

# REGISTER YOUR COMPANY IN IRAN



**Arjomandi & Arif**  
Iranian Lawyers Office  
Registration No. 36647

Lawyers building, No.1533 Shariati St., Tehran, Iran Tel: +(98) 912 105 2681 +(98) 21 2261 1197  
arjomandi@iranianlawyersoffice.com Iranianlawyersoffice.com

# Registering Your Company in Iran

A wide variety of legal arrangements may be used to carry on business activity in Iran. Some of the more commonly used arrangements are corporations, limited partnerships, partnerships, co-ownerships, joint stock company and limited liability companies.

The selection of the appropriate form of business organization will depend in each case upon the circumstances of the investor, the nature of the activity to be conducted, the method of financing, income tax ramifications and the potential liabilities related to the activity.

Generally, one of the first issues faced by a foreign entity contemplating carrying on business in Iran is whether to conduct the business directly in Iran as an Iranian branch of its principal business, or to create a separate Iranian entity to carry on the business. We will provide you with the necessary information to establish the most suitable type of business in Iran. Consider the following information for establishing a company Iran:

- ❖ 100% Ownership of your company;
- ❖ Incentives of Free Zones of Iran;
- ❖ Foreign Investment Promotion & Protection Act;

## 100% Ownership

Foreign investors can now establish their company with 100% ownership of the shares and control of their business. This can be an advantages to some of the companies willing to be more involved in the Iranian market providing them with more security and stability as a foreign investors. There are Two types of companies which can be registered for foreign investment opportunities:

1) *Limited Liability Company*

2) *Joint Stock Company*

## Limited Liability Company

A limited liability company (sherkat ba massouliat mahdoud) is defined as a company formed by two or more persons for the purpose of trading. Liability is based upon the direct contributions of the partners to the partnership and not by share subscription. The formation of a limited liability partnership is deemed to have taken place when the capital in cash has been fully contributed and when non-cash contributions have been assessed and delivered. The name of the company must always include the phrase "limited liability" otherwise under the law the company will be considered as a general partnership.

## Joint Stock Company

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. 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.

## Branch Office

Foreign Companies can establish a branch of their company in order to conduct their business in Iran. The Branch will be a foreign company and act as a branch under mother company and may operate in the following areas of activities:

- 1) *Offering after-sale services for the goods or services of the foreign company.*
- 2) *Carrying out the executive operations of the contracts concluded between Iranian persons and foreign companies.*
- 3) *Studying and preparing the necessary conditions for the foreign company's investment in Iran.*
- 4) *Cooperation with Iranian technical and engineering companies for undertaking activities in third countries.*
- 5) *Participating the non-oil exports of the Islamic Republic of Iran.*
- 6) *Offering technical and engineering services and transfer of know-how and technology.*
- 7) *Engaging in activities permitted by government agencies legally authorized to issue permits, in areas such as offering services in the fields of transportation, insurance, inspection of goods, banking, etc.*

A local branch office of a foreign company is the subordinate of the mother company which carries out the objectives and business transaction for the mother company. The operation of the branch office will be conducted under the name and responsibility of the mother company. The branch office is subject to Iranian laws in areas such as labor, social security, taxation, etc. The government protects the legal rights of a registered branch office as of the mother and domestic companies.

*Enclosed you can find the attachment that will express the different between LLC & JSC & branch office*

# Type of Companies in Iran

Review the below table below to find out more about the types of companies:

	Limited Liability Company	Joint Stock Company	Branch Office
Company Law	Iranian Commercial Law, Iranian Attraction and Protection of Foreign Investment Act, Originally enacted in 1995	Iranian Commercial Law, Iranian Attraction and Protection of Foreign Investment Act, Originally enacted in 1995	Iranian Commercial Law, Iranian Attraction and Protection of Foreign Investment Act, Originally enacted in 1995
Company Obligations	-	-	Mother Company
Founder	2 or more	3 or more	Mother Company
Initial Capital Requirement	\$100 USD	\$100 USD	-
Liability	Limited by Shares	Limited by Shares	Mother Company
Cost of Incorporation	\$200 USD	\$200 USD	\$200 USD
Incorporation	Statutes and Registration	Articles of Incorporations and Registration	Registration
Company Name	Free and Company Form	Free and Company Form	Mother Company
Formalities and Process	Low	Moderate	Low
Credit / Funds	Generally Possible	Generally Possible	Possible
Accounting Obligation	Yes	Yes	Yes
Management	At least 1 director	Board of directors with 3 members	At least 1 director
Formalities and Process	Low	Moderate	Low
Nationality	Free	Free	Free
Taxation	DT + VAT tax	DT + VAT tax	DT + VAT tax Audit required

## Registration Administrative & General Expenses

There are other expenses for registering a company in Iran such as translation fee for documents, publication fee for official gazette, and publication fee for daily papers. All registration fees must be paid by the “Company” based on the invoices or receipts issued by the Office for Registration of Companies or other relevant authorities of Iran. List of additional fees (rates may differ):

- 1) Publication fee of official gazette.
- 2) Publication fee of daily paper.
- 3) Registration fee.

Total expenses: Around \$ 200 which must be paid at the beginning to the lawyer.

Translation fees documents: Company will translate the documents officially and the company will pay all the translation documents fees.

## Duration of Registration

We can register a new company after receiving all of the translated documents in 30 days.

## Full Service Package

We also offer a full package service for foreign clients interested to fully establish their business in Iran. This package will include the following services

- ◆ Acquiring the foreign national ID for the foreign shareholders
- ◆ Administrative services for translating documents
- ◆ Registering the LCC or JSC company with 100% ownership
- ◆ Getting the published gazette.
- ◆ Seal and certificate the legal books.
- ◆ Prepare office lease agreement.
- ◆ Prepare resident lease agreement.
- ◆ Consult and assist the client to open file in tax office.
- ◆ Prepare employment agreement with necessary information.
- ◆ Provide Initial tax information.
- ◆ Introduce and select creditable audit company and prepare the necessary contract

