

Register Your Company in Iran

FREE ZONES & SPECIAL ECONOMIC ZONES



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Free Trade-Industrial Zones

Establish your business in the Free Zones of Iran and you will be exempt from paying any taxes for the first 20 years of your activities in the Free Zones; In addition, you can now establish a company in the Free Zones of Iran without any limits on the number of shares owned. Currently seven major districts have been dedicated to Free Zones of Iran in order to encourage foreign investment.

- ❖ Tax exemption for 20 years from the date of operation for all economic activities;
- ❖ Freedom of entry & exit of initial capital and profits;
- ❖ Investment protection and guarantees for foreign investments;
- ❖ Issuance of entry visas and residence permits upon arrival for foreigners;
- ❖ Facilitated regulation on labor relations, employment and social security;
- ❖ Transfer of part(s) manufactured goods to the mainland without paying customs duties;
- ❖ Elimination of customs duties on imports to the region and vice versa;
- ❖ Employing trained and skilled manpower in different skill levels and professions;
- ❖ Utilization of raw materials, oil and gas as feedstock and fuel for all industrial activities;

Name	Location	Province	Area
Kish Free Zone	Persian Gulf (Kish Island)	Hormozgan	90 Sq. Km
Anazali Free Zone	Caspian Sea	Gilan	3,200 Ha
Aras Free Zone	Caspian Sea	East Azerbaijan Province	1,670 Sq. Km
Arvand Free Zone	Persian Gulf	Khuzistan	170 Sq. Km
Chabahar Zone	Chabahr	Sistan and Baluchestan	14,000 Ha
Makou Free Zone	Makou	West Azerbaijan	5,000 Sq. Km
Qeshm Free Zone	Persian Gulf (Strait of Horomoz)	Hormozgan	300 Sq. Km

Special Economic Zones

Iran Special Economic Zones (SEZ) are located in the most strategic regions of the country considering road, rail and air transportation network of Iran. The designated areas are in the boarder areas where loading and unloading of the goods takes place providing the appropriate infrastructure and benefits to exporters and importers. Some important facts about SEZ:

- ❖ Import of goods from the SEZs for domestic consumption would fall under the export and import regulations, and export of goods from these areas will be carried out without any formalities.
- ❖ Import of goods from abroad or free trade zones or industrial area would be carried out with minimal customs formalities and internal transit cases would be performed in accordance with the relevant regulations.
- ❖ Goods imported from outside or industrial areas or other commercial zones can be exported without any formalities of the mainland.
- ❖ The tariffs of final manufactured imported goods would be calculated equal to the commercial benefit of raw materials and spare parts.
- ❖ Owners of goods imported to the region can send all or part of their goods for temporary entry into the country after performing customs clearance procedures.
- ❖ The management of each district can issue the certificate of origin for goods with the customs approval.
- ❖ All the goods imported to the region for the required production or services are exempted from the general import/export laws.
- ❖ Goods manufactured in special economic zones, as well as raw materials and imported CKD parts into the country are not subject to national price regulations

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

Registering Your Company in Free Zones of 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	1,000,000 Rials	3,000,000 Rials	-
Liability	Limited by Shares	Limited by Shares	Mother Company
Cost of Incorporation	About \$500 USD	About \$500 USD	About \$500 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	Free	Free	Free

Iranian Lawyers Office

We would like to introduce ourselves as a law firm in Iran providing our clients with professional legal services of the highest caliber, combining technical excellence with commercial awareness and a practical, constructive approach to your legal issues. We are a team of experienced and talented lawyers graduated from the most prestigious and distinguished universities in Iran.

Iranian lawyers office capabilities extend across the commercial law, contracts, with particular expertise in trade regulation law, joint venture projects, local and international partnerships and agency agreements. The office also advises on activities related to oil and gas, free Trade zone, branch office, investment regulations, and the registration branch office and companies, intellectual property rights in Iran and etc.

We also have very skilled associates in litigation and defending the civil and penal cases before Iranian courts. Our lawyers know how to manage legal expenses and we don't subscribe to the uncontrollable, stopwatch billing model favoured by most law offices. Whenever possible, we offer affordable fee for our services so you can properly plan and budget for our services.

Click on the links below to find out more about Iran and our legal firm.

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