



# IR.IRAN TRADE REGULATIONS

**November 2020**

**IRAN TRADE PROMOTION ORGANIZATION**

# POLICIES AFFECTING TRADE IN GOODS IN IR.IRAN

## IMPORT REGULATIONS

The Islamic Consultative Assembly (the Parliament) and the Council of Ministers determine the main export-import regulatory rules through the "Act on Export-Import Regulations" and its' Executive Ordinance, annual Budget Acts and the circulars of the Central Bank.

The Islamic Consultative Assembly (the Parliament) enacts the "Act on Export-Import Regulations" as well as the annual Budget Acts, while the Council of Ministers is in charge of the enactment of the Executive Ordinance of the "Act on Export-Import Regulations". Central bank of I.R. Iran prepares the circulars regarding currencies and passes them to concerned institutes.

At present, the slightly modified version of the Iranian year 1372 (1993) "[Act on Export-Import Regulations](#)" and its affiliated by-law (ratified by the Council of Ministers in the Iranian year 1373 (1994)) are the main governing regulations on the export-import of goods and services.

Some parts of import-export general regulations e.g. registration and licensing requirements, list of the products necessary to meet certain technical regulations and other executive criteria are determined by the different ministries

(Especially the Ministry of Industries, mine and Trade), the Central Bank and other agencies authorized by the more general rules governing the commerce sector. These regulations are administered by the responsible agencies, Customs in particular.

## REGISTRATION REQUIREMENTS FOR ENGAGING IN IMPORTING

### ➤ HAVING A "COMMERCIAL CARD"

In general terms, in order to engage in foreign trade of goods in I.R. Iran, all persons whether natural or legal shall have a "Commercial Card", which is to be issued by the Ministry of Industry, Mine and Trade and with the Iran Chamber of Commerce, Industries, Mines and Agriculture (ICCIMA).

In the first step, online registration is required with the [Comprehensive trade system](#) for electronic processing of trade transactions.

## ➤ IMPORT REGISTRATION

According to Article 8 of the act on Export-Import Regulations, all importers whether from government or non-government sectors, shall only refer to the Ministry of industries, mine and trade for the [registration of imports](#), and by virtue of Note 1 to this Article such registration is enough for the clearance of the imported goods from the Customs, and there is no need for any separate licenses for customs clearance purposes.

In addition, According to Article 5 of the Executive Ordinance of the "Act on Export-Import Regulations" it is necessary for products to be registered in the Ministry of industries, mine and trade. Accordingly all importers whether from the state or from the private sector are required solely to register imports in the Ministry of industries, mine and trade. Same to commercial card, online registration in the [Comprehensive trade system is required for getting the import license](#).

## CUSTOMS REGULATIONS

IRICA, the Islamic Republic of Iran Customs Administration, is responsible for customs procedures at ports of entry into the country, see their website [here](#).

Registration with the Ministry of Economic Affairs and Finance will be necessary for customs duties and tax payments. The import registration / Import License gained from registering with the Ministry of Industry, Mine and Trade also serves as a customs clearance permit.

The Trade Promotion Organization of Iran provides further details on specific duties for all categories, divided into 21 different broad categories. For details please visit [this page](#) on the TPO website.

Easing the customs process for exporters to Iran is the implementation of the [single window for cross-border trade](#), which allows for electronic submission of the required documents.

The main documents usually required, along with a Customs Import Declaration are :

- Warehouse receipt
- Commercial invoice
- Performa invoice
- Packing list
- Delivery order
- Bill of lading
- Manifest
- Certificate of origin
- Import Registration permission
- Broker license card
- Commercial card
- Power of attorney
- Certificate of inspection
- Insurance policy

## THE SYSTEM OF IMPORT DUTIES & TARIFFS

### ➤ TYPES OF DUTIES

Before 2002, the National Tariff Schedule (NTS) in I.R. Iran was a complex one, in which tariffs comprised several elements. However, since then and specifically after the enforcement of the "Act on Consolidation of Duties" in March 2003, the NTS has been significantly simplified, adding the transparency of the national tariff schedule.

At present, tariffs are denominated "*import duties*" in the NTS.

- ◆ **Import duties** are tariffs levied on a 4 per cent, ad valorem basis of the custom value of the goods plus "trading profit" determined by the Council of Ministers, added to the amounts, which according to the Act, Customs are in charge of collecting against imported goods, not covering the services rendered by the Customs and ports.
- ◆ "Trading profit" is a type of indirect taxation, which the council of ministers determines upon proposal from the Standing Committee for Export-Import Regulations. In practice, *there is no difference between tariffs and trading profit.*
- ◆ According to a Parliamentary decision, there has been a bottom line of 4 per cent set for tariffs and the government is therefore not allowed to set any lower tariff rates. Government can determine tariffs, above the minimum 4 per cent rate, pro rata to the protection necessary for individual goods, and this need not be approved by the Parliament.

### ➤ NATIONAL TARIFF SCHEDULE

At present the 2017 version of Harmonized System with 8 digit codes is used in the Iranian National Tariff Schedule, which currently (2020) includes 8357 tariff lines. A Chapter 98 - comprising 86 tariff lines - has also been incorporated into the NTS from 2009, which includes vehicles and parts and accessories thereof.

### ➤ TARIFF QUOTAS, TARIFF EXEMPTIONS

There is no tariff quota applied in non-agricultural section in I.R. Iran's trade regime.

No country receives tariff exemption except those, which have preferential trade agreement with I.R. Iran. In addition, since March 2003, all tariff exemptions enjoyed by some government agencies have been eliminated by virtue of the "Act on Consolidation of Duties".

According to Article 66 of the Act on customs, import duties collected from imported goods, which are subject to further exports alongside substances, consumer products and packaging requisites, used in the process of production or packaging of exported goods shall be refunded to the exporter with respect to the Act, its bylaw and the time of the entrance.

In order to promote and protect mineral investments, Article 109 of the 1392 Act on Mines exempts the licensed importation of industrial and exploration machinery and equipment needed for mining operations, production lines and industries from paying any importing duties.

## ➤ OTHER DUTIES AND CHARGES, SPECIFYING ANY PRICE RECEIVED FOR SERVICES RENDERED

There are no taxes, fees or charges, other than "import duties" the last version of which is annually published as an attachment to "the Act on Export-Import Regulations Book" by the Ministry of Industries, Mine and Trade collected against imported goods.

- ◆ "Customs fees" are the amounts collected against the services rendered by the Customs and ports and have nothing to do with tariffs. These services include handling, loading and unloading, stacking, warehousing, and insurance for non-insured goods or those with expired insurance coverage .
- ◆ "Import registration fee" is another type of tax revenues, which importers have to pay precedent to the entree of their goods. The registration fee is limited to 0.05 per cent of the value of the pro forma invoice.

## NON-TARIFF REGULATIONS

### ➤ QUANTITATIVE IMPORT RESTRICTIONS, INCLUDING PROHIBITIONS, QUOTAS AND LICENSING SYSTEMS

There exist no quantitative restrictions on imports in the trade regime of the I.R. Iran.

Import prohibitions in the I.R. Iran are only applied on such items whose sales, purchase and consumption are prohibited by the Islamic principles (includes 67 tariff lines) or according to laws as dictated by the specific exigencies of the country. By virtue of Note 2 of Article 2 of the "Act on Export-Import Regulations", the list of such prohibited items is determined by the Council of Ministers.

Licensing systems in I.R. Iran are non-discriminatory and transparent, in such a manner that they are fully predictable for importers. The latest import requirements and tariff rates for all tariff lines are annually annexed to "the Act on Export-Import Regulations Book" and published for public use. The licensing procedures are also applied impartially.

## ➤ IMPORT LICENSING PROCEDURES

The Ministries and government agencies, compliance with whose standards or acquirement of whose certificates is a requisite for importation or exportation of some goods, shall notify the importers, exporters and the relevant executive bodies of their relevant conditions and criteria, through publication of the applicable regulations in the press. Such ministries and government agencies shall also formulate and publicize the timeframes of examinations they carry out. In cases where there have been mandatory standards set and publicly notified for the importation of some goods by ministry of industries, mine and trade, the importers shall mention such standards in the documents of the contract as well as in the import registration form, so as to oblige the sellers of the goods to comply with them.

Institutions, which importers shall be subject to their licenses, are:

Ministry of Health and Medical Education, Ministry of Industries, Mine and Trade, Ministry of Information and Communication Technology, Ministry of Culture and Islamic Guidance, Ministry of Petroleum, Ministry of Foreign Affairs, Ministry of Defense and Logistics of the Armed Forces, State Veterinary Organization, Plant Protection Organization, Atomic Energy Organization, Department of Environment, I.R. Iran Cultural Heritage, Handicrafts and Tourism Organization, Central Bank of the I.R. Iran, Iranian National Standards Organization and Institute for the Intellectual Development of Children and Young Adults.

## ➤ TRADE PROTECTION MEASURES

According to The Fourth Plan Act of Economic, Social and Cultural Development, an Executive By-law was enacted on Anti-dumping, countervailing duty and safeguard measures in 2007.

Subsequently, *decision on anti-dumping measures to counter the negative effects of imports of goods priced below their normal value* in conformity with the WTO agreements, was ratified at The Cabinet Ministers in 2017 and is executive now.

## REGULATORY REQUIREMENT FOR ACCESS OF GOODS TO THE MARKET IN THE FIELD OF TECHNICAL REGULATION AND SANITARY AND PHOTOSANITARY MEASURES

### ➤ TECHNICAL REGULATIONS

*The Iranian National Standards Organization* is the main agency dealing with technical standards in I.R. Iran. It is in charge of laying down standards and technical regulations and monitoring their implementation. It is also the main authority to ensure the compliance of domestic products as well as imports with such standards and regulations.

[The Atomic Energy Organization](#) is in charge of monitoring the observance of standards relating to the "Act on Protection against Radiation".

[The Ministry of Health and Medical Education](#) is in charge of setting and monitoring the implementation of standards of pharmaceuticals.

About those products for which standardization is mandatory, according to Article 6 of the Law and Regulation on Import and Export, ratified in 1390, Iran Customs will prevent the import of those goods lacking a conformity certificate from a standard national organization.

As regards importation, the following are standards approved by the organization of Standards of I.R. Iran:

- National Standard of I.R. Iran (ISIRI);
- International standards including ISO, IEC, ITU and CODEX;
- European standards (BSEN and DINEN) and national standards of EU member countries, including the United Kingdom (BSI), Germany (DIN), France (AFNOR), Italy (UNI), the Netherlands (NNI), Spain (AENOR), Portugal (IPQ), Belgium (IBN), Austria (ON), Denmark (DS), Luxemburg (SEE), Finland (SFS), Sweden (SIS), Ireland (NSAI), Greece (ELOT); and
- Standards of North American countries including ANSI, ASME, ASTM, UL, API and AGI;
- Japan's National Standards (JIS).

**Mandatory Technical Requirements and complementary information related to technical measures issued by Iran national standard organization:**

- ◆ [Style manual for Exported Goods Conformity Assessment.](#)
- ◆ [Style manual Issuing Ratification License for Type-Approval and COC of Imported Automobiles](#)
- ◆ [List of imported goods subject to technical regulations \(mandatory requirements\).](#)
- ◆ [Imported Goods Conformity Assessment Method.](#)
- ◆ [List of authorized inspection companies for imported products.](#)
- ◆ [List of accredited technical inspection companies.](#)
- ◆ [List of accredited laboratories.](#)

## ➤ **SANITARY AND PHYTOSANITARY MEASURES**

Sanitary and phytosanitary criteria shall be fulfilled in importation in following cases:

Area	Legal Provisions
<b>Plants and Plant Products</b>	<p>For the importation of plants and plant products as well as seeds and seedlings, import approvals by the Ministry of Agriculture are mandatory. Goods subject to phytosanitary control will be inspected at the customs office of entry and must be accompanied by a Phytosanitary Certificate.</p> <p>Shipments of plants and plant products may only be entered into the country through specific customs offices of entry authorized in the respective provinces to inspect consignments subject to plant quarantine requirements. Plant Protection Act available on <i>this website</i>.</p>
<b>Animals and Products of Animal Origin</b>	<p>Animals and products of animal origin are subject to veterinary control upon arrival and must be accompanied by a corresponding veterinary health certificate.</p> <p><i>Act on veterinary Organization is available <a href="#">here</a>.</i></p>
<b>Foodstuffs</b>	<p>Customs clearance of foodstuffs, cosmetics and sanitary materials requires an import license issued by the Ministry of Health and Medical Education. Obtaining this license shall be subject to the demonstration of the safety of related material or product as well as the observance of pertaining compulsory standards by their importers and the issuance of licenses is subject to the registration of producer and product at the Ministry.</p> <p><i>Act on Foodstuffs, Beverages, Cosmetics and hygienic products available <a href="#">here</a>.</i></p>

<b>medicine or biological product</b>	<p>According to the <i>Act on Medical and Pharmaceutical Affairs and Foodstuffs and Beverages (1955)</i>, the importation and Customs clearance of any medicine or biological product as well as the production, domestic distribution or sale, and export of any medicine or biological product shall be subject to acquiring a license issued by the Ministry of Health and Medical Education.</p>
	<p>Import, production, prescription and medicine submission is presented in the form of a permissible medicine list. This list is issued by The Ministry of Health and Medical Education. Assessment and Medicine Codification Council is responsible for the assessment, review, addition and omission of medicine from the list of permissible medicines.</p>
	<p>The production or importation of the materials and goods used in medical and dental equipment and the primary and packaging materials thereof, the list of which is published by the Ministry, require the prior permission of the Ministry.</p>
	<p>At present, the issuance of a license for clearance from Customs of pharmaceutical products is subject to Confirmation of safety and quality of products and undertaking their full responsibility by the foreign producer (registered at the Ministry) and its official and exclusive representative which is in charge of importation. It is worth mentioning that the compulsory standards shall also be observed with respect to medical engineering equipment, as well as other items covered by those standards.</p>



The I.R. Iran is a member of various international conventions and organizations concerning sanitary and phytosanitary measures, including:

- Office International des Epizooties (OIE);
- International Plant Protection Convention (IPPC);
- Basel Convention on the Control of Trans boundary Movements of Hazardous Wastes and Their Disposal (Basel Convention);
- Codex Alimentarius Commission (CAC) (A National Codex Committee has been established in I.R. Iran); and
- Rotterdam Convention on the Prior Consent Procedure for Certain Hazardous Chemical and Pesticides in International Trade (PIC);
- Stockholm international convention on resistant organic contaminants (POPS);
- Montreal protocol on the use of methyl bromide substitutes in pesticide agricultural products, soil, buildings and constructions.

**All information about Mandatory Technical Requirements and Sanitary and Phytosanitary Measures applied by IR.IRAN regulatory organizations are available [here](#).**

## COMPETITION OF GOODS AND SERVICES

### ➤ COMPETITION POLICIES

*The law on General Policies of Principle 44 of the Constitution* aims at providing a competitive environment for business in I.R. Iran and empowering private sectors. Chapter 9 of this law deals with competition policies in Iran and the prohibition of anticompetitive behaviors (price fixing, dividing territories, etc.). This law also establishes the Competition Council and National Center for Competition to determine anticompetitive behaviors in I.R. Iran's market.

It is worth noting that under Article 2 of "Act Amending Articles (1), (6) and (7) of Law on Implementation of General Policies of Principle (44) of Constitution" dated 04/16/1993, non-governmental public organizations and institutions provided for in Article (5) of the Act on the State Public Auditing (1987), and all of their subsidiaries and affiliates which are legally authorized to have economic activity, can be active in the production of goods and services market; unless their activities disrupt the competition. These institutions are required to report their total direct and indirect ownership of all subsidiaries and affiliates in any goods and services market to the Competition Council every six months.

Companies and firms belonging to these entities are also required to provide their financial information to be registered in the Securities and Exchange Organization according to the respective laws and regulations.

If necessary, the above-mentioned enterprises are obliged to adapt their structures and methods of financial reporting to the laws and regulations of the capital market. The Securities and Exchange Organization must provide the relevant financial reports upon the request of the Competition Council.

### ➤ **FACTORS INFLUENCING THE PRICING**

Policies governing the pricing system in Iran are exclusively **limited to some public commodities and services, and subsidized essential products**. These policies are applied in extraordinary situations and in a non-discriminatory manner. According to the “Fifth Plan of Development Act”, Article 101 Paragraph (d), goods and services are categorized into three types: (i) essential, (ii) public, and (iii) monopolized are subject to pricing.

The Council of Economy is responsible for the adoption of the list of these goods and services. Fulfilling its responsibility in this regard, The Council of Economy specified the characteristics, instances of, and price-determining authority for these items, in January 9, 2012, and by means of an Instruction.

## **INVESTING AND SETTING UP A BUSINESS ENTITY IN IR.IRAN**

### ➤ **FOREIGN INVESTMENT IN IRAN**

Under provisions of *Iran's Foreign Investment Promotion & Protection Act (FIPPA)*, all foreign investors are permitted to invest, for the purpose of development and producing activities, in all areas of industry, mining, agriculture and services. However, from the standpoint of the Iranian government, only those investments shall be eligible to enjoy the privileges and protections under the Foreign Investment Promotion and Protection Act (FIPPA) that have obtained the required license under the FIPPA.

The responsibility for attracting and supervising foreign investment lies with the *organization for Investment & Economic Affairs & Finance*. For a prospective foreign investor to have his investment registered and approved in IRAN, the *following steps are necessary*.

According to OIETAI, the procedure is as follows:

- 1- Submission of application to the OIETAI
- 2- Review of the application by the Foreign Investment Board
- 3- Communication of the draft license to the foreign investor
- 4- Issuance of the investment license

More information:

[Incentives & Benefits of foreign Investment in Iran.](#)

## ➤ SETTING UP A BUSINESS ENTITY

### • LEGAL FORMS OF COMPANY FORMATION

Based on the [Law on Registration of Companies](#), foreign companies wishing to have a presence in Iran [may register companies](#) under a number of different formats.

There are seven different types business association under [the Iranian Commercial Code](#) :

#### ◆ **Joint Stock Company (Private and Public):**

The most common and relevant forms of business association in Iran are the private joint stock company and the public joint stock company.

The joint stock company is defined by 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.

The main difference between a private company and a public company is the fact that a public joint stock company may offer its shares and debt securities to the public while the private company may not.

The minimum share capital at the time of formation is Rls.1 million for private company and Rls.5 million for public companies.

Management of a joint stock company is through a board of directors elected by shareholders.

#### ◆ **Limited Liability Company**

A limited liability company 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 name of a company must always include the phrase “limited liability” otherwise under the law the company will be considered as a general partnership.

#### ◆ **General Partnership Company**

A general partnership is one formed between two or more persons with joint and several responsibilities.

Each partner is directly liable for the company’s debt even if the amount of the debt is higher than that of the partner’s capital contribution.

#### ◆ **Joint Stock Partnership Company**

A joint stock partnership is formed under a common framework comprising of a **number of shareholding partners** and **one or several with unlimited liability**.

**Management participation** is divided between a Board of Directors composed of at least three partners whereas the management of the partnership is exclusively retained by the partners with unlimited liability.

#### ◆ **Limited Partnership Company**

A limited partnership is formed when the purpose of the company is for trading, under a common title, **without the issuance of any shares and with one or more of partners being a general partner** and the other partners being with limited liability.

**General partners are liable** for the any debts or liabilities whereas limited partners are only liable to the extent of their contributions to the partnership.

**Management in a limited partnership** is retained exclusively in the hands of the partners with unlimited liability whereas limited partner has no rights or obligations in the management of the firm.

#### ◆ **Proportional Liability Partnership Company**

A proportional liability partnership is one formed for the purpose of trading, under a common name of two or more persons, **with liability proportionately divided by the amount of contributions to the firm**.

#### ◆ **Manufacturing / consumer Co-Operatives**

Cooperatives are generally formed within the frame work governing joint stock companies, whit the primary **difference being that no member is entitled to more than one vote**.

**Profits and losses are distributed among members** in proportion to the purchases made by them.

#### ● **BRANCH OFFICES**

A non-Iranian company may carry out its sales and service activities via a branch office in Iran.

Under Iranian law, a branch does not hold the status of a separate legal entity, though it will have its own office and assets in Iran.

According to article 3 and 4 of the Iranian Registration of companies Act, a foreign company that wishes to carry out economic activities in Iran must already have been recognized in its home country as a legal entity and then duly registered in Iran.

**A branch manager which is appointed by the parent company's board of directors** is to run the branch's activities in Iran.

**The procedures for setting up a branch** are generally the same as that of a joint stock company.

Based on the article 3 of the *Executive regulations of the law on registration of branches or representative offices of foreign companies;*

Foreign companies applying for branch registration in Iran are obliged to submit the following information and documents along with their written request to the General Office of *Company Registration and Industrial Property.*

- ◆ The article of association, incorporation notice and the last notice of changes registered in proper organization.
- ◆ The last “financial report “confirmed by company.
- ◆ A justified report including company activity issues, transparent reasons and the necessity of registering a branch in Iran. The activity issues, authority limitations, the address, the needed Iranian and foreign human resources and the approaches to provide finance (Iranian and foreign currency) to manage branch affairs.

For more information about Iranian taxation system for foreign investors, [click here.](#)

## ➤ TAXATION LAW

Companies and all legal entities of Iranian nationality are subject to income tax on income earned whether in Iran or through activities abroad.

**Foreign companies and individuals** are subject to taxation based on income earned through work performed in Iran.

**Tax exemptions** are specially foreseen in articles 132 and 146 in the *Law of Direct Taxation.*

**Exemption are applicable** to income earned from manufacturing and mining activities for periods of up to 5 years starting from the date of commencement and in less developed areas for 10 years at zero rate.

## ➤ EMPLOYMENT OF FOREIGN NATIONALS

Iran's *labor code* covers the majority of rules and regulations concerning the employment of foreign nationals in Iran.

**According to article 120** of the code, to be allowed to work in Iran, a foreign national must first obtain a work permit from the Ministry of cooperatives, labor and social welfare prior to commencement of employment.

**It is strongly suggested** that companies exploring the prospect of setting up operations in Iran notify the Ministry of cooperatives, labor and social welfare of their intent to place expatriate personnel and obtain the requisite approval prior to the time the said employees apply to work permit.

### ➤ LABOR LAWS

All labor relations are governed by the [Iranian Labor code](#). The Labor Act comprehensively outlines the standards concerning salaries, wages, working hours, overtime etc.

Employees in Iran are covered by the [Social Security code](#), which provides for medical treatment, compensation for work related accidents, disability, death and the like. Such coverage is funded by deductions from employee salaries and paid by employers.

### ➤ INDUSTRIAL PROPERTY PROTECTION

Iran is a signatory of the “Paris Union” International Convention for the protection of Industrial Property of the World Intellectual Property Organization.

Iranian laws and regulations as they pertain to patent and trademarks are as follows:

#### ● PATENT

According to the article 16 of [Patents, Industrial Designs and Trademarks Registration Act](#) , a Letters Patent shall expire 20 years after filing date of the application for patent.

Fees are levied annually for the duration of the patent. If the said annual fee is not duly paid, the patent application shall be deemed to have been withdrawn or the patent shall lapse.

#### ● INDUSTRIAL DESIGN

The registration of an Industrial Design **shall be valid for a period of five years** from filing date of the application for registration.

This period may be renewed for two further consecutive periods of five years after payment of the prescribed fees. After expiry of each period that starts at the end of the said period, a grace period of six months shall be allowed for the late payment of the renewal fee. A fine for late payment shall also be fixed.

#### ● MARKS, COLLECTIVE MARKS AND TRADE NAMES

**Trademarks registrations are effective for ten years** following the date of filling and are renewable thereafter.

**This period may, at the request of its owner, be renewed** for consecutive periods of ten years, upon payment of the prescribed fees. A grace period of six months running from the expiration date of the said period shall be allowed for the late payment of the renewal fee on payment of the prescribed fine.

## "Step-by-Step guidance" on the Islamic Republic of Iran applicable import regulation



