

An Overview of IRAN Investment Promotion Law

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ISLAMIC REPUBLIC OF IRAN

ECONOMY & TRADE **2016**

Key Indicators

- In our sixth Five-Year development plan which will start in 2017, we have targeted an average growth rate of 8% . To achieve that goal, IRAN needs **50 \$US Billion** investment per year
- Iran economy interest in :
 - **Joint production in IRAN,**
 - **Export to neighbor markets,**
 - **Transfer technology and know how,**
 - **Export oriented FDI in downstream industries.**



Iranian foreign investment law

Foreign Investment Promotion and Protection Act (FIPPA) ,2002

- The FIPPA grants foreign investors the same rights, protections and facilities available to domestic investors.
- This includes permission for investment in all fields where private sector activity is allowed.
- **Permission to hold up to 100% of shares in Iranian legal entities.**
- **The FIPPA includes provisions to ensure free transfer of foreign capital and profits of foreign investment abroad.**
- Foreign investors may claim through the Act to convert Iranian Rial and to acquire necessary foreign currency for such transfer.
- Furthermore, residence and work permits for foreign personnel are facilitated under the FIPPA.

Countineu.....

- 1-Broader definition given to foreign investment, covering all types of investments from FDI to different types of project financing methods including :Civil Participation, Buy –Back arrangements, Counter trade and various BOT schemes;
- 2-Streamlined and fast track investment licensing application and approval process;
- 3-Creation of a one stop shop called the “Center for foreign investment Services” at the organization for investment for focused and efficient support for foreign investment undertaking in Iran,
- 4-More flexibility and facilitated regulatory practices for the access of foreign investors to foreign exchange for capital transfer purpose

Foreign Investment Service Center

Key services offered by the Center include:

- Dissemination of information and provision of necessary guidance
- Necessary coordination concerning the issues related to foreign investment:
 - 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.

Foreign Investment Service Center

- 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.

Foreign Investment Service Center

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 Centers with the same tasks mentioned above established in the center of all provinces.

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Assurances

Foreign investors can:

- o transfer funds freely to and from the country
- o Have equal protections like Iranian investors
- o Transfer their principal and gains of investments freely from the country
- o Invest as a foreign investor up to 100% of a firm.
- o Have land ownership and 3 years inhabitation.

Areas of higher rate of return

- Oil and gas
- Industry and mining
- Transportation
- Agriculture
- ICT
- Tourism
- Health

Bilateral agreements

Iran has bilateral investment treaty as well as avoidance of double taxation treaty with more than 50 countries:

- **Germany, France, Switzerland, Finland, Austria, Sweden, Spain, Poland, Finland**
- This includes assurances that the foreign investments will be treated no less favorably than its own investors (or investors of any third country) are treated in such contracting party's country
- **But no agreement with Netherlands yet.**

Investment License

- The FIPPA asks a foreign investor to obtain the relevant investment license.
- To obtain an investment license:

An application has to be made to the Organization for Investment, Economic and Technical Assistance of Iran (OIETAI)

- such license will be granted upon meeting certain criteria:
the requirement that the foreign investment should lead to economic growth, promotion of technology and quality of production, and an increase in employment, opportunities and exports.

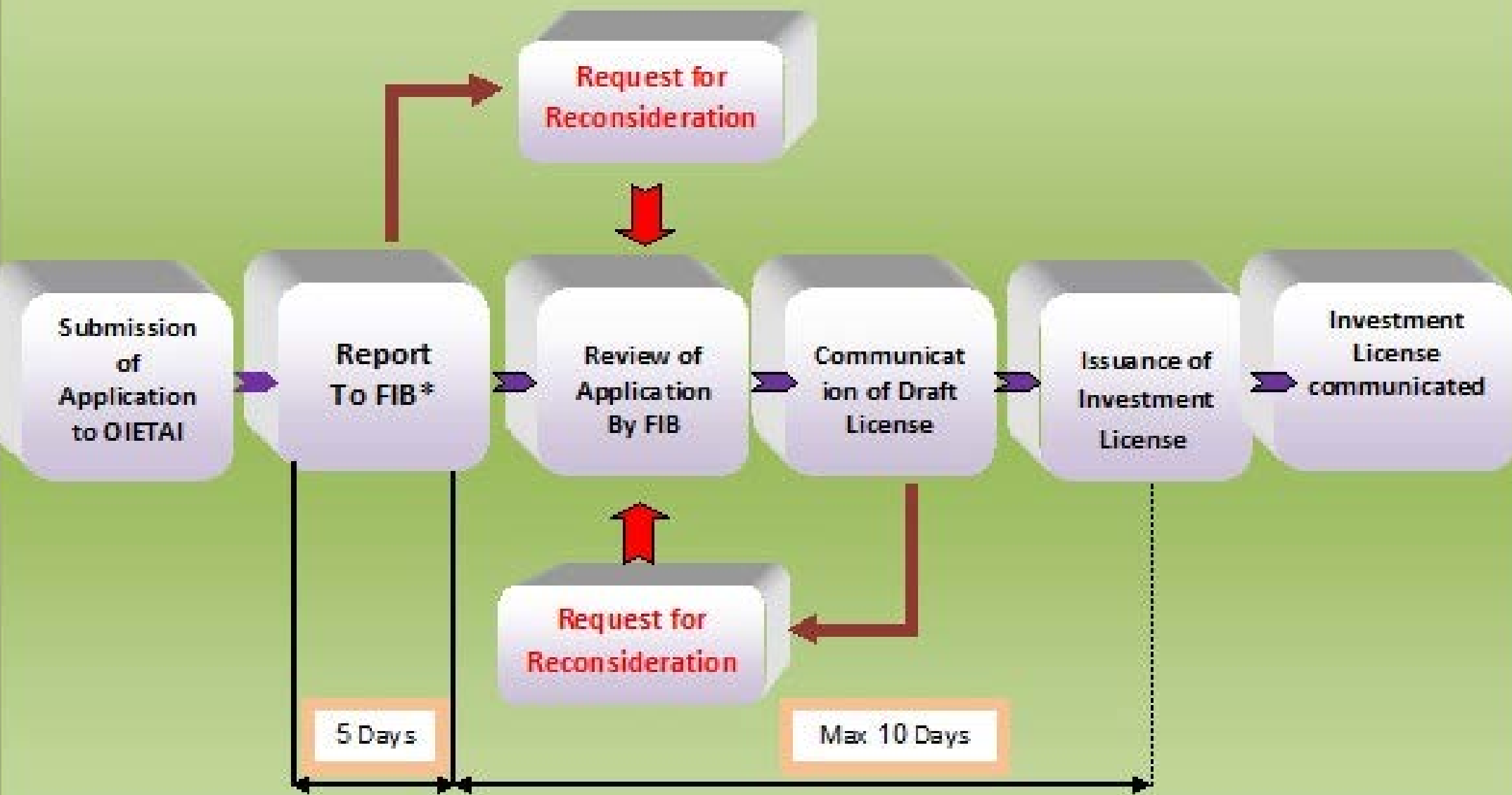
Documents Required by the OIETAI for the Issuance Of Foreign Investment Licensing Procedure

- **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, equipment's and CKD part which may be imported into the country as a part of the foreign investors capital (if available).**

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

- **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.**

Investment Licensing Procedure



Company Establishment

- The company structures most frequently used by foreign investors in Iran are the **private joint stock company** and the **limited liability company**. They require a minimum of three and two shareholders respectively. The shareholders can be affiliated companies.
- **Minimum capital 1000,000 Rials (\$US 30)**
- The directors and managers can be foreign nationals.
- Foreign investor shall establish an Iranian company
- It is permissible for foreign investors to hold 100% of shares in an Iranian company, irrespective of the applicability of the FIPPA and obtaining an investment license.



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Start a Business in IRAN

Key Points

- Iran currently stands at 118 in the ranking of 189 Economies on the ease of starting a business
- Starting a business in Iran takes **15 days to One month** on average.
- Minimum capital 1000,000 Rials (\$US 30)
- During the last 5 years the following regulatory Reforms have been taken towards making it easier & safer to start a business in Iran:
 - **2010** , introducing an electronic registration System.
 - **2011** , installing a web portal allowing entrepreneurs to search for and Reserve a unique company name.
 - **2015**, streamlining the name reservation and company registration procedures.
 - **Criminal record clearance to register a new company is mandatory**



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Advantages of Free Zones

Key Points

- **7 Free Trade-Industrial Zones**
- **30 Special Economic Zones**
- **Unique Geographical Locations**
- **Sufficiently Developed Infrastructure**



ISLAMIC REPUBLIC OF IRAN

Advantages of Free Zones

Key Points

- **Foreign Investment Incentives in FZ:**
 - **Exemption from any taxes for the first 20 years of all activities**
 - **Establish company without any limited Number of shares**
 - **Import goods without paying any custom duty fees;**
 - **Manufactured goods in free zones imported to mainland will be free of any custom duties;**
 - **No restrictions on transporting and re-exporting your goods;**
 - **Possibility of joint venture and foreign and local investments;**
 - **Free transfer of capitals and funds;**

**Thank
you**

