Foreign Investment in Iran
Outlook of Iran Economy, Law, Incentives

How to invest in IRAN?

Director General for Foreign Investment
Outlines

- General Policy of 6th Development Plan & Attracting FDI
- Iran Economy Outlook
- O.I.E.T.A.I
- F.I.S.C
- F.I.P.P.A

- FIPPA Procedure
- Investment Incentives
- Iran Bilateral Treaties
- Data Base Platform
- Contact Us
Main Objectives of 6th Development Plan

- Annual Growth Rate: 8%
- Improving Productivity
- Improving Employment Rate
- Lowering the Inflation
6th Development Plan - Article 4

- Improving Know-how and Technology
- Developing Export-Oriented Investment
- Attracting International & Regional Companies
Finance and FDI

15 Billion Dollars
FDI
20 Billion Dollars
Contractual Arrangement

↔

30 Billion Dollars
Credit Lines from International Banks and Financial Institutions

2017-2021
International Financial Resources

- Credit Lines: 30 BL $
- FDI: 15 BL $
- Contractual Arrangement: 20 BL $
Economic Growth

- One of the economy performance index is GDP growth that indicates increase or reduce the level of welfare of society. So it has always been the concern of every economist and politician.

- Iranian economy, experienced a deep recession during recent years, (-7.7 in 2012/13 and -1.6 in 2015/16) but it turned into a positive performance of 12.5 percent GDP growth in 2016/17.
The Legislation

- The Foreign Investment Promotion and Protection Act (FIPPA):
  - Substitutes Former LAPFI
  - Ratified in 2002

- The Corpus:
  - Implementing Regulations of the FIPPA
Policy of FIPPA

- Contribution to Economic Development in Industry, Mining, Agriculture and Services
- Upgrading Technological & Management Skills
- Improving Products with High Quality and Competitive in International Scale
- Increasing Employment & Exports
- Sharing Benefits and Risks on Equal Term without Discrimination
Who We Are.

Ministry of Economic Affairs & Finance

Foreign Investment Board

OIETAI

Foreign Investment Dept.

Loans, International Orgs. & Institutions Dept.

Foreign Economic Relation Dept.

Financial & Foreign Loans Dept.

Foreign Investment Services Centre (F.I.S.C)

Founded in June 1975
What We Do.

- The main official authority for the Promote and Protection of Foreign Investment in Iran.

- Review of all issues related to Foreign Investment such as:
  - Admission
  - Importation
  - Utilization
  - Repatriation
Foreign Investment Services Center (F.I.S.C)

Established at OIETAI with Objectives of:

- Facilitating all issues related to the admission and activities of FDI
- Facilitation of official procedures for required permissions and licenses
- Coordination with Executing Agencies Related to Foreign Investment
Our Services

Offered by F.I.S.C

- Guidance
- General Supervision Projects
- Necessary Coordination
- The Declaration of Establishment
- The Environment Protection License
- Permits for Residence & Work
- Registration of Joint Venture Company
Members from Relevant Executing Agencies

- Iranian National Tax Administration
- Ministry of Industry, Mine & Trade
- Ir. Iran Customs Administration IRICA
- The Office for Registration Companies & Non-Commercial Institutions
- Ministry of Agriculture (Jihad)
- Central Bank of the I.R. of Iran
- Ministry of Foreign Affairs
- Police Immigration and Aliens
Types of Investments

- **Direct Investment**
  (Equity Participation) in All Areas Open to Iranian Private Sector in Greenfield & Brownfield Projects

- **Investment through Contractual Arrangements**
  - Buy Back Arrangements
  - Civil Partnership
  - BOT Schemes
Features of Investment under FIPPA

No Limitation on:

- Equity Percentage,
- Volume of Investments,
- Profit Transfer,
- Capital Repatriation
- Types of Capital Imported
- No Import / Export Restriction
Some other Features of FIPPA

- Possibility of Investment by foreign Natural and Juridical Persons and Iranians Living Aboard
- Equal Treatment towards Foreign Investors as accorded to Local Investors
- Article 35 Services
  - 3 years Multi-entry Visa
  - 3 years Residence Permit
  - Work Permit
Risks Covered By FIPPA

Non-Commercial Risks

- Nationalization & Expropriation
- Government Intervention and Breach of Contracts by Government
- Currency Transfer

Organization for Investment, Economic and Technical Assistance of Iran (OIETAI)

www.investiniran.ir
Investment Licensing Procedure

1. Submission of Application
2. Preparation & Submission of a Report
3. Foreign Investment Board
4. Draft License Communicated
5. Final License Issued by Minister of Economic Affairs and Finance

Max 5 Days

Max 10 Days
Some of Foreign Investment incentives in Iran

- Tax
- Customs
- Economy
- Employment
- Free Trade Zone
- Exports
- Investment
- Industrial Park
Incentives

✓ Fixed Corporate Income Tax At a Flat Rate of 25%

<table>
<thead>
<tr>
<th>Income Tax with Rate of 0.0%</th>
<th>Duration of Exemption</th>
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<tbody>
<tr>
<td>Industry, Mining &amp; Services (Hospital &amp; Hotels)</td>
<td>5 Years</td>
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<tr>
<td>Industry, Mining &amp; Services (Hospital &amp; Hotels) in <strong>Industrial Parks and Especial Economic Zones</strong></td>
<td>7 Years</td>
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<tr>
<td>Industry, Mining &amp; Services (Hospital &amp; Hotels) in <strong>Less Developed Areas</strong></td>
<td>10 Years</td>
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<tr>
<td>Industry, Mining &amp; Services (Hospital &amp; Hotels) in <strong>Less Developed Areas</strong> located at <strong>Industrial Parks and Especial Economic Zones</strong></td>
<td>13 Years</td>
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<tr>
<td>100% of Income Derived Agricultural Activities</td>
<td>Perpetual</td>
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<tr>
<td>100% of Income Derived From <strong>Export</strong> of Services ,Non-oil goods, Agricultural Products and 20% of Income Derived from <strong>Export</strong> of Non – Processed goods</td>
<td>Perpetual</td>
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(Tax exemption on: Employment and Joint Ventures)

- 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 can be added to the duration of exemptions (mentioned in previous slide).

- 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 from sales of products (12.5% instead of 25%) after the end of above duration.
Custom Exemption

- Import of Production Line Machineries and Equipment
- Import of Raw Materials used for Production of Export commodities
- Easy Circumstances & No Duty and Tax for Exportation of Products
Investment Incentives in 7 Free Zones

- 20 Years Tax Exemption for All Economic Activities
- No needed Visa for Entrance of Foreigners
- Custom Exemption for Raw materials and Industrial machineries of Producing units
- Possibility of Exporting Products to The Mainland
- Easy Circumstances for Re-export and Transit of Commodities
Industrial Parks

Industrial Parks and Areas provide the SMEs with:

- Infrastructures (water, electricity, communication wastewater treatment plants)
- Software supports by the Technology and Business Service Centers (TBSCs), training, renovation of industries and so on in a unified and concentrated form.
Investment Facilities in Industrial Parks

- No need for different permissions from various agencies and organizations
- Be exempted from the municipalities
- Free of Charge services to take the construction permit and finish license
- Reduced investment costs due to the organized common services
- Rent/purchase of ready-built Sites in order to accelerate the Project exploitation
- Payment of exploitation costs by cash and installment
22 Special Economic Zones

www.freezones.ir
“Introduce FDI”

“International Treaties”

Bilateral Investment

- BIT with 69 Countries
- Double Taxation Treaty (DTT) with 42 Countries
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Iran Bilateral Investment Treaties

- Iran has signed its first Bilateral Investment Treaty with Germany in 1965, second BIT signed in the World.

- Since 1995, The Organization for Investment, Economic & Technical Assistance of Iran (O.I.E.T.A.I) has Negotiated & Signed 68 BITs with Different Countries from all over the World.

- Iran has Concluded BIT with Many Capital Exporting Countries such as: Austria(2001), China(2000), France(2003), Germany(2002), Italy(1999), Japan(2016), South Korea(1998), Singapore(2016), Spain(2002), Sweden(2005) Switzerland(1998)
International Treaties

- **Bilateral Investment Treaties (BIT)**
  - BIT with 69 Countries

- **Double Taxation Treaty (DTT)**
  - DTT with 42 Countries
  - DTT with Germany has also been concluded
OIETAI Data Base Platform

Investor Database with more than 5,000 Persons & Companies

Project Database with more than 1,000 Project Profiles
www.InvestInIran.ir
Thank You

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