

Investment Opportunities

Incentives features and advantages of foreign investment promotion and protection Act (FIPPA)

- Unrestricted volume and percentage on foreign investment participation
- Iranian company registration possibility with 100% foreign capital
- Transfer of capital, dividend and the profits gained by using capital in the form of currency or goods
- Equal behavior with both foreign and domestic investors
- Investment possibility for foreign natural and legal persons and Iranians residing abroad
- Investment possibility in all areas permitted for the private sector
- Providing protection for all foreign investment plans
- Approving foreign capital in a short and fast process
- Issuance of a 3 year residence visa for investors, managers, foreign experts and their first-degree relatives

Risks covered by FIPPA

Expropriation and nationalization

- Unlimited transfer of principal and dividend

- Guarantee of purchasing goods and services produced in foreign investment projects with BOT method via monopoly

Customs incentives

- Exemption of Customs duties production line machineries and equipment provided that being new and not being made domestically
- Raw material used for export commodities production
- All production line machineries and raw materials in free zones
- Components imported by manufacturing units for producing domestic goods are exempted from 20% customs duties, provided that they have not been made in Iran and recognized by Ministry of Industries, Mine and Trade.
- Knowledge-based companies and institutions are exempted from commercial taxes, customs and export duties

Tax incentives

- Taxable incomes of knowledge-based institutions resulted from the contracts, research and development activities, commercialization and knowledge-based services are exempted from taxes for 20 years.
- Companies with more than 50 employees: in case of increasing the employment volume up to 50% in comparison to the last year, will enjoy one added year exemption.
- If foreign companies with the capacity of domestic production units start business with authentic brands and export at least 20% of total production, can benefit 50% of tax exemption.

Fixed corporate income tax at a flat rate of 25%

Activity	Level of exemption	Duration of exemption
Industry & mining	80%	4 Years
Industry & mining in less developed areas	100%	20 Years
Agriculture	100%	Perpetual
Tourism	50%	Perpetual
Export of services and non-oil goods	100%	During 6 th development Plan
Salary in less developed area	50%	Perpetual
Profit used to development of existing unites or setting up new units	50%	Perpetual

Source: Ministry of Industry, Mine & Trade

Income tax with rate of 0%

Economic sector	Duration of exemption
Industry, mining and services (Hospital & Hotels)	5 Years
Industry, mining and services (Hospital & Hotels) in industrial parks and economic especial zones	7 Years
Industry, mining and services (Hospital & Hotels) in less developed areas	10 Years
Industry, mining and services (Hospital & Hotels) in less developed areas located at industrial parks and economic especial zones	13 Years

Source: Ministry of Industry, Mine & Trade

Other tax incentives

Total taxable income \leq registered capital 50% of income is tax free

Less developed areas

Total taxable income capital \leq double of registered capital 100% of income is tax free

In case of each 5% foreign investment, 10% will be added to these 2 incentives, maximum up to 50%



Regional incentives: investment incentives in special economic zones

- Import from economic zone for domestic consumption would be subordinate to export and import regulations, while export from these areas will be carried out without any formalities.

- Import from abroad or free zones or industrial areas would be carried out with minimal customs formalities and domestic transit is performed in accordance with the relevant regulations.
- Goods imported from abroad, industrial areas or other commercial zones can be exported with no formalities.
- Management of the region is allowed to assign the region to qualified natural or legal persons after classification and valuation.
- Owners of goods imported to the region can send all or part of their goods for temporary entry in to the country after doing customs clearance regulations.
- If the processing of imported goods is to some extent that changes the tariff of goods, the rate commercial benefit of the goods would be calculated equal the commercial benefit of raw material and spare parts of the country.
- Importers of goods are allowed to hand over to others part or all of their products against warehouse receipt to be issued by the district administration, in this case the breakdown warehouse receipt holder would be the owner of the goods.
- The management of each district is authorized to issue certificated of origin for goods per applicant out of the area with the approval of the customs.
- All the goods imported to the region for the required production or services are exempted from the general import-export laws. Import of goods to other parts of the country will be subordinated to export and import regulations.
- Percentage of goods produced in the zone, based on paragraph (d) of clause(25) of the law of the second economic, social and cultural development plan of the Islamic republic of Iran imported to the country, the proportion of total value added and domestic parts and material used in the total price of the commodity production is allowed without any limitation and in addition to not having to order and open letter of credit.

- Goods manufactured in special economic zones, as well as raw material and an imported CKD part into the country is not subject to price regulation due to unutilized resources and allocated currency.

The list of the special economic zones of the Islamic Republic of Iran are as follows:

- Salafchegan special economic zone
- Shiraz special economic zone
- Assaluye special economic zone
- Arge Jadid special economic zone
- Payam Airport special economic zone
- Persian Gulf special economic zone
- Lorestan special economic zone
- Amirabad port special economic zone
- Bushehr Port special economic zone
- Shahid Rajaei Port special economic zone
- Sarakhs special economic zone
- Sirjan special economic zone
- Yazd special economic zone
- Bushehr special economic zone

Incentives & advantages for investment in trade-industrial free zones

- Tax exemption for 20 years from the date of operation for all economic activities.
- Foreign investment and nearly a hundred percent of the amount invested.

- Freedom of entry and exit of capital and profits.
- Protection and guarantees for foreign investments.
- Abolition of entry visas and easily issue of residence permits for foreigners.
- Facilitated regulation on labor relations, employment and social security.
- Transfer of part manufactured goods to the mainland without paying customs duties.
- Elimination of pay customs duties on import from outside to the region and vice versa.
- Employing trained and skilled manpower in all different skill levels and professions.
- Utilization of raw materials, oil and gas as feedstock and fuel for all industrial activities.

List of the Trade-Industrial Free Zones of the Islamic Republic of Iran are as follows:

- Qeshm Trade-Industrial Free Zone
- Chabahar Trade-Industrial Free Zone
- Aras Trade-Industrial Free Zone
- Anzali Trade-Industrial Free Zone
- Arvand Trade-Industrial Free Zone
- Kish Trade-Industrial Free Zone
- Maku Trade-Industrial Free Zone

Other incentives

- Take advantage from local currency facilities of the National Development Fund

- The partnership possibility of development organizations (Iran Industrial Development and Renovation Organization, Iranian Mines and Mining Industries Development and Renovation Organization) in implementation of investment projects in less developed regions.
- The possibility of establishing new industries in estates industries areas with restrictions of the establishment of industries (120 kilometers distance from Tehran and 50 km and 30 km distance from the centers of some provinces)
- Government's guarantee for foreign investment while political risks emerge.
- Foreign investments have benefited from all rights, protections and similar facilities to local investors.
- Guarantee importation and exportation of original interest and installment of investors' financial facilities.
- Freedom of export commodities produced by financial corporation with participation of foreign investors.
- Possibility of temporary importation without customs duties payment for export commodity processing.
- Awards and export subsidies (the costs of participating in fairs and marketing).
- Export commodities exemption from paying all type of duties.
- Possibility of foreign investment for private sector activity in all permitted areas in Iran.
- No restrictions in investment volume and the percentage of partnership.
- Free import of machinery and raw material to free industrial trade zones and special economic zones (except passenger cars and recreational boats)

