional capital by a public company requires the preparation and filing of a prospectus with the Companies Registration Office. A private company need only submit to the Companies Registration Office a resolution and declaration when raising its capital.

ANNEX B

CHECKLIST of Matters which in Most Cases should be Covered in the Articles of Association

1. Name of the company
2. Style of the company
3. Duration of the company
4. Objectives of the company expressed and defined
5. Location of the head office and branch offices, if any
6. Details of the share capital of the company specifying the amount paid in cash and the amount paid in kind, separately
7. Number of bearer shares and of registered shares and the par value thereof as well as the number of preferred shares, if any, particulars and the privileges attached thereto
8. Details of the amount of the shares which is paid up
9. Those who will sign the share certificates

10. Manner of call of the par value of shares and the period over which the balance should be paid
11. Manner of transfer of registered shares
12. Manner of conversion of registered shares into bearer shares and Vice-Versa
13. Manner and conditions of increasing or decreasing the capital of the company
14. Period and manner of calling general meetings
15. Regulations governing the quorum for general meetings and the manner of running such meetings
16. Manner of transacting business and the number of votes required to give validity to the actions taken by general meetings
17. Number of directors, the manner of their election, their term of office, the

manner of election of the successors of such directors who die or resign or become incapacitated or have been removed from their office or otherwise deprived of their office by any legal impediment

18. Details of the scope of the functions and authorities of the board of directors

19. Time for and the manner of calling the meetings of the board of directors

20. Regulations governing the quorum for the meetings of board of directors

21. The manner of election of chairman and vice chairman of the board and their term of office

22. Manner of transacting business and the number of votes required to give validity to the actions taken by the board of directors

23. Number of directors' security shares to

be deposited with the company

24. Whether the company shall have one or several legal inspectors and the manner of their election and their terms of office

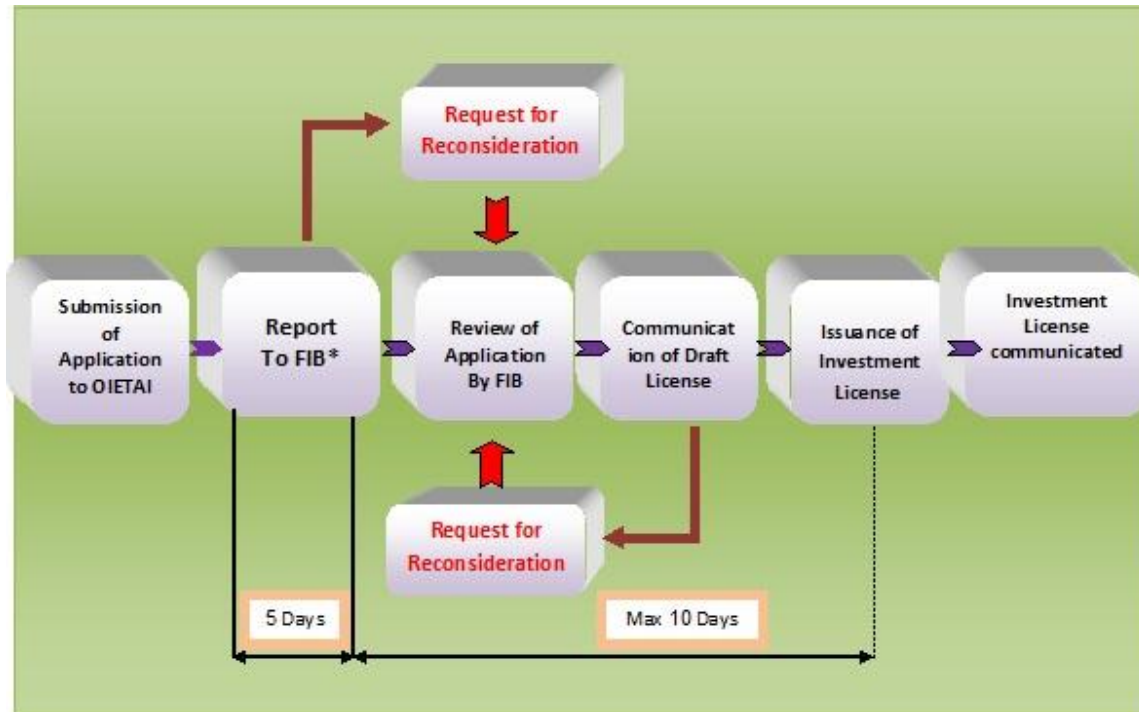
25. Whether the company shall have one or several managing directors and their terms of office

26. Date of commencement and end of the fiscal year of the company, the time limit for preparing the balance sheet and profit and loss account and the submission thereof to the legal inspectors and to the annual general meeting

27. Manner of voluntary winding up of the company and the proceedings for liquidating its affairs

28. Manner of making alterations to the Articles of Association

Investment Licensing Procedure



Documents Required by the OIETAI for the Issuance Of Foreign Investment Licensing Procedure

1. Application Form
2. Establishment License / Primary agreement / Preliminary agreement of the pertinent Iranian organization
3. Official letter of the foreign investor to submit to the OIETAI
4. The foreign investors background including a brief history of the company, the year of establishment, area of activities in case of foreign investor is a natural person, a photocopy of passport and resume will be provided.
5. A list of machinery, equipments and CKD part which may be imported into the country as a part of the foreign investors capital (if available).
6. In case that part of the foreign investor's share is in the form of technical know-how, a draft of the contract outlining the conditions of the transfer of technology.
7. Any further useful information

Employment of Foreign Nationals in Iran

Foreign nationals are prohibited from working in Iran unless they receive work and employment permits (even if they are supposed to receive wage and salary outside the Iranian territory). The work permit serves as the employment license for the foreign nationals in Iran.

The work permit for the employment of foreign nationals in Iran is issued by the "Department General for Employment of Foreign Nationals" (also called Department for Employment of Expatriates) of the Ministry of Cooperatives, Labor and Social Welfare upon a request by Iranian employers. In provincial capitals it is issued by the Foreign Citizens Divisions of the Department General of Cooperatives, Labor and Social Welfare. (The general procedure for admission of foreign investment has been brought separately in the following part.) The Iranian employers are obligated to seek the permission of the Department

General for Employment of Foreign Nationals before concluding any contract that may lead to the employment of foreign citizens in Iran. The rules and regulations for acquiring work permit for the foreign nationals are available in the Labor Law of the Islamic Republic of Iran, ratified in 1990 (articles 120 through 129 and executive bylaw of Article 129). Although due to abundance of educated job-seekers in the country and for the purpose of reducing unemployment rate of the educated and skilled job-seekers the Technical Board for Employment of Foreign Nationals has strict rules and regulations (stipulated in Article 121 of Labor Law) for issuance of work permits, the Foreign Investment Promotion and Protection Act (FIPPA), passed in 2002, has considered promising provisions for issuance of work permits for foreign investors, managers and experts in relation with the investments under FIPPA.

Admission of Foreign Investment

▣ According to FIPPA Rules and Regulations:

By virtue of Article 35 of the Executive Bylaw of FIPPA: "The relevant executive agencies, including but not limited to, the Ministry of Foreign Affairs, the Ministry of Interior, the Ministry of Labor and Social Affairs [since 2011 and after merging of ministries, the Ministry of Cooperatives, Labor and Social Welfare] and the Disciplinary Forces of the Islamic Republic of Iran (the Police) are required to proceed with the issuance of visas, residence permits and work permits for foreign investors, directors, experts and their immediate family members in relation to the investments covered by

FIPPA, at the request of the Organization confirming their status as investors, in the following manner :

The Ministry of Foreign Affairs is required, upon receipt of the request of the Organization, to communicate to the Missions of the Islamic Republic of Iran abroad, the authorization for the issuance of single entry visa, or multi-entry visa (for three years) with a three-month residence permit on each entry for the relevant individuals, depending on the type of visa requested.

The above mentioned persons who have obtained entry visa for investment may, after entry into the Country, refer to the Disciplinary Forces of the Islamic Republic of Iran (the Police) and obtain a three-year residence permit, upon

submission of the Organization's formal note confirming the coverage of such investments under FIPPA. The Ministry of Labor and Social Affairs is obliged to issue work permit for such individuals consequent to the issuance of the residence permit.

Obtaining such three-year residence permits by foreign investors, as stipulated above, shall exempt them from entry and exit visas required for traveling to or from the Country."

■ Issuing Work Permit outside FIPPA Framework

In cases when Iranian employers need technical specialty of foreign experts, issuance of visa with a work permit privilege as well as work permit for the foreign nationals will be carried out upon request by Iranian employer. According to pertinent rules and regulations, no foreign citizen can personally apply for employment and work permit in Iran, unless he/she registers an enterprise legally. Upon inquiry from the Department General for Employment of Foreign Nationals, before concluding any contract with foreign experts, the Iranian employers should deliver the request and required documents to the department general for verification. The documents are sent for further investigation to the Technical Board for Employment of Foreign Nationals. The approval or disapproval of the Board is thereby announced to the employer through the related experts.

Delegation of Limited Authority for Issuance, Extension and Renewal of Work Permit of Foreign Nationals to the Provincial Departments General of Cooperatives, Labor and Social Welfare:

In the past, the responsibility of issuance, extension and renewal of the work permits of foreign nationals used to be carried out in Tehran (at the Department General for Employment of Foreign Nationals). For the welfare of the applicants, the authority of these affairs to certain degree has been delegated to the Departments General of Cooperatives, Labor and Social Welfare in the provinces. Therefore, employers and foreign nationals can refer to the provincial departments general for issuance, extension or renewal of their work permit.

■ Validity Period of Work Permits

The work permits of foreign nationals is issued, extended or renewed for a period of one year.

■ Extension of Work Permits

Upon expiry of the work permit, if the Iranian employer still needs the specialty of expatriates, he can apply for the extension of the work permit of his foreign laborer or expert. The application is sent to the Technical Board for Employment and upon approval the permit is extended for a period of one year.

■ Renewal of Work Permit

Foreign nationals with valid work permits whose contracts with employer become null and void for any reason, will be subject to renewal of work permit after changing the employer. The renewal of work permit – upon the change in employer or the type of work – will be carried out by the responsible divisions of the Ministry of Cooperatives, Labor and Social Welfare after the approval of the Technical

Board for Employment of Foreign Nationals.

☐ **Legal Punishments for Employment of Foreign Nationals without Work Permit**

Employers who hire foreign nationals whose work permits have been expired or have no work permit, or employ them in jobs other than those stipulated in their work permits, or do not notify the Ministry of Cooperatives, Labor and Social Welfare about cases where the employment agreement between them and foreign nationals is terminated, shall be sentenced to prison terms or cash fines.

☐ **Fees**

At present, the issuance and renewal of work permits for foreign nationals costs 1,400,000. Rls and extension of permits

costs 1,000,000.Rls. Expatriates of some countries will be exempted from such charges upon mutual agreement with their respected countries on receiving similar privileges.

☐ **Unique Advantage for Foreign Investors Employing Labor Force in Iran**

Foreign investors employing those introduced by the affiliated units of the Ministry of Cooperatives, Labor and Social Welfare will enjoy growing discounts or exemption from paying part of the insurance duties in case their units are newly established, or there would be no reduction in their employment rate the year before (part of Article 80 of the Law on Fifth Five-Year Development Plan).

Reference:

Books:

- Rahimzadeh (1391), Kermanshah province, Textbooks Publishing company of Iran, Tehran

Websites:

<http://www.chap.sch.ir/books/1161>

<http://www.kiec.ir/>

<http://ksh.mimt.gov.ir/>

http://www.kermanshah.maj.ir/_DouranPortal/documents/sarmayeGozari.pdf

www.irica.gov.ir/

<http://maleki-trading.com/showdetails.aspx?id=37>

<http://www.ostan-ks.ir/Portal>

<http://www.investiniran.ir>