

- Flexible monetary and banking services
- Exemption of raw materials and industrial machineries of producing units from customs duty.
- Easy registration of companies, industrial and cultural institutions and intellectual property ownership.
- Easy circumstances for re-export and transit of commodities.
- Easy regulations for the import commodities allowed by law.
- The possibility of exporting products to the mainland within the framework of the added value regime.
- Sale/lease of the land for the Iranian and long-term lease for the foreigners.
- Suitable rates for the energy consumption.

#### Other Incentives and Benefits of Investment in Iran

- Unique geographical situation as the junction of the Middle East, Europe and Asia.
- Huge domestic market with more than 80 million population and quick access to the markets of the neighboring countries with more than 600 million populations.
- Massive resource of efficient, trained and economic-friendly workforce.
- Advanced infrastructure across the country in the fields of telecommunication, energy and rail/road transportation.
- Huge energy resources and low cost of production and public services.
- Suitable climate conditions which allow agricultural activities in all parts of the country and in all seasons.

The OIETAI's management and staff welcome the prospective investors and gladly provide them with any information and/or assistance required, by way of the following addresses:

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Organization for Investment Economic and  
 Technical Assistance of IRAN  
 (O.I.E.T.A.I)

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Incentives and Benefits of  
 Foreign Investment in IRAN



Organization for Investment Economic and  
 Technical Assistance of IRAN

## Features and Advantages of Foreign Investment Promotion and Protection Act (FIPPA)

- There is no restriction on the percentage of foreign shareholding.
- The possibility of registering an Iranian company with %100 foreign capital.
- Transfer of principal capital, dividend and the profits gained through the utilization of capital in the form of foreign currency or goods.
- Enjoyment of same and equal treatment as accorded to domestic investors by foreign investors.
- The possibility of investment by foreign natural and juridical persons and Iranians living abroad.
- Allowing investment in all areas which are permitted to the private sector.
- Granting protection coverage to different foreign investment schemes.
- Quick approval of the Foreign Investment Application
- Issuing three-years multiple entry visa and residence Permit for Foreign Investors, directors, experts as well as their immediate family members.

### Risks covered under FIPPA:

- Expropriation and Nationalization
- Unlimited transfer of capital and dividend
- Guarantee of the Purchase of the goods and services resulting from investment projects in BOT investment schemes where the government acts as the sole purchaser

## Tax Exemption

### 1. Agriculture

The income derived from all agriculture and horticulture activities, animal rearing, fish farming, bee-keeping, poultry, husbandry, fishing, sericulture, revival of pastures and forests, is exempt from payment of tax. All the natural and juridical persons (Iranian and Foreign) can enjoy the above mentioned exemption..

### 2. Salary Income Exemption

Equal to %50 of the salary tax of the employees working in less developed regions, as per the list prepared by the Plan and Budget Organization shall be exempted. All natural persons (Iranian and foreign) working in the less

<sup>1</sup>The contractual commitment of Iranian state owned company to foreign investors is covered by the ministry of economic affairs and finance of behalf of the government through Payment Guarantee

developed regions can enjoy tax exemption until their workplace is included in the above-mentioned list.

### 3. Sport, Service and Education Activities Exemption

The income derived from education and training activities by non-profit schools, whether elementary, junior or senior secondary, technical or vocational, or by non-profit universities and higher education institutions, as well as the income derived from taking care of mental and physical disabled individuals by the institution engaged in such activities, shall be exempt from tax, provided the aforesaid institution having permission from the respective authorities.

The income of sporting institutions and clubs having permission from the physical training organizations shall also be exempt from tax, if it is derived purely from sport activities.

### 4. Cultural Activities Exemption

All cultural, artistic, and journalistic activities licensed by Iran's Islamic Culture and Guidance Ministry are tax-free. All the natural and juridical persons (Iranian and Foreign) can enjoy the said exemption by observing its regulations

### 5. Cooperative Exemption

Equal to %100 of the income derived from cooperative companies formed by villagers, tribesmen, farmers, hunters, workers, clerks and students are tax-free.

### 6. Export Exemption

- Equal to 100 % of income derived from Export of Services, Non-oil goods, Agricultural Products and %20 of income derived from Export of Non - Processed goods
- Equal to %100 of the income derived from exportation of different goods which have been, or will be, imported to Iran on transit, and are exported without making any changes in the substance there of, or doing any works on them, shall be Exempt from Tax.

### 7. Handicraft Exemption

- The revenues of handicraft and carpet weaving workshops and the relevant cooperative firms and production unions are tax-free.
- All real and juridical persons can enjoy above mentioned exemption by observing the regulations.

## 8. Production Activities Tax Exemption

Income Tax with Rate of %0.0	Duration of Exemption
Industry, Mining & Services (Hospital & Hotels)	5 year
Industry, Mining & Services (Hospital & Hotels) in Industrial Parks and Special Economic Zones.	7 year
Industry, Mining & Services (Hospital & Hotels) in Less Developed Areas	10 year
Industry, Mining & Services (Hospital & Hotels) in Less Developed Areas located at Industrial Parks and Special Economic Zones	13 year
%100 of Income derived from Agricultural Activities	Perpetual
100 % of Income derived from Export of Services ,Non-oil goods, Agricultural Products and %20 of Income derived from Export of Non - Processed goods	Perpetual

In companies with more than 50 employees, in case of increasing the employment volume up to %50 in comparison to last year, one-year exemption will be added to the duration of exemptions period (mentioned in above schedule).

In the case that foreign companies with reliable Brand produce goods using production capacity of Iranian companies and export at least %20 of total production, can enjoy %50 on Tax Rate for the income derived from sales of products (it means total tax rate will be 12.5 % instead of %25) after the end of above duration.

### Customs Exemption

- Exemption of production line machineries and equipment from payment of customs tariffs (first- hand machineries)
- The return of customs tariffs paid for the import of raw materials used for the production of export commodities

### Investment Facilities and Incentives in Free and Industrial Zones

- 20 year tax exemption for all economic activities
- No visa requirement for the entrance of foreigners
- No limitation on the transferring foreign currency