

IRANIAN ECONOMY

1. The Islamic republic of Iran , with an area of 1.643 million squared kilometers, 68.9 million population and various natural resources such as oil & gas reserves, is a key country in the Persian Gulf region. Geographically Iran is located in a special position which has easy access to the central Asian, Europe and Persian Gulf Region Markets.
2. Foreign investors can invest in Iran in all economic sectors such as oil & gas, petrochemical, chemical industries, metallic, textile, food, construction, transportation, communications and other industries, and are legally protected.
3. Foreign natural and /or legal persons can invest in industrial and service activities through establishing an Iranian company (with or without participation of Iranian partner).To enjoy from legal protections against non-commercial risks foreign investor is required to submit the application and obtain relevant investment license from the Organization for Investment, Economic and Technical Assistance of Iran (OIETAI).

The new foreign investment law which has been recently enacted facilitates investment license process in a manner that during 30 days the investment license shall be issued. It is necessary to mention that there is no restriction put in relation to the amount and type of capital, and no preconditions for foreign investment. Also there are various methods for foreign investment. Investors can invest through direct investment manner as well as in the framework of other arrangements such as BOT and Buy- Back schemes and / or the different types of joint venture (partnership).

4. One of the principal policy of Iran's government for achievement in its economic development programs, is the attraction of foreign

investment for the purpose of procuring financial resources, transferring technology and managerial skills, to develop export, and increase employment level the new foreign investment law by the name of" Foreign Investment Promotion and Protection Act "FIPPA" which has been recently enacted, replaced the previous law (enacted in 1955). A copy of FIPPA is accessible on the Ministry of Economic Affairs and Finance's website (www.mfa.gov.ir).

The most important protection which is granted to the foreign investment under the a.m. act is as follows:

- enjoying equals all rights, protections and facilities available to local investments,
- Transferability of principle of foreign capital profits there from and capital gains aboard,
- guarantee against expropriation, and payment of appropriate compensation on the basis of the real value of the investment when such expropriation takes place due to public interest, by means of means of a legal process, and on a non-discriminatory manner.

5. Over last decade (after the imposed war) due to special circumstances prevailing in the county, there were little amounts of foreign investment attracted to Iran. But, it seems that by enactment of the new foreign investments law and adoption of more polices relax for foreign investment, as well as the enactment of the new tax law which provides more facilities for investment by reducing income tax rate to maximum 25% and to granting 80% tax exemption for 4 years after operation of projects, the foreign investment inflows trend shall grow remarkably.

6. Foreign investors can enjoy all incentives, rights facilities and protection accorded to investors of other regions. Some important incentives are listed as follows.

- **Tax exemptions at the rate of 80% for 4 years after operation of the projects,**
- **Tax exemptions at the rate of 100% for 10 years after operation of the projects located in less developed areas,**
- **Exemption of the machinery of production line from payment of customs duty and commercial benefit,**
- **Duty drawback schemes for raw materials and intermediate goods used in production of exports,**
- **Exemption of goods and services exported from payment duties and taxes,**
- **Elimination of export licensing,**
- **Exemption of imported foreign capital from payment order registration fee,**
- **Issuance of long-term multiple entrance visa for foreign investors.**

Since the Islamic Republic of Iran has concluded "Reciprocal investment Promotion Agreements" with many other countries including certain countries from IOR-ARC region, investors of such country can shall enjoy the excessive facilities accorded in those agreements.

7. The government of the Islamic Republic of Iran welcomes the investment of foreign persons in all economic fields. The ways for investment are various (including FDI, BOT and Buy-Back schemes as well as different type of joint venture). FDI is possible only in fields where the activity of Iranian private sector is permitted. But other a.m. investment methods are possible in all fields.